

Annual Report 2005

PREPARED FOR THE FUTURE



syskoplan at a Glance

| Criterion | | 12.31.2005 | 12.31.2004 | Change |
|--|-------------|------------|------------|---------|
| Sales total revenue | EUR million | 41.792 | 40.388 | + 3% |
| of which syskoplan AG ¹ | EUR million | 29.301 | 26.599 | + 10% |
| of which syskoplan Consulting ¹ | EUR million | 1.570 | 2.584 | ./ 39% |
| of which syskoplan Ireland ¹ | EUR million | 0.022 | 0.386 | ./ 100% |
| of which cm4 ¹ | EUR million | 3.602 | 3.189 | + 13% |
| of which is4 ¹ | EUR million | 14.104 | 12.605 | + 12% |
| EBIT | EUR million | 3.054 | ./ 1.240 | > 100% |
| EBT | EUR million | 3.161 | ./ 1.537 | > 100% |
| Net income for the year | EUR million | 1.247 | ./ 1.492 | > 100% |
| Return on sales revenue (EBIT) | % | 7.3% | ./ 3.1% | |
| Return on sales revenue (EBT) | % | 7.6% | ./ 3.8% | |
| Change of liquid funds | EUR million | 1.458 | ./ 7.937 | > 100% |
| Cashflow according to DVFA/SG | EUR million | 4.079 | + 2.273 | + 79% |
| Balance sheet total | EUR million | 38.600 | 34.267 | + 13% |
| Shareholders' capital (equity) | EUR million | 24.647 | 24.430 | + 1% |
| Liquid funds ² | EUR million | 19.276 | 17.818 | + 8% |
| Payroll employees (average) | | 296 | 306 | ./ 3% |
| Payroll employees (year end) | | 320 | 307 | + 4% |
| Number of shares | millions | 4.491 | 4.455 | + 1% |
| EPS (undiluted) | EUR | 0.30 | ./ 0.36 | > 100% |
| EPS (diluted) | EUR | 0.30 | ./ 0.36 | > 100% |
| ¹ Consolidation has not yet occurred | | | | |
| ² Cash and cash equivalents minus short-term debt | | | | |

syskoplan – Prepared for the Future

Our customers must constantly reappraise existing technologies, acquired processes and evolved structures. The dynamics of the market require swift and future-proof answers. To provide them as an IT service company, you need to be where syskoplan is already:

- + *Close to the software firms that determine the platform technology*
- + *Close to the customers, who are demanding increasingly customized solutions.*

That is why “Prepared for the Future” means for us: :

- + *To shape a corporate culture that promotes and requires creativity and innovation skills in order to extend our technology lead,*
- + *To identify key trends in the IT market and offer our customers solutions that are customized accordingly,*
- + *To think in a customer-oriented way and to measure the success of our work by the satisfaction of our customers,*
- + *To rely on motivated employees and to invest in their know-how,*
- + *To do business profitably on a sound financial footing.*

By seeing ourselves in this way we are perfectly positioned to face future challenges.
Let the future come - we are prepared!



The propeller of Leonardo da Vinci (developed 1487 to 1490) is regarded as the anticipation of the modern helicopter and similarly the illustrated beginning of the aeronautical engineering. It is the symbol of the visionary thought, the idea of the future.

Contents

| | | |
|------------|---|---------|
| I | syskoplan Group in business year 2005 | |
| I.a | Interview with the Executive Board of syskoplan AG | Page 4 |
| I.b | SAP Manufacturing for Customer-centric Business Processes | Page 9 |
| I.c | On the Way to the Software Architecture of the Future | Page 14 |
| I.d | Collaboration with syskoplan | Page 17 |
| I.e | Social Commitment | Page 22 |
| I.f | Reply | Page 26 |
| I.g | The syskoplan Share | Page 29 |
| II | Consolidated Annual Financial Statements | |
| II.a | Management Report for the Group and syskoplan AG | Page 35 |
| II.b | The Boards | Page 47 |
| II.c | Report of the Supervisory Board | Page 48 |
| II.d | Corporate Governance Report | Page 50 |
| II.e | Annual Financial Statements of the Group | Page 54 |
| II.f | Notes to the Annual Financial Statements | Page 60 |
| II.g | Audit Opinion | Page 75 |
| III | Annual Financial Statements of syskoplan AG | |
| III.a | Annual Financial Statements of syskoplan AG | Page 78 |
| III.b | Notes to the Annual Financial Statements of syskoplan AG | Page 84 |
| III.c | Audit Opinion | Page 90 |
| IV | Company Calendar | Page 92 |

I.a

I.b

I.c

I.d

I.e

I.f

I.g

II.a

II.b

II.c

II.d

II.e

II.f

II.g

III.a

III.b

III.c

III.d

Interview with the Executive Board of syskoplan AG

This year's annual report is called "Prepared for the future". What changes in the IT market is syskoplan setting itself up to deal with?

Dr. Manfred Wassel: The IT market is moving away from closed, data-centric applications to open infrastructures, so called platforms. That's probably the single most important development, but there are a number of other key themes linked to that: service culture, Enterprise Service Architecture (ESA) and



Dr. Manfred Wassel
Chairman of the
Executive Board

Business Process Platform (BPP). All the major manufacturers like SAP, IBM or Oracle are focusing on these themes. As a software integrator this gives us greater opportunities to make modifications that meet our clients' specific requirements at a reasonable cost.

So syskoplan is prepared for the future?

Dr. Wassel: Yes it is. Over the last twelve months we took a long look at our portfolio in the light of the

platform debate initiated by the software majors.

The outcome is

our concentration on the SAP platform. Of course we will still benefit from our knowledge of the Microsoft and Oracle environments, but we intend to focus our solutions very strongly on the SAP ecosystem.

In the course of our portfolio debate we also defined the issues and industries we want and intend to address. Credibility is essential to succeed with the customer. There is no point in pretending you can be equally good at everything. A great example of this positioning is our is4 subsidiary, which is very successful in the area of consumer goods.

Does this change your key topics?

Dr. Wassel: We will continue to concentrate on those business processes that face the customer, so Customer Relationship Management (CRM) solutions will be key. At the same time we intend to stay faithful to our practice of taking standard software, integrating it and refining it. We expand standard solutions to meet the individual wishes of our customers. So what AMG does for Mercedes in automobile tuning, we do for SAP in CRM.

syskoplan returned to profitability last year.

What were the most important steps for that?

Dr. Jochen Meier: 2005 really was a very good year for us, especially in Germany, where we had solid growth of 8% and an EBT margin of 9%. The main reason for that was our positioning, i.e. focusing on industries and issues, the other was our strong custo-

“What AMG does for Mercedes in automobile tuning, we do for SAP in CRM.”

Dr. Manfred Wassel

mer focus. Our solutions are doing well and receiving positive customer feedback, which we can use as a reference.

The great performance is also due to a large extent to our highly qualified staff. Over 80% have a university degree and experience in our business areas. On top of that we have a first-class management team, which can manage complicated projects and major challenges with success.

We have also had a major review of our overseas business. We're not over the line yet, but we have been able to cut recent years' losses significantly.

The Reply Group has been the majority shareholder in syskoplan since the beginning of the year. What were the reasons behind that?

Dr. Meier: From our perspective the integration in the Reply Group is an excellent solution. We have had many discussions about similar opportunities over the last few years. It was always important for us that syskoplan remains independent and maintains a key role in the German market.

With Reply we now have a very stable equity structure with a major shareholder which thinks and acts strategically and gives us the backing we need to expand our business.

What effect will the new shareholder structure have on future business development?

Dr. Meier: We will adopt the best and most interesting elements of the Reply model for the German market. Our aim is for syskoplan to build a network of companies like Reply has done in Italy.

This means that we have two clear goals within the Reply network. One is to develop and expand the Reply network in Germany. The other is to develop and implement the Reply Group's SAP strategy on a European level, particularly in Italy at first. This will lead to some very exciting development opportunities both for syskoplan and for our employees.

“The great performance is also due to a large extent to our highly qualified staff.”

Dr. Jochen Meier

Which means?

Dr. Meier: We are now part of a group with revenues of some EUR 180 million. That makes us a leader in Germany and Italy, two of the most important European markets.



Dr. Jochen Meier
Member of the
Executive Board

There is an excellent fit between the market positioning of syskoplan and Reply. Reply has its technology focus more on Oracle and Microsoft, while our main business is definitely with SAP. In the eyes of the industry the new group will have a leading position in all the TIME sectors, that is Telecommunication, Information Media and Entertainment. And it's our combined knowledge of our customers' processes and technology that will put us there.

How important is the stock market listing for your new strategic partnership?

“Our aim is for syskoplan to build a network of companies like Reply has done in Italy.”

Dr. Jochen Meier

Dr. Wassel: The stock market listing is very important for our network strategy. The President of the Reply Group, Mario Rizzante, describes this network as a series of specialized boutiques working under a shared roof, like in an American outlet mall.

That is what we want to build in Germany – a network of companies that act independently and are managed entrepreneurially. Being part of the network then also means having an ownership stake in the Group. That's difficult to achieve with just Italian shares. So as a liquid and tradable currency for potential acquisitions, the syskoplan shares are vital.

Right from its IPO, syskoplan has always had a reputation for paying high dividends. Do you intend to maintain your dividend policy?

Dr. Wassel: From our current perspective we do not intend to change that policy and Reply has confirmed this. As members of the Executive Board we have again recommended a dividend payment of 26 cents this year.

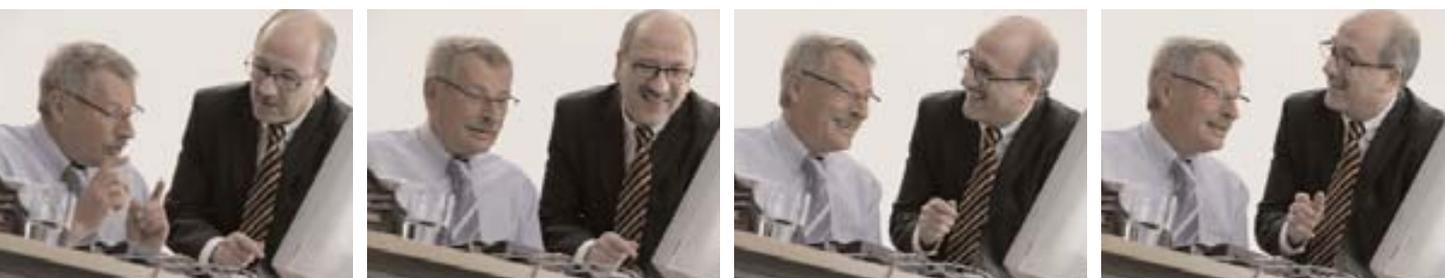
Do you see a risk that different corporate cultures could start to tangle up the network?

Dr. Meier: No, we have the same values and visions in both companies, which are shared by our staff. Quality and customer orientation are central to those. Of course a lot of people talk about that, but in our two companies you can really see that these values have a great significance in our everyday work.

As an example, Reply has regular quality controls based on projects. At syskoplan we have also run a series of customer surveys which strongly confirmed these positive values. It is certainly important for our future together that these fundamental beliefs and convictions match very closely.

Dr. Wassel: Shared values are the basis for the whole deal. Then there's the specialization factor: every company in the network is tasked with being 'top of the class' in its specialized area. Lastly, culture and ethical values play a role in dealing with employees, customers and the community.

What are your roles as board members of syskoplan in the Reply Group?





Dr. Wassel: As leaders we both have a firm duty to live those values and strategy. Jochen Meier and I are responsible for developing the German network in line with the common corporate philosophy. That is the clear target and our task for the years ahead.

In doing that of course we need the support of Reply's management, who have ten years' experience in building a similar network and know very well what the success factors are behind the impressive growth rates of the Reply Group. We are also responsible for managing the relationship with SAP for the Reply-Group, which is a major part of our role.

At syskoplan in the past the customer-centric enterprise was at the core of integrated CRM solutions. How important is that for the future syskoplan strategy?

Dr. Meier: The customer-centric enterprise approach is a great strength and will remain so in the future. Over the years we have gained experience with very different technologies. As this approach is becoming more and more important to our customers, we certainly intend to keep working on it.

In doing so we will increase our focus by applying the fundamental principle of the customer-

centric enterprise to specific sectors and industries.

We have already done that in the past and intend to continue down that road. Providers of financial services are a good example. We are currently putting a lot of work into developing an exciting new product range for this sector.

“We want to carry on growing in our core business, maintaining our above-average profitability and start to build the German network.”

Dr. Manfred Wassel

How does IT outsourcing fit into this approach?

Dr. Meier: It doesn't really. Of course there are synergies and connections, but we shouldn't attach too much importance to them. In reality it is a different entrepreneurial approach.

syskoplan has had some considerable success in expanding our business in this area over recent years. We wanted to win mid-sized companies working in an SAP environment as partners and developed an appropriate model for them. The contract we signed last year with the Hettich-Group for example, shows how certain IT services can be bundled in the is4 data center.

We believe the market is very attractive. Mid-sized companies are looking for a partner on their level and that partner is us. New technological developments at SAP will also make outsourcing available to a broad customer spectrum.

What are your priorities for 2006?

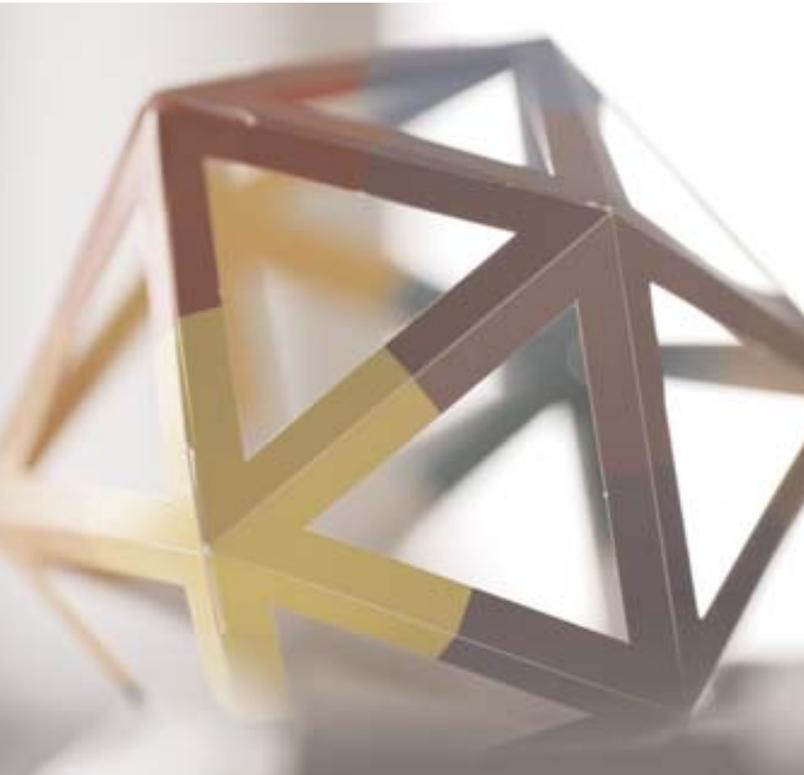
Dr. Wassel: Priority number one is to continue our organic growth in our core German market and maintain above-average profitability. Then we want to use 2006 to take the first steps towards building a German network and generating additional growth.

Thirdly, we want to expand our position in the SAP ecosystem. We made great progress on that last year. We need to build on that to achieve our potential as an SAP competence center for Reply's European strategy.

Why should investors still be holding syskoplan shares in 2006?

Dr. Wassel: We are confident that syskoplan will show solid growth from the network strategy this year and that the share has considerable potential. In the past, syskoplan shares moved broadly parallel to the TecDax index. Reply had a similar development at first, but since about 2003 has shown a clear outperformance.

That shows the potential we see in the collaboration between syskoplan and Reply. We want to create growth and value for syskoplan and generate corresponding returns for our shareholders at the same time.



SAP Manufactory for Customer-centric Business Processes

Customer Centric Enterprise

In this age of global competition the performance, quality and price of many products and services have become comparable and therefore interchangeable. Suppliers can, however, distinguish themselves from the competition by a individually crafted customer relationship based on a long-term partnership. For syskoplan this differentiation is the essence of a 'customer-centric enterprise'.

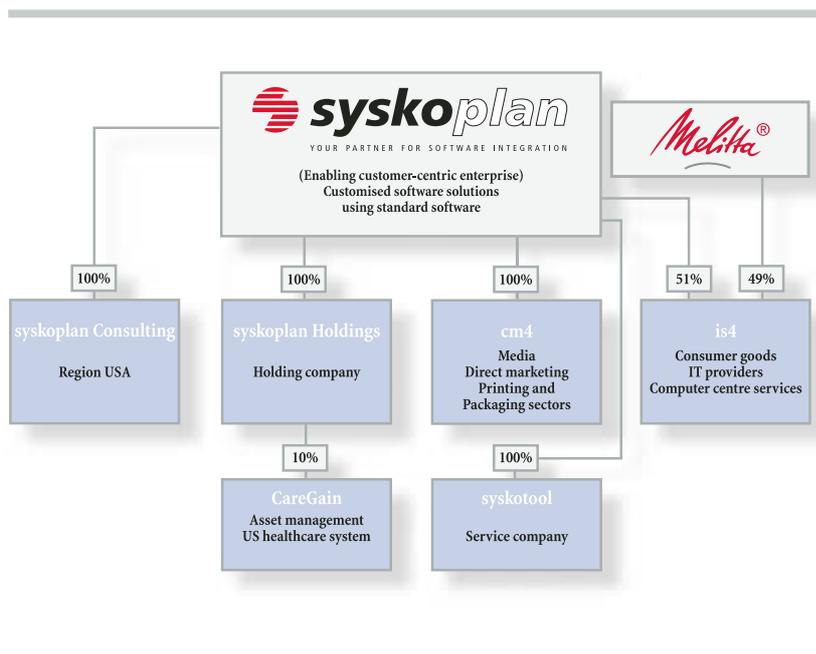
The main task for customer-centric companies is firstly the interlocking of customer-centric business processes with product or service-centered business processes. Secondly there is the task of increasing simultaneously both the effectiveness of market penetration and the efficiency of the internal performance processes. Finding a balance between different performance indicators, which sometimes point in opposite directions, constitutes the individual company challenge and defines the concrete form the processes will finally take. Business Integration then enables the intelligent management of the complete enterprise by coordinating



L.b

and integrating all relevant economic core business processes.

The support of information technology is becoming ever more important for companies. Enabling customer-centric enterprise describes our ambition to take strategic differentiation into the heart of a company's IT and thus offer differentiated support for specific targets and processes. To achieve this, standard software needs to be supplemented and enhanced.



The syskoplan group

Software Integration

syskoplan supplies the necessary software support. syskoplan creates individual solutions to differentiate our customers in their marketplace mostly using standard software from leading suppliers. This provides protection for the investment and enables rapid implementation. The differentiation comes from developing customer-specific

components where necessary and integrating them with the standard software. "Software integration and process integration have been the core issue of syskoplan from the very beginning" says Manfred Wassel, founder and CEO of syskoplan AG.

Long-term SAP Partnership

syskoplan is a real specialist for the development, implementation and integration of applications and software components in an SAP-based environment, based on years of experience and a large number of projects. This expertise with the SAP platform is reflected in syskoplan's status as a Special Expertise Partner for SAP NetWeaver and an Alliance Partner Service, amongst others. syskoplan is also an Independent Software Vendor (ISV) for SAP for numerous SAP-certified products and thus has an excellent position on the European market dominated by SAP.

process for the future of Enterprise Service Architecture (ESA) and Business Process Platform (BPP).

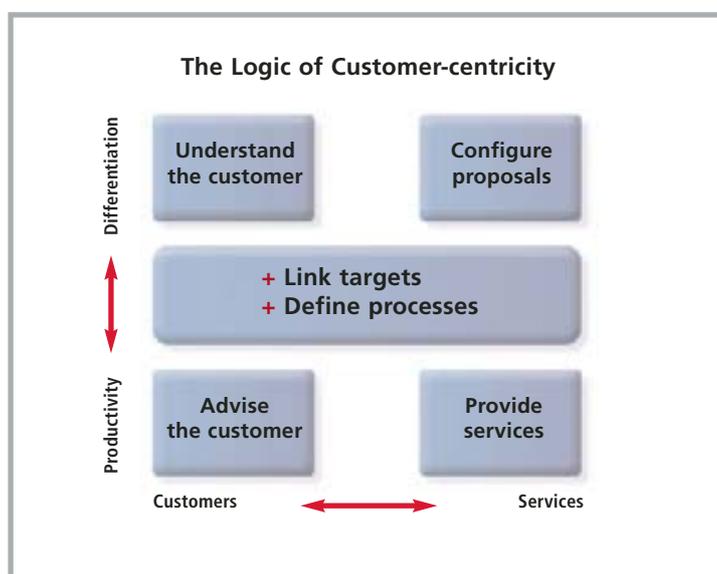
The evolution of SAP to being a supplier of software infrastructure is changing its role in the market. The SAP ecosystem will change accordingly. The stable trunks of the product offering will be created in the future by SAP itself, while the partners are responsible for the branches. In the future the focus of SAP partners will therefore be more on the utilization of the infrastructure supplied by SAP.

This focus on SAP is supplemented by other constructive advisory partnerships, for example with Microsoft, Siebel and SAS. The strategic partnership with Reply extends the technology spectrum even further, to include the experienced Oracle and Microsoft experts of the Reply-Group.

Sector Focus

Alongside the competence for solutions and technologies syskoplan attaches great importance to bringing well-founded knowledge of sector-specific business processes to bear on customer projects. Companies from the automotive and the financial services industries have been advised by specialized teams for many years, for instance. With its subsidiaries, is4 and cm4 syskoplan also provides the consumer goods industry and customers in media, printing and packaging with IT solutions specially tailored to their needs.

This advanced sector knowledge is a major contributor to the efficiency and effectiveness with which syskoplan implements complex IT solutions and to the high quality of the finished customer project. We therefore intend to keep building on this sector focus. Our experience over many years of important growth markets such as telecommunications and the public sector are a further important element of this strategy.



Challenge:
Balance the opposing performance indicators

This close development partnership with SAP ensures that syskoplan can always offer its customers state-of-the-art solutions and is part of the construction

Dr. Clemens Pieper
Spokesman of the Board
of Management is4

Dr. Thomas Hartmann
Member of the
Management Team

Dr. Rolf Sundermeier
Member of the Board
of Management is4

Dr. Dirk Hoppen
Special Tasks,
Syntegration



Outsourcing and Application Management

Based on the is4 offering for outsourcing computer centers, syskoplan intends to strengthen its visibility in the application management market and in computer center management.

In contrast to the nation-wide project business, the outsourcing activities are more local in scope. The focus lies on larger mid-sized companies in the local area. These companies should have a strong SAP-orientation to their IT in order to maximize win-win situations and synergies. A partnership of equals is key.

Some existing customers already use syskoplan's Application Management services today. Companies are all too often distracted from their real tasks by applications with potential inefficiencies and down-times. Difficulties arising from system changes or overloads, problems with data security, incorrect maintenance or delayed expansion often lead to expensive down-time, delays and loss of momentum. syskoplan intends to develop a professional offering for the management of legacy applications which constitute the major part of the IT departments' budgets.

generate organic growth in core business areas. Secondly syskoplan will also continue to review the market for merger candidates which have the potential to complement syskoplan's own service portfolio in a meaningful manner. The aim is to build a network of independent companies through equity investments and acquisitions on the Italian Reply model, in order to realize new growth potential.

Targeted Expansion of the Reply Network

Within the Reply Group syskoplan acts as an independent company with its focus on growth in the German market and the expansion of the SAP partnership in Europe. For the company strategy this means firstly that the strengths and competences mentioned are to be developed further, in order to



Susanne Zander
Managing Director
cm4

VISION.





On the Way to the Software Architecture of the Future

**Professor Dr. Walter Brenner,
University St. Gallen**

Developments in information and communication technology are unstoppable. A few years after the hype surrounding e-business crashed, it was only insiders who spoke of the dynamism of this industry. Now, more and more people are talking about the consequences of new developments in information and communication technology and some are even being hyped up again. This appears to be the start of a new era.



Professor Dr.
Walter Brenner

In my opinion, the quantum leap from existing data-integrated architectures to so-called service-oriented architectures will play a key role in the years to come. Since the works of Codd in the late 60s, data integration has become a central paradigm for the development of information systems. The founders of SAP AG in Walldorf were quick to realize that information systems must be (data-)integrated. And the success proved them right. All active executives and employees in IT departments today have been trained on the basis of this paradigm and have gained experience in

using it in the course of their professional lives. Many executive users have even realized the importance of integrating corporate data.

The world of software is undergoing radical change. I believe in future it will be based more on the concepts of industrial production. The principles of work delegation – combined with more specialization, increased modularization and increasing the percentage of components bought in – play a part. In concrete terms, this means that the rather homogeneous data-oriented software environment of today, which is in accordance with the paradigm of service-oriented architectures, will consist of a multitude of independent modules in future. These are connected to each other via standardized data exchange formats developed on the basis of XML for example. Therefore in future, it will be possible to connect software components from different manufacturers and from different worlds. NetWeaver from SAP or WebSphere from IBM are well-known examples of service-oriented architectures.

But companies are demanding more. In future, not only must it be possible to connect heterogeneous software running within the company via service-oriented architectures, it must also be possible to integrate solutions that are bought in for specific process steps such as specialized services. As part of business process outsourcing, company payroll accounting will therefore be carried out by external service providers for example. Basically this means that software worlds in companies will become more heterogeneous and applications from different suppliers will coexist harmoniously. This is almost inconceivable to all those who know what software environments today are really like.

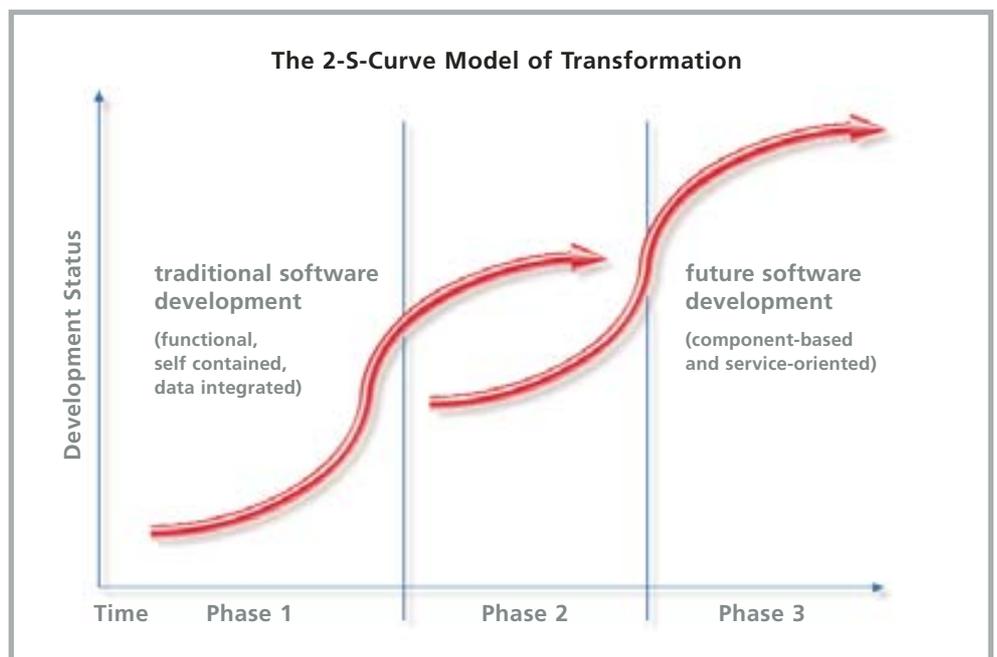
The new service-oriented architectures represent a quantum leap for the companies and service providers using them. Such quantum leaps are nothing new in the information and communication technology environment. We have all experienced many a time how new revolutionary technology has gone from being an insider tip to state of the art. Take the Personal Computer for example, or the internet or mobile telephony. One of the key findings from analyzing these leaps in development is that technology develops more quickly than people take to get used to the new possibilities and more quickly than new structures form in the economy and society.

The learning process, which each and every employee and the company as a whole must go through, plays a central role. We all know that learning processes are difficult and hard to predict. But at the end of the day, how they progress determines when the company is in a position to see a challenge as an opportunity and to use new potential. We have learnt from experience that each company goes through these learning and transformation processes at its own pace. Timing is of utmost importance.

It is a question of when the entire company, and each individual employee, makes the change from the old to the new technology. There is no general rule as to when this should take place. We all know the casual statement made by Mikhail Gorbachev: "Life punishes those who come too late,"



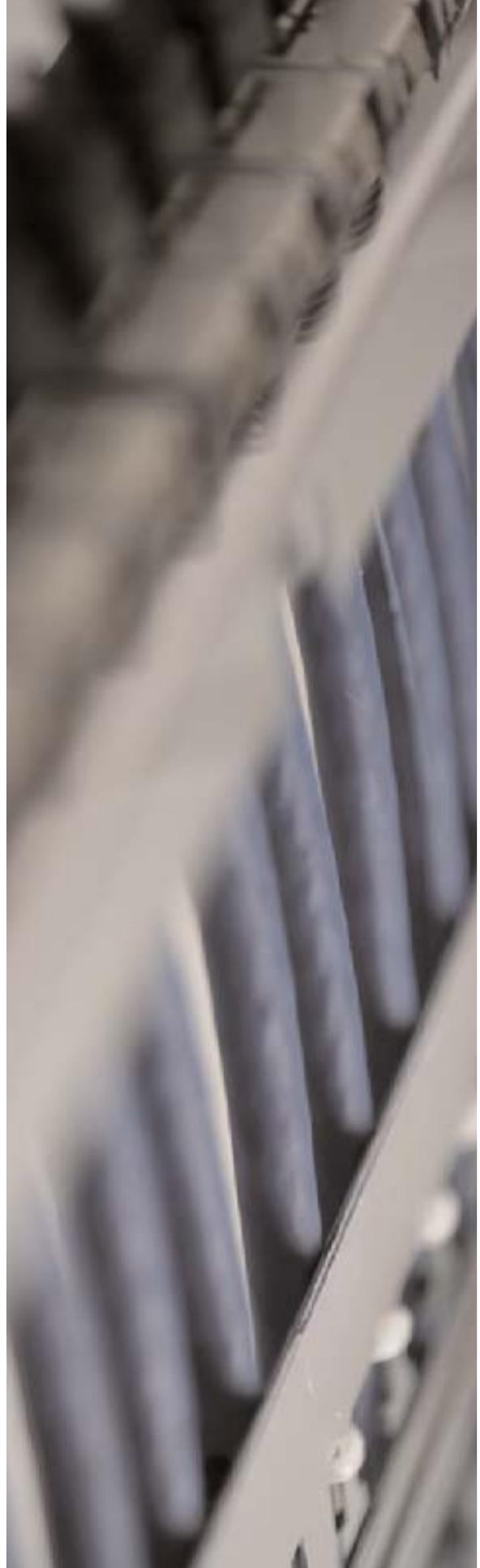
but complicated transformation processes have punished many a company and employee that were too quick. A good tool for describing the transformation process is the S-curve model shown. The left curve represents traditional, data-oriented software development and the right curve represents future software development. When this is applied to the paradigm change in the software world, we can recognize at least three stages: In the first stage, the old data-oriented paradigm prevails. Most companies are in this stage. However, innovative and future-oriented



companies are already living and working in the new service-oriented paradigm and are beginning to explore the possibilities. In stage two, more and more companies are changing to the new service-oriented paradigm. In the third stage, the new paradigm finally prevails and most companies are working with the new service-oriented technology. Those who have still not made the change are faced with increasing problems.

We are now at the end of stage one or at the beginning of stage two as regards the service-oriented architectures. Where we are at the moment can only really be determined in each case ex post. This means that innovative companies, such as syskoplan AG, must do everything in their power to ensure that the transformation process is initiated as quickly as possible. They must also explore the new architectures and look into the effects these will have on products and services. My dealings with syskoplan AG have led me to believe that the management has recognized this challenge and is working continuously to initiate the transformation process.

Professor Dr. Walter Brenner is Managing Director of the Institute of Information Management of the University of St. Gallen.



Collaboration with syskoplan

“Professionalism, process know-how and lots of team spirit”

20 IT staff for 12,000 employees: Ralph Eger, Chief Information Officer at Vorwerk Household Appliances, believes in consistently outsourcing, with syskoplan as a key partner.

Mr. Eger, what is your main task as Chief Information Officer (CIO) at the Vorwerk Group?

To draw up and carry out a master plan for the entire IT infrastructure. A key component of this master plan is to implement a holistic solution for our entire direct marketing in Europe, i.e. to have one marketing department for all countries.

When I started at Vorwerk, we had an inhomogeneous, antiquated infrastructure in each country. Our goal now is to successively update it. This is, of course, a lengthy and difficult process. In the past, solutions had been tailored to individual organizations. Now trying to convince them of a joint solution is no easy feat.

Such a master plan is relatively long term. Do you not find that current developments keep getting in your way?

No. I think we have found a solution with a very promising future and we have been in the process of implementing it since 2003. The plan extends to the summer of 2008, so now we are right in the middle of it. Of course there are changes in business. But we are in the process of preparing the countries that are already integrated in this system for a planned joint release. Changes in the processes will thus affect all countries at the same time.

How do you react to new technological developments in hardware and software?

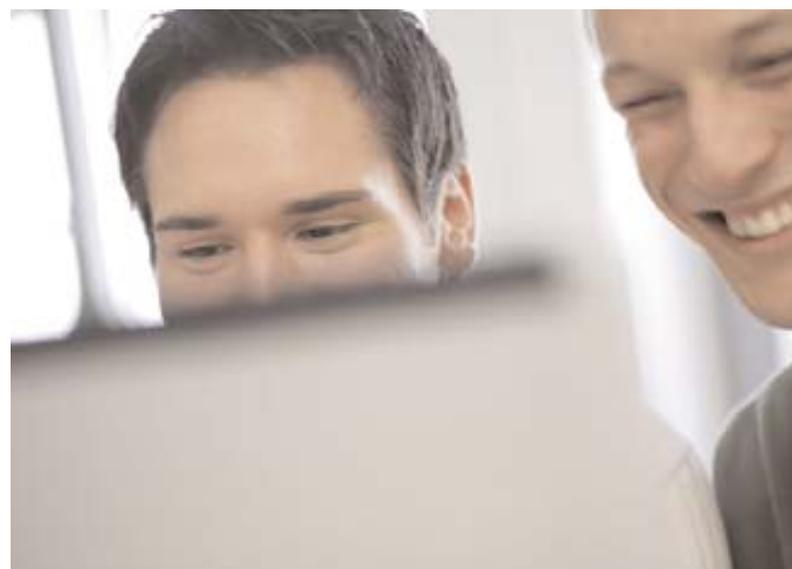
Technological changes do not really affect us, we operate entirely in SAP. We have outsourced, so we have nothing to do with it. We do, of course, have service standards according to which our outsourcing partners are measured. But thankfully I do not have to deal with computer centers, infrastructure, etc. We focus on the processes.

What do you class as your key areas of IT expertise in a company such as Vorwerk, where IT is not the sole purpose of business?

We do not have IT. (Laughs) That was just a joke. But we do actually buy in 90 percent of IT services.

That means the role of IT is largely IT governance. To what extent are the departments included?

On the one hand, we have competence centers for our critical business processes such as calculating



commission, all customer processes and sales consultants. The main task of these competence centers is to define processes and advise the company on new processes. For the most part, they also have the know-how to carry out quality tests on solutions developed externally.

On the other hand, we have so-called process owners, i.e. international managers who are responsible for a particular subject area. Of course we strive to have as large an international core as possible in this holistic sales system. The process owners must decide which processes come into this core. When a new process comes from a country, they must decide: Should this process be part of the core or is it country-specific? Must we do it or can we change the process in the country?

We also have people in each country responsible for IT who must, so to speak, oversee daily business operations with our outsourcing partner.

If you buy in 90 percent: what fundamental demands do you make on your IT service providers?

Our external service providers include business consultants who are of course expected to have knowledge of SAP. But they mainly specialize in business processes. I need experienced people with process knowledge gained from previous projects who are able to settle in very quickly. That is why we chose syskoplan, because of its vast expertise in specific direct marketing processes.

As our direct marketing processes are very specific – and VORWERK is exclusively a direct marketing company – our solutions are relatively tailor-made. Purely technology driven consultants are of no use to me. It simply takes too long for them to understand our business processes.

Do you also look for soft skills when choosing business consultants?

Of course. No matter how good a specialist is, he or she must also have team spirit. For the past three years we have been working closely as a team – within Vorwerk but also with the consultants. All new consultants must be able to fit in with the team. We have few formal procedures, much of the work is carried out ad hoc. This requires trust.



How do you picture the future of IT consulting: Do you think it will become more interdisciplinary or more fragmented?

In our case, the former. We have a highly integrated system and our prime concern is durability and maintaining the integrity of the system.

So the systems and the people who take care of them grow together.

We have very specific direct marketing processes in our Group. It initially takes a long time for people to understand the processes. Once they have, of course, we have a valuable resource. Our consultants are also accepted by the business. Our management would be on my back if I replaced them.

I have heard of two software options: tailor-made and SAP standard software. How valuable is standard to you?

As you know, you can do a lot in SAP standard as long as you keep within the workbench. You must be able to differentiate clearly: Many of our own developments had to be incorporated for critical business processes. But, of course, we also have standard processes such as accounting or logistics where we do not make any changes at all to standard.

If you had just one wish, what would it be?

Lower daily rates.

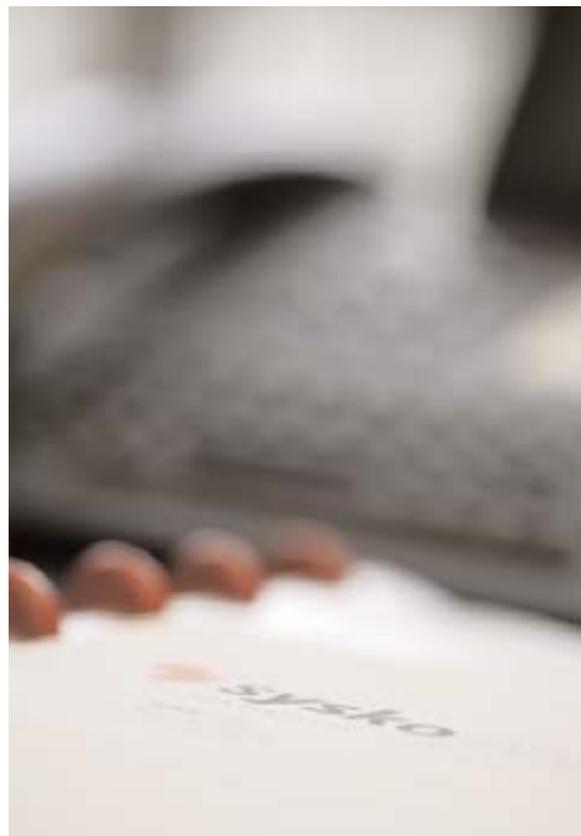
Okay, that's the usual wish. Otherwise you're perfectly happy?



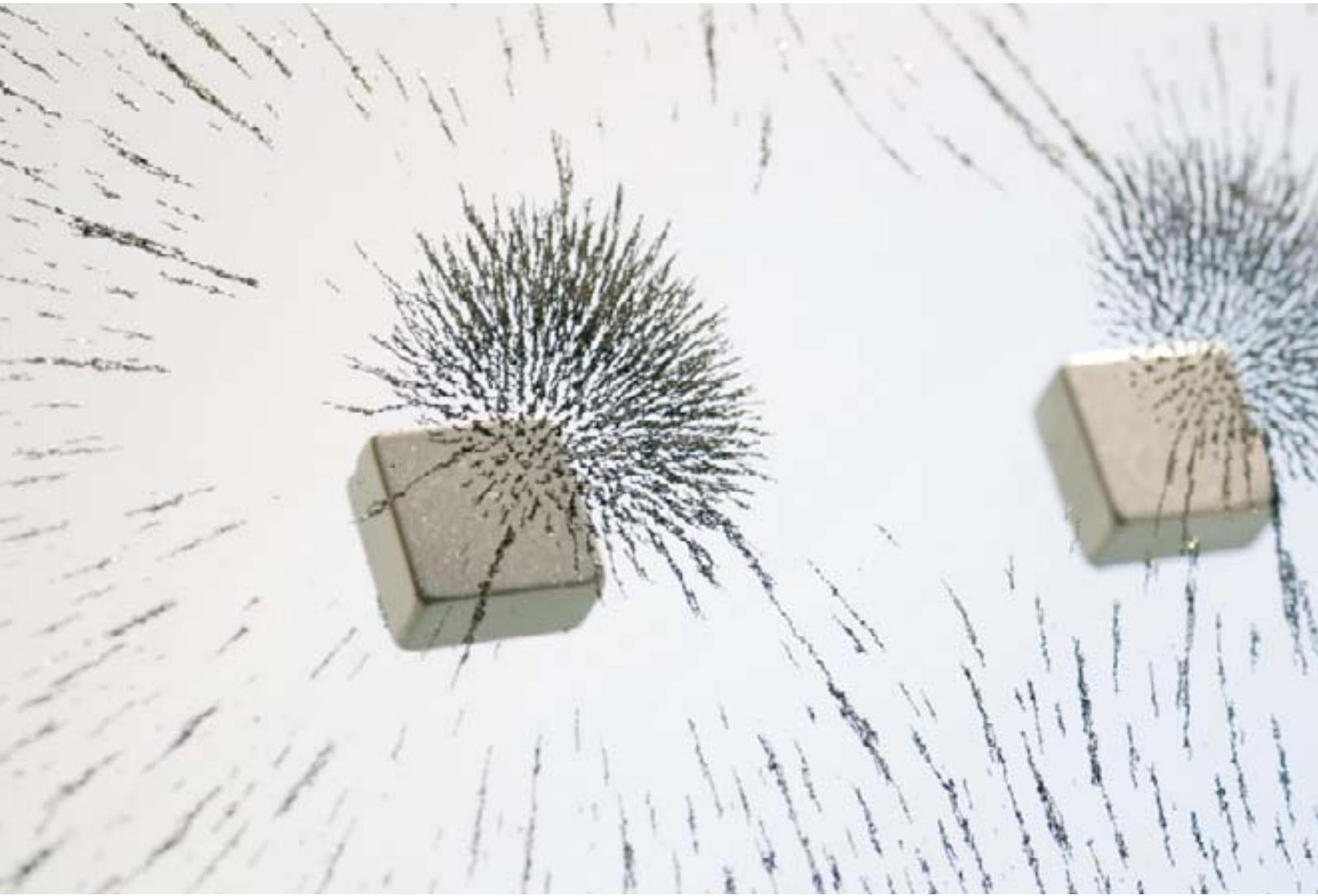
We have a central solution for the whole of Europe. If technological problems keep cropping up, obviously it is terrible for us. Of course I wish the technological processes would be more stable than they actually are.

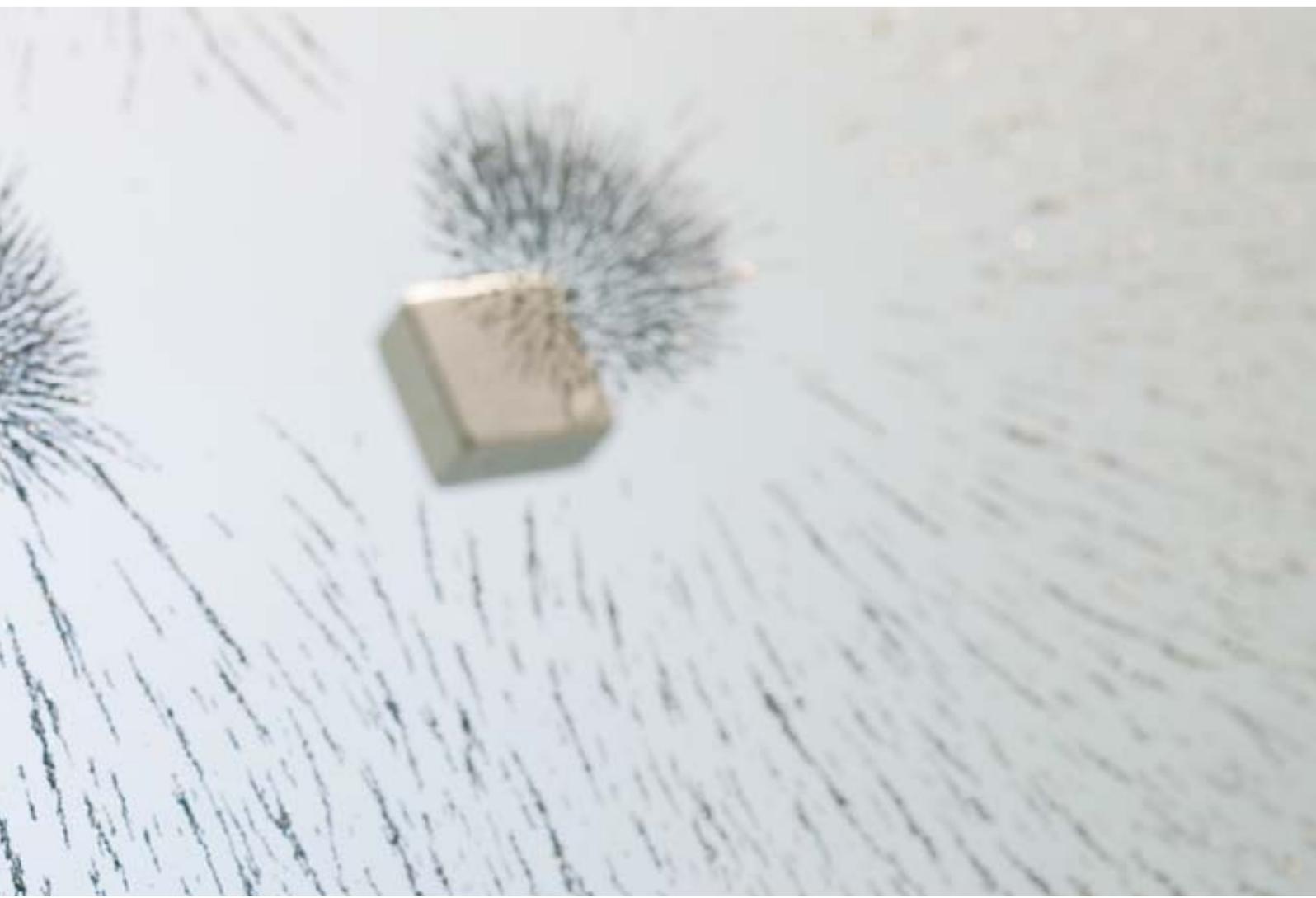
How can syskoplan assist you?

syskoplan is a very important partner to us and we are also very satisfied with our cooperation because all of our criteria are being fulfilled: professionalism, process know-how, and lots of team spirit.



CURIOSITY.





Social Commitment

Customers, employees, shareholders and society as a whole are four groups to which syskoplan relates and with which the company strives to maintain a trusting and successful partnership. The common values of trust, commitment, teamwork, innovation, performance and customer focus are embedded in our corporate identity. They give us stability and orientation while contributing crucially to our success.



Prof. Dr. Deniz Kececioğlu with the young patients in the children's cardiology area of the outpatients' clinic.

syskoplan fulfills this self-imposed duty by implementing various initiatives and measures, while always endeavoring to take account of various interest groups' needs and to fulfill their expectations. For example, targeted activities within the scope of our social commitment are aimed at improving the opportunities of disadvantaged young people. We regard our support for the children's ward at the world's largest heart clinic in Bad Oeynhausen as a constant priority. In the article below, the clinic describes what "prepared for the future" means from its own point of view.

Clinic for Congenital Heart Defects at the NRW Heart and Diabetes Center – Prepared for the Future

The Heart and Diabetes Center North Rhine-Westphalia has attained a leading international position in the treatment of heart, vascular and metabolic diseases over the past 22 years. Under the motto "Medical competence and human closeness", the clinic for congenital heart defects, headed by Prof. Dr. Deniz Kececioğlu, works for the well-being of the little patients.

In Germany, 4,000 – 6,000 children, i.e. one in a hundred, are born with congenital heart defects. In the 1980s there was no institution in the eastern Westphalian region that offered the necessary care for children with a heart condition. To close this gap in medical provision, a center was established to treat cardiovascular diseases for all patients from babies to adults in holistic and interdisciplinary fashion under one roof. Today, an active culture of innovation, coupled with outstanding medical competence and perceptible human devotion, form the basis of the excellent international reputation enjoyed by the Heart and Diabetes Center North Rhine-Westphalia, which has served as the university clinic at the Ruhr University in Bochum since 1989.

Something to Get Children's Pulses Racing

As a philosophy, "healing with hearts and minds" is particularly appropriate for the children's cardiology activities at the Heart and Diabetes Center NRW. Gentle methods of diagnosis coupled with considerate and loving all-round care are the main focal points at the clinic for congenital heart defects. This clinic provides room for 40 children and young people. In 2000, an annex featuring state-of-the-art medical

equipment and a child-centered atmosphere was officially opened. The rooms were designed by the well-known artist Peter T. Schulz with a sensitive hand and a feeling for the particular life circumstances of the children and adults. To enable parents to be close to their children during these difficult times, a parents' centre was opened by McDonald's Kinderhilfe one year later. The attention-grabbing building designed by the US-based star architect Frank O. Gehry provides room for parents, siblings and relatives of sick children and gives them space to be on their own as well as to enjoy happy times together.

First-Class Record in Operations

The care of the children with congenital heart defects start here even before they are born and continues until they reach adulthood. 6,000 junior patients are given outpatient examinations each year, and some 900 are examined as inpatients. While just a few decades ago half of such children died of their congenital heart defects in the first year of their lives, this



proportion is today as low as 2%. Almost all of the malformations can now be corrected either wholly or partly in this early phase of the children's lives. These days the young patients not only have a far higher life expectancy than they did 20 years ago; they also enjoy a considerably better quality of life and can practice a profession or job and start a family.



Maximizing Results while Minimizing Burdens

One of the most pressing objectives for Prof. Dr. med. Deniz Kececioglu and his team is to ease the burden on prematurely born children, babies and small children in examinations and treatment. Today, ultrasound examinations of the heart, with two-dimensional images and Doppler and colored Doppler methods, permit an exact and painless analysis of most heart and vascular defects. In addition to that, the clinic concentrates on the gentle magnetic resonance imagery (MRI) method for diagnostic purposes.

The Bad Oeynhausen competence center is a leader in the field of heart transplants and the use of artificial hearts for newborn babies and children. In its own implant research institute, research is carried out into the development of degradable implant materials based on metal and polymers. In addition, the clinic cooperates closely with academic institutions and clinics in the "competence network for congenital heart defects" to maintain and improve patient treatment.

The development of gentle diagnostic methods and the considerate and loving all-round patient care have been crucial factors in the Clinic for Congenital Heart Defects recognition as an EXPO project "High-Tech and Human Warmth", enabling it to set standards for the future.

Bad Oeynhausen, March 22, 2006

Prof. Dr. Deniz Kececioglu

Director, Klinik für Angeborene Herzfehler

Herz- und Diabeteszentrum Nordrhein-Westfalen

Universitätsklinik der Ruhr-Universität Bochum

Photos: Armin Kühn (photography department,

Herz- und Diabeteszentrum NRW) and Werner Krüper

(Blickweise Werner Krüper)



INSTINCT.



The Reply Model an Export Hit

IT Network Showing Strong Growth

The IT group Reply has experienced strong growth not only since its acquisition of a majority stake in *syskoplan*. Revenues and earnings rose by at least 30 percent in both 2004 and 2005. Its recipe for success: Reply is an organized network of highly specialized independent companies. By joining the Reply Group *syskoplan* can implement its growth strategy on a wider base that is strengthened by a European network.

In 1996 the current CEO of Reply, Mario Rizzante, founded the company together with several partners. In the first full financial year 1997, 83 Reply employees generated revenues of EUR 5.9 million. Today, 10 years later, revenues of more than EUR 144 million are being achieved with 1,300 employees. Headquartered in Turin, with significant operational offices in Milan, Rome and Turin, Reply also has offices in Spain and Switzerland.

Reply is unique in that it is an organized network of subsidiaries, each specializing in a clearly defined area

of expertise. The Group works with a networked structure of specialized companies focusing in processes, applications and technology.

“Our goal is to create centers of expertise, each of which is in a position to make a name for itself as “top of the class” in its area of expertise,” explains Rizzante. This model perfectly combines the advantages of small and large companies: it combines the flexibility, specialization and dynamism of specialized firms with the offering of high-quality IT services and the strength of large entities.

Common values

To ensure these units cooperate optimally when necessary, common values are important, and are upheld throughout the entire Group: human values such as ethics, reliability, honesty and transparency but also professional values such as outstanding performance, focus, innovation, methodology, teamwork and speed.

“Each company within the Group operates completely independently but always takes into account the values of Reply. That is very important to our Group,” explains Rizzante. “I think it is the real force behind our growth, our success and how the Reply brand is perceived worldwide.”

Financial success

In 2005, consolidated Group revenues amounted to EUR 144.5 million – up 29.2 percent on the previous year, a sure sign of success. Annual earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 20.9 million (+47.6%), and earnings before interest and taxes (EBIT) to EUR 18.8 million (+56.8%). Earnings before taxes amounted to EUR 18.8 million, up 63.3 percent on 2004.

Mario Rizzante
CEO Reply





Rizzante himself puts the success down to the networked organization: “Over the years, this model has enabled us to grow stronger than the market and achieve a significant return on investment.”

Wide-ranging IT expertise

The Reply network offers a huge range of specialized IT services: Processes, Applications and Technology are the core areas of expertise. The Group offers its major customers consulting, system integration and application management services.

How the company defines itself: “Reply specializes in developing efficient business solutions based on innovative technology that enable communication between customers, business partners, suppliers and employees.” Reply customers are large companies in the following sectors: Telco & Media, Banking & Financial Services, Industry & Services, Healthcare and Public Administration.

Expanding the network

By integrating syskoplan, the Reply Group has taken a significant step in its internationalization strategy. Reply’s expansion is to be carried out according to the successful organizational model of a network. “Our goal now is to make syskoplan a hub using the same networked Reply model as in Germany,” says Rizzante. As a highly specialized profitable company with the same fundamental values as Reply, syskoplan is the ideal partner for this. syskoplan will remain listed on the stock market, to have access to the capital markets for its expansion.

Info: www.reply.it

Reply's Key Markets

Telecommunications, Utilities and Media

Reply is one of the leading technology partners in the convergence process between telecommunications companies and the media, with particular focus on digital TV via satellite (DVB-T), managing digital content and assets, billing and Customer Relationship Management.

Industry and service

Reply assists companies in introducing, switching over to and managing corporate information systems. Reply designs and realizes solutions that support the integration of the applications of extended enterprises in the areas of Customer Relationship Management, Supply Chain Management and Business Intelligence.

Banks, Insurance Companies and Financial Operators

Reply specializes in strategic consultancy, planning and realizing multi-channel infrastructures and services for banks, insurance companies and financial operators.

Public Administration and Healthcare

In public administration and healthcare, Reply applies its experience to realize specific solutions for improving relations and communication with citizens.

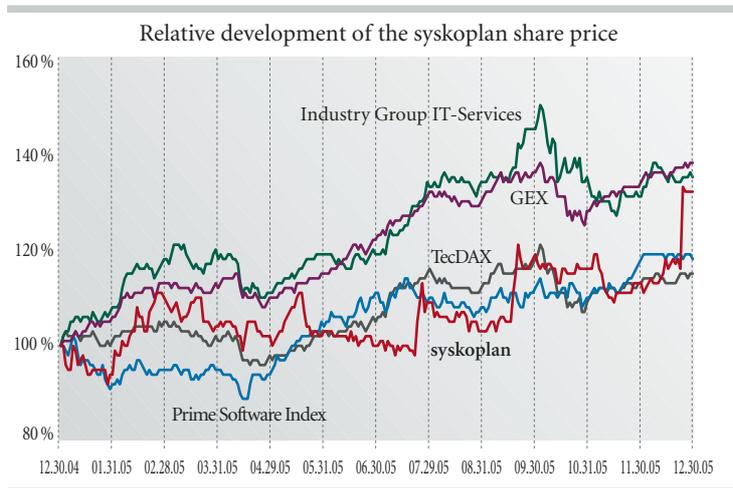
(Excerpt from the company profile)



The syskoplan Share

Stock markets in 2005

2005 was an excellent year for the stock markets. The German share index DAX climbed 27% over the year and closed on the last day of trading in 2005 at 5,447 points – its highest value since summer 2001. The MDAX showed even stronger performance, growing 35% over the year to close at a new record high of more than 7,300 points. The TecDAX and the Technology All Share were somewhat more subdued, finishing 15% and 19% up on the year respectively.



Share Performance

The syskoplan share showed an increase of 32% over the year, closing on 12.31.2005 at EUR 8.15, and considerably outperforming the DAX, TecDAX or Technology All Share index. The share moved sideways in the first half of the year, but gained momentum in the third quarter. Following the announcement of second quarter earnings and improved forecasts presented at an investor conference in Frankfurt the syskoplan share gained 20% in the third quarter. The announcement of the majority position taken by Reply was followed by a further gain of 15%, bringing the share performance for the year up to around the level of the GEX and the sub-index IT Services.

The market capitalisation of syskoplan AG at year end was EUR 34.2 million, against EUR 26.0 million at year end 2004. Trading was more vigorous in 2005, with 1.3 million shares traded, an increase of 44% over the 0.9 million exchanged in 2004. On an average trading day almost 5,000 shares were exchanged (2004: 3,700 shares).

Dialogue with Investors and Analysts

syskoplan AG maintains an ongoing and open dialogue with investors. In addition to the annual general meeting the company provides its shareholders with extensive financial information in the form of quarterly and annual reports as well as with press releases on all subjects of immediate interest. We also organize annual conferences and telephone conferences in which investors and analysts discuss the company's current business and prospects with management.

Dividend

It is a fundamental element of the corporate philosophy at syskoplan AG that shareholders should benefit from the operating profits of the company in the form of dividends. The financial year 2005 saw a successful return to sustainable profitability. The Executive Board has therefore recommended a dividend distribution of EUR 0.26 per share for 2005, as in the previous year. This corresponds to a dividend yield of 3.2% based on the closing share price for the year, which is considerably above the average yield for the DAX of 2.4%. Only Thyssen-Krupp, TUI and Deutsche Telekom do better.

Employee Shares

Value-awareness should not be limited to the management, as basically all employees contribute to the company's success and to increasing its value. To help them identify with their employer and let them benefit from its share performance, syskoplan AG gives its employees the opportunity to purchase employee shares. All available tax benefits were again used in 2005. Tax benefits are only available when employees pay for the shares themselves. Employees who have bought syskoplan shares have therefore made a deliberate decision in favor of an equity investment. Of those employees entitled to buy shares, 57% took advantage of the offer, showing their confidence in syskoplan AG.

The syskoplan Share and the Strategic Partnership with Reply

The shareholder structure has changed considerably as a result of the strategic partnership with Reply. Before Christmas 2005 Reply acquired 53% of the share capital of syskoplan from the original shareholders. The founders of syskoplan, Dr. Manfred Wassel

(25.1%), Dr. Jochen Meier (6.12%) and DZ Equity Partner GmbH (21.92%) sold their shares jointly. Siemens Business Services (7.31%) also agreed to sell on the same terms on January 18, 2006. Dr. Wassel held 1,054,211 shares, Dr. Meier 256,959, DZ Equity Partner GmbH 920,511 and SBS 307,232. Although the acquisition of these shareholdings requires Reply to make a mandatory offer to purchase the remaining shares under German law, Reply does not intend to acquire all outstanding syskoplan shares and has stated that a squeeze-out is not planned.

The Executive Board of syskoplan sold its shares to Reply before Christmas to enable the build-up of a strategic partnership with Reply. Without this full sale of shares Reply would not have entered into the partnership. Both members of the Executive Board receive half of their sale proceeds in Reply shares, which are subject to a blocking period of up to three years. This shows the clear commitment of both members of the Executive Board to the joint development of the Reply network in the future.

Reply aims to duplicate its successful business model on the German market with syskoplan. Based on Reply's network model syskoplan will be responsible for developing the European SAP strategy and partnership of the Reply Group. syskoplan will also be jointly responsible with the management of Reply for gaining further market share in Germany. This will take place by organic growth but also by targeted acquisitions that fit well into the Group strategy. The financing opportunities provided by the German capital markets will also be used to this effect.



Michael
Lückenkötter
Head of
Investor Relations/
Public Relations

In particular this means issuing syskoplan shares to the management of companies which are allied to syskoplan as the hub of the German network. For these managers a share traded in Germany, whose performance is directly linked to their own, is a better incentive. Reply's acquisition of a majority position and the resulting strategic partnership has brought long-term stability to the shareholder structure of syskoplan. syskoplan sees Reply as an excellent partner who will make a valuable contribution to syskoplan's future development as a listed company.

syskoplan shares will become even more attractive in future, due to the equity stakes taken by future network-member companies in Germany, increased



I.g

profitable growth and the resulting increase in market capitalization. The particularly positive performance of the Reply share over the last two and a half years supports this view.

Key figures, syskoplan share

| | | 2003 | 2004 | 2005 |
|-----------------------------|-------------|----------------|----------------|-------------------|
| Equity capital | EUR million | 4.2 | 4.2 | 4.2 |
| Number of shares | million | 4.2 | 4.2 | 4.2 |
| Options issued (cumulative) | thousand | 219.1 | 290.5 | 290.5 |
| Market capitalization | EUR million | 29.19 | 26.00 | 34.23 |
| Free Float | in % | 38.96 | 39.58 | 39.58 |
| Shares traded ¹ | thousand | 9.3 | 3.7 | 5.0 |
| Year-end price | EUR | 6.95 | 6.19 | 8.15 |
| Highest | EUR | 7.83 | 7.49 | 8.24 |
| Lowest | EUR | 4.75 | 4.50 | 5.67 |
| Earnings per share | EUR | ./ 0.38 | ./ 0.38 | 0.30 |
| Dividend | EUR | 0.26 | 0.26 | 0.26 ² |
| Total dividend payout | EUR million | 1.09 | 1.09 | 1.09 |
| Dividend yield ³ | in % | 3.7 | 4.2 | 3.2 |

¹ Daily average ² Proposal submitted to general meeting ³ on year-end price basis

DETERMINATION.





Contents of the Consolidated Annual Financial Statements

II Consolidated Annual Financial Statements

| | | |
|------|---|---------|
| II.a | Management Report for the Group and syskoplan AG | Page 35 |
| II.b | The Boards | Page 47 |
| II.c | Report of the Supervisory Board | Page 48 |
| II.d | Corporate Governance Report | Page 50 |
| II.e | Annual Financial Statements of the Group | Page 54 |
| II.f | Notes to the Annual Financial Statements of the Group | Page 60 |
| II.g | Audit Opinion | Page 75 |

II.a

II.b

II.c

II.d

II.e

II.f

II.g

Contents of the Annual Financial Statements of syskoplan AG

III Annual Financial Statements of syskoplan AG

| | | |
|-------|--|---------|
| III.a | Annual Financial Statements of syskoplan AG | Page 78 |
| III.b | Notes to the Annual Financial Statements of syskoplan AG | Page 84 |
| III.c | Audit Opinion | Page 90 |
| IV | Company Calendar | Page 92 |

III.a

III.b

III.c

III.d

Management Report for the Group and syskoplan AG

1. Strategic Partnership with Reply

The Italian IT Group Reply S.p.A. on December 22, 2005 acquired a 53.14% holding in Gütersloh-based syskoplan AG. Including the Siemens Business Services stake acquired in January, Reply now holds 60.45% of syskoplan's stock. Reply is one of Italy's leading providers of IT services in the areas of systems integration, consulting, applications management and outsourcing. For syskoplan, the new majority shareholder opens up new market opportunities in the EU and thus the possibility of intensified expansion. Together with the Reply management, syskoplan will be responsible for building up a German network of companies analogous to that which Reply has built in Italy. syskoplan will also lead the implementation of the Reply Group's European SAP strategy and partnership. syskoplan will remain an independent business enterprise within the network of the Reply group of companies. It will still be headquartered in Gütersloh and the two executive directors Dr. Manfred Wassel and Dr. Jochen Meier will remain in their posts.

Both companies intend to retain syskoplan's listing in the Prime Standard section of the Frankfurt Stock Exchange. syskoplan's stock market listing is a key element for entrepreneurial participation by future partner companies and thus for the successful building up of the network concept in Germany. Using syskoplan stock as a "cash equivalent" presupposes availability. Therefore the aim is to maintain a considerable free float.

2. General Economic and Sector Trend

According to an analysis of the European Information Technology Observatory (EITO), in 2005, the market for information technology and telecommunications (ITC) in the European Union grew by 2.9% to EUR 614 billion. Thus it grew at twice the rate of the EU economy as a whole. The German ITC market grew by 2.6%. This positive trend is set to continue in 2006. The EITO expects the ITC market in the EU to grow by 2.8% to EUR 631.7 billion. In 2005, the EU information technology market grew by 3.7% to EUR 290 billion, for the first time in years posting a higher growth rate than the telecommunications market. In 2006 growth in this market segment is expected to pick up even more, to 4.2%.

Software and IT Services posted particularly strong growth. According to EITO calculations, sales of IT services increased by 4.6% to roughly EUR 124 billion. Providers are benefiting from the fact that companies and organizations are once again modernizing their existing IT infrastructure.

3. Sales Trend and Partnership

Consulting and Project Business

syskoplan concentrates its business activities on the design and optimization of companies' customer-centric business processes critical to success. Last year syskoplan's core business continued to develop stably and profitably. The positive trend in Germany played a major role in this. In addition to further intensification of business with existing customers we were able to achieve a marked increase in the acquisition of new customers.

syskoplan played an important role in helping to build the virtual world of the online portal Q7 Globe which enables people to inspect and preview the new Audi SUV. Q7 Globe is the largest multi-channel marketing project so far for launching new models via the central CRM platform. It is an important component of a program for international generation and care of potential customers. The central hub for data management is the CRM platform KUBA that was built up with syskoplan. KUBA has been employed at Audi since 2002 and is used in Germany, Italy, Brazil and the United States.

Employees in the German parent company worked hard to transfer the new Release 3.0 based on SAP R/3 Enterprise and SAP CRM 4.0 into productive use for Vorwerk. Productive roll-out was achieved, so in addition to Thermomix Deutschland, Bügelsysteme Deutschland and Vorwerk Switzerland the French companies in the Vorwerk Group now also work with the new system. Likewise, syskoplan devised and launched a CRM system for managing visitors to the new, recently opened Dr. Oetker Welt. Based on this application, expansion of the CRM system to include the customer service area of other regions of the Dr. Oetker Group is also being examined.

Brand-name producers are increasingly stepping up their activities in the area of end consumer service, for which is4 is developing an SAP supported solution to facilitate efficient complaints management. Concrete discussions and projects are already under way with well-known customers such as Hipp and Dr. Oetker. In addition there are other marketing opportunities that

should be utilized systematically. In the Melitta company, is4 has successfully implemented a change from R/3 to mySAP ERP Release 2004. Vaillant won the controlling award for the best controlling concept in SAP. is4 played a part in this success by its modeling in the Business Information Warehouse and by harmonizing the master and movement data. The Klosterfrau Group was recruited as a new customer in the area of category management based on mySAP CRM. SAP appointed is4 as a Special Expertise Partner for consumer goods.

cm4's business has picked up on the previous year. It continues to work on a project to launch as//print at a Swedish printing works. The rough concept for the CRM release change at Deutscher Sparkassenverlag has now been followed by the actual implementation project. cm4 has stepped up its cooperation with ContentServ, a provider of content management solutions. ContentServ's innovative strength lies in cross-media publishing, which is very popular in marketing especially. The integration with SAP CRM was presented at SYSTEMS in October 2005. Initial talks with well-known customers point to interesting marketing potential for the integrated solution. The integration, designed as a composite application, will also be submitted to SAP for certification.

In 2005, expenses arising from disinvestment in the SAP reseller business for which no provision could be made had a negative impact on the result of our US subsidiary. With the existing core team, we have now succeeded in refocusing on syskoplan's strengths in the fields of ESA, BPP, CRM and BI. With a view to building up the strategic partnership with Reply, the approach pursued until now requires revision.

Outsourcing

The syskoplan Group's outsourcing services, for which is4 is responsible, are to be extended. In doing so, the strategic focus will be on SMBs in the region that have embedded their business management processes mainly in an SAP environment and are seeking a partnership of equals. SAP's new developments will reinforce willingness to resort to outsourcing in the form of application service providing (rental models). In 2005, the Hettich Group transferred its computing center operation to is4 with effect from November 1st. Now, 10 Hettich Management Systems employees work at is4. Kirchlengern will be the new location for the is4 general computing center, which until now was located in Minden. The signing of this contract marks a substantial step in the syskoplan Group's outsourcing strategy.

Partnerships

Within the framework of our platform strategy we have markedly strengthened our partnership with SAP. Along with the development partnership, which is of the greatest significance, we are an Alliance Partner Service and a Special Expertise Partner for

- + mySAP CRM,
- + SAP for Consumer Products,
- + SAP NetWeaver Business Intelligence,
- + SAP NetWeaver Portal,
- + SAP NetWeaver Exchange Infrastructure and
- + SAP Advanced Planner and Optimizer (APO).

In addition, various syskoplan Group products are already certified for SAP's new technology platform. These make it possible for syskoplan to have the status of an independent software vendor (ISV) of SAP. Our customers benefit from perfectly integrated

extensions to the scope of solutions at favorable application and adaptation costs and with future-proof technology.

Sales Trend

syskoplan Group sales in the financial year 2004 totaled EUR 41.8 million, against EUR 40.4 million in the previous year. Sales of the individual companies based on IFRS developed as follows: The German AG posted revenues of EUR 29.3 million last year (previous year: EUR 26.6 million). Sales in the US amounted to EUR 1.6 million (previous year: EUR 2.6 million). Due to the cessation of business in Ireland, sales of EUR 0.02 million were posted (EUR 0.4 million in the previous year). cm4 contributed sales of EUR 3.6 million toward the Group result, as against sales of EUR 3.2 million in the previous year. is4 posted sales of EUR 14.2 million (previous year: EUR 12.6 million).

Sales productivity continued to develop in a pleasing way in 2005. The syskoplan Group succeeded in increasing sales per full-time employee by a further 7% to EUR 141,000 (previous year: EUR 132,000). Sales productivity in the Germany segment especially continued to develop positively. After consolidation sales per employee amounted to EUR 140,000 as against EUR 134,700 one year previously, a very good figure in comparison with the market as a whole.

4. Personnel Trend

The number of employees in the Group as at December 31, 2005, including members of the various executive bodies, was 4% higher than at December 31, 2004. At the end of 2005 the syskoplan Group employed 320 staff worldwide, thirteen more than at the end of 2004.

On the balance sheet date, the German AG had 191 employees (previous year: 184). The workforce at cm4 increased from 25 employees at the end of 2004 to 30 at the end of 2005. At the end of the financial year is4, our joint venture with the Melitta Group, had 92 employees (previous year: 79 employees). At the end of the year, 98% of the workforce was based in Germany. The number of employees in the US subsidiary was further reduced from seventeen to seven. The Irish subsidiary no longer had any employees.

Dr. Susanne
Schweidtmann
Head of
Human Resources



Converted into full-time equivalents, the number of employees in the syskoplan Group fell by 3% to 296 in 2005 against an average of 306 in 2004.

5. Shares and Options Held by Board Members

The binding agreement for the sale of syskoplan shares between the Executive Board and Reply of Italy was irrevocably concluded on December 22, 2005. The transfer in rem took place on January 19, 2006. At the end of 2005 Dr. Manfred Wassel held 1,054,211 shares (previously: 1,053,611), equivalent to 25.1% of the share capital. Dr. Jochen Meier held 256,959 shares, equivalent to 6.1% of the share capital. At the start of 2004 the Executive Board decided to forgo the allocation of share options. Accordingly, the number of share options held by the Executive Board was unchanged in 2005 at 1,724 each. Supervisory Board Chairman Dr. Niels Eskelson held 500 shares at the end of 2005, while Dr. Gerd Wixforth held 3,500 shares in syskoplan AG. The remaining members of the Supervisory Board hold no shares. As a matter of principle, no options were issued to members of the Supervisory Board.

6. Investment Activity

A further EUR 0.4 million was invested in tangible fixed assets. As in previous years, last year several syskoplan employees had the opportunity to collaborate on development projects with our technology partners SAP and Microsoft. In general, syskoplan's longstanding close collaboration with the SAP development division in particular secures detailed knowledge and contacts that can play a crucial role in taking a project forward in critical phases.

syskoplan invested a further EUR 0.4 million in software reported as intangible assets. This included development expenses for an SAP-supported solution for efficient complaints management in the field of end consumer service. This solution, developed by is4, is to be offered to producers of brand-name products.

In April 2005, syskoplan acquired an 18% stake in Cologne-based Interactiv GmbH & Co. KG. Interactiv offers a solution that enables television viewers, radio listeners and readers for example to take part in prize competitions or order products by mobile phone. That enables media and the advertising industry to have direct, interactive contact with customers. Now, syskoplan and Interactiv together can offer end-to-end solutions that link the new communication channel directly to companies' CRM systems. The syskoplan Group's financial investments increased by EUR 1.1 million overall.

At the start of January 2006, syskoplan sold its participating interest in CareGain, a start-up company that offers companies solutions in the US healthcare field, resulting in a markedly positive one-time contribution to results.

The IT and software sector is in a state of flux. New technologies such as service-oriented architectures are coming into being, business models are undergoing fundamental change, partner eco-systems are being redeveloped. This applies particularly to SAP, with which syskoplan has enjoyed longstanding collaboration as a partner and whose technology is relevant to around 70% of syskoplan projects. Within the framework of its platform strategy syskoplan has markedly strengthened its partnership with SAP. In addition, various syskoplan Group products have already been certified for the new SAP technology platform, enab-

ing syskoplan to have the status of an independent software vendor (ISV) of SAP. In this connection, syskoplan has invested considerable sums in employee training.

7. Asset Position, Financial Position

Balance Sheet Structures

The syskoplan Group's balance sheet total last year increased by 13% to EUR 38.6 million. In the same period, the current assets proportion of the balance sheet rose to 74% (as against 71% in the previous year). This development was attributable both to a 46% increase in trade receivables and to a EUR 1.5 million increase in liquid funds, to EUR 20 million. Hardware arrangements in the is4 computing center gave rise to a recurring item amounting to EUR 1.8 million that is included in both trade receivables and accounts payable. Economically, these two items must be offset. This accounts almost entirely for the EUR 2.5 million increase in receivables. The remaining EUR 0.7 million is connected with the revival of business in Germany.

Fixed assets were unchanged at the end of the period under review, at EUR 10 million. At the end of 2005 they accounted for 26% of the balance sheet total. Intangible assets declined to EUR 0.7 million (previously: EUR 0.8 million). As a result of our equity holding in Interactiv, participations increased by 73% to EUR 2.0 million. Long-term loans, which include a subordinate loan to Interactiv, rose to EUR 0.4 million. Deferred tax refunds decreased significantly, from EUR 1.9 million to EUR 0.8 million, essentially due to the utilization of tax-deductible losses brought forward.

On the liabilities side of the syskoplan Group balance sheet, current liabilities increased from EUR 5.4 million to EUR 9.5 million. This equates to an increase from 16% to 25% of the balance sheet total. This is attributable to the increase in accounts payable, in accruals, in tax liabilities and in other current liabilities. Apart from the abovementioned recurring special item amounting to EUR 1.8 million, the change in the other items is the result of business picking up. Long-term liabilities were unchanged year on year, at EUR 4.5 million.

The syskoplan Group's equity ratio declined from 71% to 64% in the year under review. With equity almost unchanged, this was due to the increase in the balance sheet total. After the switch to IFRS accounting minority holdings are now shown under equity. The sum reported in the balance sheet to December 31, 2005 is EUR 2.1 million (previously: EUR 2.2 million). The overall trend in this item is affected by the share of subsidiary is4's net earnings to which minority shareholders are entitled and by the payment of profit shares from the previous year.

Taking into account notional costs for stock options, the capital reserve rose slightly, by EUR 0.1 million. Due to the positive trend in the dollar exchange rate, other comprehensive income improved from EUR -0.3 million to EUR -0.2 million.

Liquidity Situation

Despite substantial dividend distributions to shareholders, the syskoplan Group's liquidity in financial year 2005 remained very high. Last year, an inflow of funds totaling EUR 4.5 million was generated from operating activities, as against EUR 2.2 million in the previous year. The change in this item is the result of various divergent trends, with a markedly improved result for the year on the one hand and a marked reduction in depreciation (from EUR 3.7 million to EUR 1.0 million) on the other. In addition, there was a EUR 1.0 million increase in deferred tax costs and a EUR 0.5 million increase in net current assets, as against reductions of EUR 0.9 million and EUR 0.6 million respectively in the previous year.

Investment activities in 2005 resulted at Group level in a EUR -1.8 million outflow of funds. The previous year, this item was EUR -0.7 million.

At EUR -1.2 million, the outflow of funds in connection with financing activities was reduced to a normal level compared with the previous year, when the figure was EUR -9.4 million due to a special dividend distribution.

Overall, liquid assets rose by EUR 1.5 million to EUR 19.3 million in 2005 (unlike the EUR 20.0 million reported in the balance sheet, this figure does not include current liabilities to banks). First-degree liquidity (the ratio of liquid assets to current liabilities) was 204% in 2005. In the previous year, it was 333%. Taking into account receivables and other quickly

realizable items, second-degree liquidity is 295% as against 442% in 2004. Given the increase in liquid assets, the change in these ratios reflects the disproportional increase in current liabilities due to the recurring item at is4.

8. Earnings Position

Last year, the syskoplan Group succeeded in returning to a sustainedly positive earnings position. In Germany especially the business situation developed in a very positive way, as expressed in an EBT margin (EBT to sales) of 9.2%. Only the repositioning of the US subsidiary and some follow-up costs in connection with the relinquishment of the US product business led to special charges in 2005. Overall, the net earnings position in 2005 improved markedly. Gross earnings from sales totaled EUR 11.9 million as against EUR 8.1 million in the previous year. The operating result (EBIT) was EUR 3.1 million (previous year: EUR -1.2 million). Net operating income (EBT) amounted to EUR 3.2 million (previous year: EUR -1.5 million), corresponding to a EUR 4.7 million improvement in net earnings.

The earnings position in the individual companies in the Group is as follows: The German parent company reported EBIT of EUR 1.7 million as against EUR 1.8 million one year previously. In 2005, its EBT rose from EUR -1.5 million to EUR 2.0 million. In the previous year it had to bear the consequences of waiving loans to the US subsidiary.

cm4 achieved a significant improvement in its result for 2005, posting EBT of EUR 0.1 million as against EUR -0.8 million the previous year. is4 posted EBT of EUR 1.6 million in the year under review as against

EUR 1.3 million the previous year. EBT in Germany increased by 528% from EUR -0.9 million in 2004 to EUR 3.7 million. Overall EBIT in Germany amounted to EUR 3.5 million in 2005 (previous year: EUR 2.6 million).

Outside Germany, EBT at the US subsidiary was EUR -0.5 million (previous year: EUR -0.2 million). The 2004 figure reflects other earnings as a result of the German parent company's loan waiver. Operatively, EBIT in 2005 was EUR -0.5 million as against EUR -3.3 million in 2004.

An analysis of the Group's overall costs shows a 5% reduction year on year to EUR 39.0 million. Personnel expenses rose by 1% to EUR 22.6 million. The cost of purchased services was reduced last year from EUR 5.1 million to EUR 4.4 million. This is due especially to a reduction in expenses for outside personnel. Operating expenses decreased by 12% to EUR 16.4 million. Within the area of operating expenses there were marked reductions in depreciation (-73%) and vehicle costs, while travel expenses increased as a result of the revival of business.



Production costs in 2005 totaled EUR 29.9 million, 7% lower than the previous year's figure of EUR 32.3 million. Sales costs increased slightly, by 4% to EUR 4.6 million. Administrative costs also increased by 4% in 2005, to EUR 4.5 million.

After taxes and minority interests the net surplus for the year was EUR 1.2 million (previous year: net deficit of EUR -1.5 million). This equates to earnings per share of EUR 0.30 as against EUR -0.36 in the previous year.

9. Position of the Parent Company syskoplan AG

All remarks on the individual financial statements of syskoplan AG are based on German accounting principles laid down in the German Commercial Code (Handelsgesetzbuch, HGB). The financial statements

for the Group were drawn up in accordance with IFRS regulations.

Balance Sheet Structures

syskoplan AG's balance sheet total in the financial year 2005 was EUR 31.3 million, an increase of 9% on the previous year. This increase in the balance sheet sum affected fixed assets and current assets in equal measure, so current assets still accounted for the largest proportion of assets, making up 74% of the balance sheet total as opposed to 75% in the previous year. Year on year they increased by 8% to EUR 23.2 million. The turnover rate of receivables fell slightly year on year, to 8.0 as against 8.2 in 2004. Despite the dividend payment and substantial investment, syskoplan's liquid assets increased by EUR 0.7 million to EUR 14.9 million.

Essentially as a result of the holding in Interactiv, fixed assets rose by 12% from EUR 7.1 million to EUR 7.9 million.

Equity increased from EUR 23.7 in the previous year to EUR 24.1 million. At the same time, the equity ratio declined slightly, from 83% to 77%. Provisions increased by 29% to EUR 2.3 million, while liabilities rose by 56% to EUR 4.9 million, essentially due to a steep rise in prepayments received.

First-degree liquidity, that is the ratio of liquid assets to current liabilities, was 304% in the financial year 2005. In fiscal year 2004, this figure was 451%. This development is attributable to the relative large increase in current liabilities. Second-degree liquidity, which also takes into account quickly realizable assets, was 472% in the financial year 2005 as against 682% in the previous year.



The cash flow from day-to-day business activities was EUR 3.7 million in 2005 as against EUR 6.0 million in 2004. The marked improvement in net earnings for the year was over-compensated for by the fall in depreciation and the business-related increase in equipment and receivables.

The outflow of funds for investment activity decreased slightly in 2005, from EUR -2.3 million to EUR -1.9 million. The general meeting of shareholders in May 2005 resolved to pay a dividend of EUR 1.1 million, or EUR 0.26 per share. Payments to shareholders in the previous year totaled EUR -9.5 million. Therefore the cash flow from financing activity improved to EUR -1.1 million from EUR -9.5 million in 2004.

Earnings Position

The operating result was EUR +1.2 million in 2005 against EUR +1.5 million in the previous year. A 9% increase in earnings, to EUR 29.7 million (previous year: EUR 27.2 million) and an 11% increase in overall costs were the cause of this.

Personnel expenses rose by 7% to EUR 14.1 million. The cost of purchased services rose by 25% to EUR 4.3 million. Other operating expenses also rose by 11% to EUR 9.8 million. syskoplan AG in 2005 again achieved a positive financial result. There was a slight drop in earnings from shareholdings and interest income and depreciation of financial assets fell to EUR 0.7 million as against EUR 5.2 million.

Pre-tax earnings amounted to EUR 1.4 million, a EUR 4.0 improvement year on year. Due to the utilization of losses brought forward, the tax position in the 2005 financial statement was zero. syskoplan AG's

net surplus for the year under review was thus EUR 1.4 million (previous year: EUR -2.6 million).

After a transfer of EUR 0.3 million to profit reserves, syskoplan shows a balance sheet surplus of EUR 1.1 million. A proposal will be put to the managing bodies that this sum be distributed.

10. Risk Reporting

With its activities in the field of IT services, the syskoplan Group is exposed to diverse risks in the normal run of business. Our risk policy is geared toward taking advantage of business opportunities that present themselves while taking on only those risks that are unavoidable in the context of value creation or that seem reasonable. Therefore, risk management is an integral part of our business processes and decisions. The Executive Board is responsible for risk policy and for internal controlling and risk management systems. The management of the operative units follows these principles and is responsible for the risks it takes on in its regional and international business dealings. The status of and changes in significant risks are communicated in regular reports. We review our business goals and risk management measures throughout the year with the aid of monitoring systems, procedures and reporting standards. In this connection we should mention by way of example the rolling three-month plan and continuous assessment of our sales pipeline.

Our business, our funding and earnings from operative business can be jeopardized by the risks listed below. They include in particular falls in demand and fluctuations in hourly rates for consulting services. syskoplan AG counters these risks by taking action in the field of sales and capacity management, including with regard to managing the use of freelance personnel. syskoplan monitors projects closely so as to counter potential budget overruns in fixed price projects. The management keeps a close eye on technological developments and is responsible for prompting the operative units to make changes and adjustments in good time. These are not the only risks to which we are exposed. Other, as yet unidentified or negligible risks could also have a negative effect on our business.

With regard to the market situation and the situation in the sector, the Group's position derives from the sum of the risks discernible in the individual companies. There are increasing signs of a recovery in the economy as a whole, from which the IT market should profit. However, some economic risks are still perceptible in the regions where syskoplan companies operate. All markets are shaped by fierce competition, especially over prices, service quality and development times.

To maintain and improve our competitive strength and to build up the Reply network in Germany we will to an increased extent examine the possibilities of

making acquisitions and of entering into strategic alliances or joint ventures. Transactions of this kind inevitably entail risks, due to the challenges of integrating personnel, operative processes and technologies.

The activities of the US subsidiary have been focused on the core business. The risks of follow-up charges for which no provision could be made arising from the relinquishment of the US product business have declined markedly. Due to its small-scale operations, weak sales performance and fluctuations in demand for consulting services can lead to relatively big changes in capacity utilization, with corresponding consequences for the earnings situation. The medium-term goal of cautiously rebuilding the company's business activities and getting it to produce the same return on investments as the German companies must be reviewed in the light of the strategic partnership with the Reply Group. The intended building up of a German network for Reply may entail a corresponding refocusing of management activities.

Our subsidiary cm4 has supplemented its main business, projects in the direct marketing and media sectors, with products for the printing and packaging industry, with cm4 taking responsibility for introduction, maintenance and further development. Sales are meant to be mainly via partners. These products are already in use by several well-known customers. They must, however, be adapted continuously to new technological development and to requirements in their target markets. Due to the relatively high volume of revenue per sale (license and project) to the small number sold (not mass-produced), marked fluctuations in capacity utilization cannot be ruled out.

syskoplan sold its holding in CareGain, a US start-up that offers solutions for companies in the healthcare sector, at a clear profit during the course of the sale of the company. This brought about a marked improvement in syskoplan's risk position as regards financial investments.

In April 2005, syskoplan acquired an 18% holding in Interactiv. Together, syskoplan and Interactiv are able to offer a direct link between a new communication channel and advertisers' CRM systems. The Interactiv solution has already won the multimedia award for the Volkswagen FOX campaign. The Reply Group's strong position in the telecommunications and media sector opens up additional marketing opportunities for Interactive. Nonetheless, the investment in this start-up company also entails a risk of total loss.

The syskoplan Group's success is based to a very great extent on the performance of its employees. There is still intense competition for highly qualified specialists and managers with a sound background in the sector. To bond employees to the company we offer Group-wide integration and employee participation schemes as well as attractive remuneration packages.

In the financial management area, constant liquidity is ensured using the customary instruments of financial planning. In this connection, subsidiaries' possible liquidity requirements are also taken into account. As regards debtors, movements in the backlog of receivables are monitored continuously. The syskoplan Group works with various banks with an impeccable credit rating. The level of credit lines approved but not utilized is in keeping with our future development aspirations. Because of the risk arising from exchange

rate fluctuations when translating the business data of our US subsidiary, items on the Group balance sheet and profit and loss account are subject to movements in the dollar exchange rate. In addition, currency opportunities and risks arise from any intra-Group loans granted to US subsidiaries. At the end of 2005, loans of EUR 0.6 million still remained. The intra-Group guarantee for EUR 1 million given by syskoplan AG for loans taken out by syskoplan Consulting was still in existence at December 31, 2005 but had not been utilized and expired on January 30, 2006.



In our estimation, substantial impairment of the syskoplan Group's business development by pending or threatened court proceedings is not to be expected.

The continued existence of the syskoplan Group and the companies within it is not endangered by any factors relating to substance or liquidity. This assessment is supported by the analysis of business trends and liquidity presented here. The existing liquidity portfolio and the equity base are an adequate foundation for implementing our strategic goals in the medium term. Nor are any risks that represent a threat to the company's survival discernible in the medium term.

Our risk management instruments are improved and updated continuously. They are integrated in current business operations and as such are a part of the annual audit.

11. Future Trends

syskoplan takes an integrated view of the role of customer relations in a company. The starting point is customer-centric marketing, sales and service processes. Information from these processes is analyzed and made available for managing operative business dealings. syskoplan develops and optimizes software that supports end-to-end customer-centric processes in all corporate areas, thereby enabling both differentiation and productivity for the customer-centric enterprise. This step, the integration of standard software and individuality is syskoplan's core competence.

The strategic partnership with Reply enables syskoplan to place its growth strategy on a broader footing and in a manner strengthened by a European network. In line with the Reply partnership model, syskoplan will be responsible for development of the Reply Group's European SAP strategy and partnership. In addition, syskoplan will work with the Reply management to further open up the German market in a way analogous to the Reply network in Italy. This will be effected both by means of organic growth and, especially, by means of selective company acquisitions.

Regardless of the new partnership with Reply, the Executive Board, in line with the analysts' consensus, anticipates sales between EUR 43.2 million and EUR 46.4 million in the financial year 2006, and EBT between EUR 3.6 million and EUR 4.0 million.

By focusing consistently on customer-centric business management and long-standing, close partnership, the syskoplan Group is well placed to benefit from the opportunities provided by the changing ecosystem of SAP.

Gütersloh, February 20, 2006

syskoplan AG
The Executive Board

The Boards

Executive Board

In the year under review, the following individuals were members of the Executive Board:

Dr. Manfred Wassel, Gütersloh
Chairman of the Executive Board
Corporate Strategy, Investor Relations /
Public Relations, Finance

Dr. Jochen Meier, Löhne
Operations, Sales, Personnel

Supervisory Board

In the year under review, the following individuals were members of the Supervisory Board:

Dr. Niels Eskelson
Chairman
Paderborn
Management Consultant

Dr. Klaus Weigel
Deputy Chairman
Frankfurt am Main
Chairman of the Executive Board
DZ Equity Partner GmbH

Dr. Peter Pagé
Konstanz
Market Analyst, IT sector

Dr. Reinhard K. Sprenger
Essen
Management Consultant

Markus Wilhelm
Brookville, New York, USA
CEO Bookspan

Dr. Gerd Wixforth
Gütersloh
Retired City Manager

Report of the Supervisory Board

The Supervisory Board performed its duties in the year under review in accordance with the law and with the company statutes. It advised the Executive Board regularly on the management of the business undertaking and monitored the management of the company. The Supervisory Board was directly involved in all decisions of fundamental significance to the business undertaking.

The Executive Board informed the Supervisory Board in detail about the business and financial position, the personnel situation, the course of business of the Group and of its subsidiaries and affiliated companies, and about investment plans and fundamental business policy issues. The Supervisory Board made decisions on business transactions requiring its consent under the rules of procedure issued for the Executive Board. In addition, the Executive Board outlined the course of business and the economic situation regularly as part of its monthly reports. In the financial year 2005, the Supervisory Board held four regular meetings (on March 7, May 20, September 22 and November 29, 2005). No Supervisory Board member attended fewer than half of these meetings. In addition, the Supervisory Board made various decisions on the basis of circulating documents and in the context of telephone conferences.

Aside from the Supervisory Board meetings, the Supervisory Board Chairman kept in regular contact with the Executive Board. He received prompt updates on the current development of the business position and on key business events.

Declaration of Conformity with the Corporate Governance Code

At its meeting on November 29 the Supervisory Board dealt in detail with the implementation of the German Corporate Governance Code at syskoplan AG. At that meeting, the Executive Board and the Supervisory Board adopted an updated declaration of conformity in accordance with § 161 of the German Stock Corporation Act (AktG). This was posted on the website to be permanently accessible to shareholders.

In implementing the code, the Supervisory Board concerned itself at several meetings with examining its efficiency. It examined in particular the punctual and full supply of information to the Supervisory Board, as well as its composition and organization.

Further information can be found in the corporate governance report drawn up jointly by the Executive Board and the Supervisory Board.

Audit of the Financial Statements and Consolidated Financial Statements

The financial statements for 2005 and management report of syskoplan AG were audited by the appointed auditor, WITEG Wirtschaftstreuhand GmbH, Gütersloh. The auditor found that the annual financial statements were in accordance with proper bookkeeping and with statutory requirements and established that the risks of future development are described accurately in the management report. He certified this in an unqualified audit opinion. The aforesaid also applies to the consolidated financial statements drawn up in accordance with IFRS and to the management report for the Group.

The auditor also examined the syskoplan AG early risk recognition system as required by § 317 Section 4 HGB. As the result of his examination, the auditor established that the system takes account of the management's obligations in the operative field and the strategic field as laid down by law for the purpose of control and transparency in companies.

All documents pertaining to the financial statements, the auditor's audit opinions and their annexes and the Executive Board's proposal for the application of profit were submitted to the Supervisory Board. It examined them and discussed them in detail at the meeting held on March 21, 2006, in the presence of the auditor. The Supervisory Board endorsed the outcome of the auditor's examination and established that no objections were to be raised. The Supervisory Board approved the consolidated financial statements for 2005 along with the management report for the Group and the financial statements for 2005 and management report of syskoplan AG. The financial statements are therefore final.

Strategic partnership with Reply

The partnership with Reply provides a broader and more dynamic foundation for syskoplan AG's future business development. The shareholder structure of syskoplan AG has changed as a result, which has naturally had consequences for the Supervisory Board. The deputy chairman of the Supervisory Board, Dr. Klaus Weigel, resigned his seat on January 18, 2006. On February 15, 2006 Dr. Peter Pagé, Dr. Reinhard K. Sprenger and Markus Wilhelm also announced their

resignation. The Supervisory Board expresses its thanks to Dr. Pagé, Dr. Sprenger, Dr. Weigel and Mr. Wilhelm for their commitment and for their constructive advice to the company and the Executive Board over many years.

With effect from February 16, 2006, Mario Rizzante, the President of Reply S.p.A., Tatiana Rizzante, Senior Partner of Reply S.p.A., Riccardo Lodigiani, Senior Partner of Reply S.p.A. and Dr. Stefan Duhnkrack, Partner of law firm Heuking Kühn Lüer Wojtek, were appointed as new members of the Supervisory Board by resolution of the registration court of Gütersloh.

The Supervisory Board wishes to thank the Executive Board and all employees of syskoplan Group companies for their exceptional personal commitment in the past financial year.

Gütersloh, March 21, 2006

The Supervisory Board

Dr. Niels Eskelson
Chairman

Corporate Governance Report

The principles of corporate governance are for implementing responsible leadership and control of business undertakings with a view to long-term value enhancement. Respect for shareholders' interests, efficient cooperation between Executive Board and Supervisory Board and open and transparent corporate communications are especially important to syskoplan AG, which has long been committed to these values.

Compliance with these principles of corporate governance is a substantial contribution toward establishing and encouraging the confidence of customers, employees and shareholders and, by doing so, assisting capital market acceptance of syskoplan AG. These principles undergo continuous further development.

Declaration of Conformity with the German Corporate Governance Code

The Executive Board and the Supervisory Board issued the following declaration of conformity in accordance with § 161 of the German Stock Corporation Act (AktG) on November 29, 2005:

„The Executive Board and the Supervisory Board of syskoplan AG declare that syskoplan AG has followed or follows the recommendations of the government commission on the German Corporate Governance Code published by the German government on November 26, 2002, in the official part of the electronic Federal Gazette, version dated May 21, 2003, and published on July 4, 2003, subject to the following limitations:

1. The D&O insurance policies taken out by syskoplan AG on behalf of Executive Board and Supervisory Board members do not provide for any deductible (point 3.8 of the code). The Executive Board and the Supervisory Board take the view that no increase in

the care with which business decisions are made is to be expected from the agreement of a deductible.

2. The stock option plan adopted by syskoplan in 2000 does not include any reference parameters (point 4.2.3). However, it does include an exercise barrier relating to the syskoplan share price. The final tranche under this plan was issued in 2004. The Executive Board and the Supervisory Board take the view that it makes sense to allow this plan to run its course unaltered.

3. The share option plan adopted by syskoplan AG in 2000 does not include any possibility of a value limitation to take account of extraordinary developments (point 4.2.3). Until 2003, board members of syskoplan AG received the same number of options as other executives. The Executive Board did not take out any share options in 2004. Besides, the absolute number of options granted is strictly limited. The Executive Board and the Supervisory Board therefore take the view that no further limitation in terms of value is necessary.

4. The remuneration of members of syskoplan AG's Supervisory Board does not include a remuneration component to take account of membership of sub-committees since no such committees were set up. Nor does the remuneration of syskoplan AG's Supervisory Board include a variable component geared to the economic position and performance of syskoplan AG (point 5.4.5 of the code). The Executive Board and the Supervisory Board take the view that no increase in the efficiency of the Supervisory Board's work is to be expected from agreeing remuneration components of this kind.

The Executive Board and Supervisory Board further declare that syskoplan AG anticipates its compliance with the recommendations of the Governmental Commission on the German Corporate Governance Code as dated June 2, 2005 and published by the Federal Justice Ministry in the official section of the electronic Federal Gazette on July 21, 2005, with the same exceptions."

German Corporate Governance Code Suggestions

syskoplan AG also follows the suggestions in the Corporate Governance Code, with three exceptions. These are the online broadcasting of the General Meeting, which is not undertaken at present, and the remuneration of the Executive Board and the Supervisory Board. The remuneration rules of syskoplan AG do not provide for a performance-related component based on long-term company performance for members of the Executive Board and the Supervisory Board.

Essential Features of the Remuneration System

The Supervisory Board is responsible for setting Executive Board remuneration. Supervisory Board remuneration is based on the company statutes and is set by the General Meeting. Details of remuneration to the governing bodies can be found in the remuneration report published as part of the notes to the consolidated financial statements under number 8.

Securities Held and Traded by Representatives of the Company

In financial year 2005 no members of the Executive Board, members of the Supervisory Board, other individuals with management responsibilities or their

dependents informed the Company of the sale or purchase of syskoplan AG shares or of any financial instruments based on those shares with a total transaction value exceeding EUR 5,000 in the current financial year.

As of December 31, 2005 members of the Executive Board and Supervisory Board held the following shares and share options:

| Executive Body | Number | |
|-------------------|-----------|---------|
| | Shares | Options |
| Executive Board | 1,311,170 | 3,448 |
| Supervisory Board | 4,000 | 0 |

Further details are available in the notes to the consolidated financial statements under number 13.

syskoplan AG's Share Incentive Program

In the general meeting held on September 20, 2000, a share option plan for employees was adopted, of which the final tranche was issued in 2004. A renewal of the share option plan is not currently planned. According to the terms of the plan in the year 2000, the final options will be exercisable up to 2011. Further details of the share option plan are available in the notes to the consolidated financial statements under number 11.

KNOWLEDGE.





THE BENTON ...

PL. X
1867

CARRERS
PART
1820

CARRERS
PART
1820

CARRERS
PART
1821

CARRERS
PART
1822

CARRERS
PART
1823

THE BENTON ...

VOL. I
1803

Annual Financial Statements of the Group

Balance Sheet

| Assets | 2005 | 2004 | Change |
|--|------------------|------------------|--------------|
| Current Assets | | | |
| Cash and cash equivalents | 20,002.92 | 18,478.02 | + 8% |
| Accounts receivable | 8,098.06 | 5,552.58 | + 46% |
| Short-term investments/marketable securities | 0.00 | 0.00 | |
| Trade accounts receivable | 24.06 | 1.28 | > 100% |
| Tax receivables | 0.00 | 0.00 | |
| Prepaid expenses and other current assets | 493.61 | 272.78 | + 81% |
| Total current assets | 28,618.65 | 24,304.66 | + 18% |
| Non-current assets | | | |
| Property, plant and equipment | 4,201.78 | 4,256.62 | ./ 1% |
| Intangible assets | 657.58 | 827.19 | ./ 21% |
| Goodwill | 0.00 | 0.00 | |
| Investments | 45.92 | 45.00 | +2% |
| Non-consolidated investments | 1,989.16 | 1,146.59 | + 73% |
| Notes receivable/loans | 350.00 | 0.00 | n.a. |
| Deferred taxes | 845.19 | 1,915.91 | ./ 56% |
| Other assets | 1,891.26 | 1,771.01 | + 7% |
| Total non-current assets | 9,980.89 | 9,962.33 | + 0% |
| Total assets | 38,599.54 | 34,266.98 | + 13% |

All figures in Euro thsd.

Liabilities and Shareholders' Equity

| Liabilities | 2005 | 2004 | Change |
|---|------------------|------------------|--------------|
| Current liabilities | | | |
| Short-term debt and current portion of long-term debt | 726.78 | 659.82 | + 10% |
| Trade accounts payable | 3,087.48 | 450.32 | > 100% |
| Accrued expenses | 3,577.74 | 2,840.75 | + 26% |
| Income tax payable | 843.70 | 613.48 | + 38% |
| Deferred tax liabilities | 0.00 | 0.00 | |
| Other current liabilities | 1,230.17 | 787.80 | + 56% |
| Total current liabilities | 9,465.88 | 5,352.17 | + 77% |
| Non-current liabilities | | | |
| Long-term debt, less current portion | 2,008.92 | 2,162.26 | ./ 7% |
| Pension accrual | 2,477.38 | 2,322.17 | + 7% |
| Total non-current liabilities | 4,486.30 | 4,484.44 | + 0% |
| Total liabilities | 13,952.18 | 9,836.61 | + 42% |
| Shareholders' equity | | | |
| Share capital | 4,200.00 | 4,200.00 | + 0% |
| Additional paid-in capital | 15,241.61 | 15,140.96 | + 1% |
| Treasury stock | ./ 14.48 | ./ 6.50 | > 100% |
| Retained earnings / accumulated deficit | 3,297.58 | 3,142.65 | + 5% |
| Other Comprehensive Income | ./ 194.37 | ./ 296.06 | ./ 34% |
| Minority interest | 2,117.02 | 2,249.32 | ./ 6% |
| Total shareholders' equity | 24,647.36 | 24,430.37 | + 1% |
| Total liabilities and shareholders' equity | 38,599.54 | 34,266.98 | + 13% |

All figures in Euro thsd.

Profit and Loss for the Period January 1, to December 31, 2005

| | First Quarter | | | Second Quarter | | |
|--|----------------|-----------------|------------------|----------------|-----------------|------------------|
| | 2005 | 2004 | Change | 2005 | 2004 | Change |
| Revenues | 9,986.5 | 10,357.3 | ./ 4% | 10,974.3 | 9,926.4 | + 11% |
| Cost of revenues | 7,190.8 | 7,887.5 | ./ 9% | 7,598.2 | 7,828.4 | ./ 3% |
| Gross profit/loss | 2,795.7 | 2,469.8 | + 13% | 3,376.1 | 2,098.0 | + 61% |
| Selling and marketing expenses | 1,076.8 | 1,209.0 | ./ 11% | 1,136.5 | 1,129.8 | + 1% |
| General and administrative expenses | 1,145.5 | 1,143.4 | + 0% | 1,293.0 | 1,071.5 | + 21% |
| Research and development expenses | 0.0 | 0.0 | | 0.0 | 0.0 | |
| Other operating income expenses | | | | | | |
| (./ = income) – net – | ./ 75.1 | ./ 69.1 | + 9% | ./ 45.7 | ./ 149.8 | ./ 69% |
| Amortisation (and impairment) of goodwill | 0.0 | 91.3 | ./ 100% | 0.0 | 91.3 | ./ 100% |
| Operating income/loss | 648.5 | 95.2 | > 100% | 992.3 | ./ 44.8 | > 100% |
| Interest income | 82.5 | 129.3 | ./ 36% | 70.9 | 83.9 | ./ 15% |
| Interest expenses | 42.0 | 42.6 | ./ 1% | 42.5 | 42.3 | + 0% |
| Income from investments and participations | 0.0 | 0.0 | | 0.0 | 0.0 | |
| Foreign currency exchange gains / losses | 4.4 | ./ 1.7 | > 100% | ./ 0.5 | 8.8 | <./ 100% |
| Other income/expense | 0.0 | 0.0 | | 0.0 | 0.0 | |
| Financial earnings | 44.9 | 85.0 | ./ 47% | 27.9 | 50.4 | ./ 45% |
| Result before income tax | | | | | | |
| (and minority interest) | 693.4 | 180.2 | > 100% | 1,020.2 | 5.6 | > 100% |
| Income tax | 238.0 | 155.8 | + 53% | 414.3 | 173.2 | > 100% |
| Extraordinary income/expenses | 0.0 | 0.0 | | 0.0 | 0.0 | |
| Result before minority interest | 455.4 | 24.4 | > 100% | 605.9 | ./ 167.5 | > 100% |
| Minority interest | 131.6 | 168.9 | ./ 22% | 152.3 | 109.2 | + 39% |
| Net income/loss | 323.8 | ./ 144.5 | > 100% | 453.6 | ./ 276.7 | > 100% |
| Net income per share (basic) | 0.08 | ./ 0.03 | > 100% | 0.11 | ./ 0.07 | > 100% |
| Net income per share (diluted) | 0.08 | ./ 0.03 | > 100% | 0.11 | ./ 0.07 | > 100% |
| Weighted average shares | | | | | | |
| outstanding (basic) | 4,200,000 | 4,200,000 | + 0% | 4,200,000 | 4,200,000 | + 0% |

All figures in Euro thsd.

| Third Quarter | | | Fourth Quarter | | | Quarterly report year to date | | |
|----------------|-----------------|------------------|----------------|--------------------|------------------|-------------------------------|--------------------|------------------|
| 2005 | 2004 | Change | 2005 | 2004 | Change | 2005 | 2004 | Change |
| 10,079.7 | 10,482.0 | ./. 4% | 10,751.3 | 9,622.3 | + 12% | 41,791.8 | 40,388.0 | + 3% |
| 7,103.0 | 7,684.4 | ./. 8% | 8,040.4 | 8,908.1 | ./. 10% | 29,932.4 | 32,308.4 | ./. 7% |
| 2,976.7 | 2,797.6 | + 6% | 2,710.9 | 714.2 | > 100% | 11,859.4 | 8,079.6 | + 47% |
| 1,156.5 | 1,026.7 | + 13% | 1,192.9 | 1,056.0 | + 13% | 4,562.7 | 4,421.5 | + 3% |
| 1,023.1 | 1,019.2 | + 0% | 1,059.3 | 1,109.4 | ./. 5% | 4,520.9 | 4,343.5 | + 4% |
| 0.0 | 0.0 | | 0.0 | 0.0 | | 0.0 | 0.0 | |
| ./. 80.3 | 74.9 | > 100% | ./. 77.3 | 333.3 | > 100% | ./. 278.4 | 189.3 | > 100% |
| 0.0 | 91.2 | ./. 100% | 0.0 | 91.3 | ./. 100% | 0.0 | 365.1 | |
| 877.4 | 585.6 | + 50% | 536.0 | ./. 1,875.8 | > 100% | 3,054.2 | ./. 1,239.8 | > 100% |
| 66.0 | 75.0 | ./. 12% | 85.0 | 80.3 | + 6% | 304.4 | 368.5 | ./. 17% |
| 43.3 | 42.3 | + 2% | 76.4 | 41.3 | + 85% | 204.2 | 168.5 | + 21% |
| 0.0 | 0.0 | | 0.0 | 0.0 | | 0.0 | 0.0 | |
| 3.2 | ./. 1.6 | > 100% | ./. 0.3 | ./. 503.0 | + 100% | 6.8 | ./. 497.5 | > 100% |
| 0.0 | 0.0 | | 0.0 | 0.0 | | 0.0 | 0.0 | |
| 25.9 | 31.1 | ./. 17% | 8.2 | ./. 464.0 | > 100% | 106.9 | ./. 297.5 | > 100% |
| 903.3 | 616.7 | + 46% | 544.2 | ./. 2,339.7 | > 100% | 3,161.1 | ./. 1,537.2 | > 100% |
| 412.4 | 520.0 | ./. 21% | 227.0 | ./. 1,648.6 | > 100% | 1,291.7 | ./. 799.6 | > 100% |
| 0.0 | 0.0 | | 0.0 | 0.0 | | 0.0 | 0.0 | |
| 490.9 | 96.7 | > 100% | 317.3 | ./. 691.3 | > 100% | 1,869.4 | ./. 737.7 | > 100% |
| 191.6 | 194.3 | ./. 1% | 147.0 | 282.4 | ./. 48% | 622.5 | 754.8 | ./. 18% |
| 299.3 | ./. 97.6 | > 100% | 170.2 | ./. 973.7 | > 100% | 1,246.9 | ./. 1,492.5 | > 100% |
| 0.07 | ./. 0.02 | > 100% | 0.04 | ./. 0.23 | > 100% | 0.30 | ./. 0.36 | > 100% |
| 0.07 | ./. 0.02 | > 100% | 0.04 | ./. 0.23 | > 100% | 0.30 | ./. 0.36 | > 100% |
| 4,200,000 | 4,200,000 | + 0% | 4,200,000 | 4,200,000 | + 0% | 4,200,000 | 4,200,000 | + 0% |

Group Statement of Cash Flows for the Financial Year 2005

| | 1.1.-12.31.2005 | 1.1.-12.31.2004 |
|---|--------------------|--------------------|
| Cash flow from operating activities | | |
| Net profit/loss | 1,246.9 | ./. 1,492.5 |
| Adjustments for: | | |
| Minority interest | 622.5 | 754.8 |
| Depreciation and amortization | 1,046.1 | 3,741.4 |
| Other non-cash expenses and income | 135.6 | 190.5 |
| Foreign exchange gains/- losses | ./. 50.3 | 488.2 |
| Deferred taxes | 1,027.6 | ./. 920.8 |
| Change in net working capital | 498.4 | ./. 609.3 |
| Net cash provided by operating activities | 4,526.8 | 2,152.3 |
| Cash flow from investing activities | | |
| Outpayments for investments in tangible and intangible assets | ./. 807.0 | ./. 679.4 |
| Outpayments for investments in financial assets | ./. 1,018.4 | ./. 45.0 |
| Inpayment from sale of equipment | 1.9 | 2.6 |
| Net cash used in investing activities | ./. 1,823.5 | ./. 721.8 |
| Cash flow from financing activities | | |
| Proceeds from repayments of borrowings granted | 0.0 | 261.8 |
| Payment from capital reduction | 0.0 | ./. 8,400.0 |
| Dividends paid | ./. 1,092.0 | ./. 1,092.0 |
| Payment of amounts borrowed | 0.0 | 0.0 |
| Proceeds from short or long-term borrowings | 0.0 | 0.0 |
| Cash repayments of amounts borrowed | ./. 153.3 | ./. 137.6 |
| Sale of own shares | 0.0 | 0.0 |
| Other | 0.0 | 0.0 |
| Net cash from financing activities | ./. 1,245.3 | ./. 9,367.8 |
| Net effect of currency translation in cash and cash equivalents | 0.0 | 0.0 |
| Increase in cash and cash equivalents | 1,457.9 | ./. 7,937.3 |
| Cash and cash equivalents at beginning of period | 17,818.2 | 25,755.5 |
| Net increase in cash and cash equivalents | 19,276.1 | 17,818,2 |

All figures in Euro thsd.

Statement of Changes in Shareholders' Equity in 2005

| | Common stock | Capital reserve | Unappro- priated pro and sur- plus reserve | Own shares | Other Compre- hensive Income | Minority interest | Total share- holders equity |
|------------------------------|-----------------|--------------------|---|---------------|---------------------------------------|----------------------|--------------------------------------|
| Status as at 12.31.2004 | 4,200.0 | 14,980.4 | 4,672.0 | ./. 6.5 | ./. 795.4 | 2,247.3 | 25,297.8 |
| (US-GAAP) | | | | | | | |
| Reconciliation | 0.0 | 160.5 | ./. 1,529.3 | 0.0 | 499.3 | 2.0 | ./. 867.5 |
| Status as at | | | | | | | |
| 12.31.2004 (IFRS) | 4,200.0 | 15,141.0 | 3,142.7 | ./. 6.5 | ./. 296.1 | 2,249.3 | 24,430.4 |
| Net income for | | | | | | | |
| the year 2005 | 0.0 | 100.7 | 1,246.9 | 0.0 | 0.0 | 622.5 | 1,970.1 |
| Dividends paid | 0.0 | 0.0 | ./. 1,092.0 | 0.0 | 0.0 | ./. 754.8 | ./. 1,846.8 |
| Treasury stock | 0.0 | 0.0 | 0.0 | ./. 8.0 | 0.0 | 0.0 | ./. 8.0 |
| Foreign currency translation | 0.0 | 0.0 | 0.0 | 0.0 | 101.7 | 0.0 | 101.7 |
| Status as at | | | | | | | |
| 12.31.2005 | 4,200.0 | 15,241.6 | 3,297.6 | ./. 14.5 | ./. 194.4 | 2,117.0 | 24,647.4 |

All figures in Euro thsd.

Notes to the Annual Financial Statements of the Group

1. General Information

syskoplan AG, founded in 1983 and listed on the Frankfurt Stock Exchange since November 2000, has made a name for itself with its customers as a software integrator and consulting partner. Today, the company carries out software projects for major companies and sector leaders in Germany, Europe and the United States. On the basis of market-leading standard software, syskoplan develops solutions that are specially adapted to specific customer requirements and integrates them into the customer's existing IT infrastructure.

In doing so, syskoplan AG concentrates on holistic CRM solutions for which the Customer Relationship Management (CRM), Business Intelligence (BI), Supply Chain Management (SCM) and IT Management (ITM) lines of business are relevant. Alongside its five locations in Germany (head office in Gütersloh and offices in Düsseldorf, Hanover, Munich and Stuttgart), syskoplan has a subsidiary in the United States (Boston).

Its subsidiary cm4 provides IT project services and products for the development of solutions for the direct marketing, media, print and packaging sectors. Jointly with the Melitta Group, syskoplan set up is4 at the end of 2001. This company, in which syskoplan holds a 51% stake, implements software solutions for the consumer goods industry and for IT providers. In addition, services for computing centers are offered sector-neutrally.

2. Accounting Principles

As a listed company syskoplan AG is required by § 315a German Commercial Code (Handelsgesetzbuch, HGB) to draw up its financial statements in accordance with internationally recognized accounting princi-

ples. International Financial Reporting Standards have been applied to conform to this regulation since 1.1.2005. Up to 12.31.2004 US Generally Accepted Accounting Principles (US GAAP) were applied. All information from previous years has been adjusted accordingly.

The financial statements of the companies included in the Consolidated Financial Statements are drawn up on the basis of uniform accounting and valuation principles which are consistent with IFRS.

General Accounting and Valuation Methods:

Equity investments stated under financial assets are valued at cost. The company does not exercise a significant influence over these equity investments. Loans and other financial assets are recorded at nominal value.

Trade receivables are recorded at their nominal value. Specific valuation allowances have been made if payment is in doubt. A general valuation allowance of 1.5% of the value of net receivables before specific valuation allowances is made to allow for general counterparty and credit risk. Receivables in foreign currencies are translated at the spot rate of the balance sheet date.

All current liabilities are reported at their nominal value.

Provisions are made for legal or de facto obligations based in the past, if it is likely that fulfilling the obligation will lead to an expenditure of Group resources and a reliable estimate of the amount of the obligation can be made.

Work in Progress: Work in progress consists of fixed-price projects that have not yet been invoiced. The work in progress is valued under the percentage of completion method (PoC) based on the state of the project. Work in progress is now reported under trade receivables, whereas it was previously reported under inventories. Customers make payments for fixed-price projects which have not yet been invoiced. These are divided into partial payments and payments on account. The payments made are almost exclusively categorized as partial payments and the consensus is that they are to be set off against work in progress. Amounts previously reported as payments received on account are therefore now set off against work in progress.

Revenue Recognition: According to IFRS revenues from fixed-price projects are recognized under the (PoC) when delivery has taken place consistent with the contractual terms and payment by the client is expected.

Loans in Foreign Currencies: Currency differences for intra-Group loans are recorded without effect on income under reserves for exchange rate adjustments in other comprehensive income. They become effective on income when realized, i.e. when the loan is repaid.

Goodwill: Goodwill of the cm4 GmbH & Co. KG was amortized in 2001 based on a useful life of four years and deferred taxes were calculated as a result. According to US GAAP an impairment test was required from 2002 onwards to ascertain the value of the goodwill. No change in valuation was necessary as a result of the impairment test.

After the adoption of IFRS we did not exercise the option given in IFRS 1 not to apply IFRS 3. This requires amortization of goodwill recorded before 31.3.2004. Goodwill has therefore been amortized retroactively for the years 2002 to 2004. The book value of the goodwill on 12.31.2005 is EUR 0 (IFRS 12.31.2004: EUR 0; US GAAP 12.31.2004: EUR 1,175,000). Deferred tax assets have been recorded for the amount of the IFRS amortization, which will reverse over the remaining fiscal useful life of 11 years.

Leasing: Amongst other things, the Group leases property, plant and equipment. IFRS contains rules for determining whether economic ownership of the leased equipment lies with the lessee (capital lease) or the lessor (operating lease) based on the division of risks and rewards. To date the Group only has operating leases. To a very minor extent new financing models have been introduced which could be interpreted as a capital lease. As these contracts have negligible economic value they have not been capitalized.

Pension Accruals: The rules of IAS 19 'Employee Benefits' are applicable for calculating pension accruals. Valuation of the pension obligation was carried out under the projected unit credit method. The pension obligations are defined-benefit obligations. A discount rate of 4.75% has been applied as of 12.31.2004. In contrast to the US GAAP financial statements at 12.31.2003, the IFRS opening balance sheet at 1.1.2004 uses the same discount rate of 4.75% as the financial statement to 12.31.2004. In line with US GAAP a proportion of the increase in the pension accrual was set off against the minimum liability (part of other comprehensive income) by reducing the discount rate. As IFRS does not require a minimum liability the amount was reversed and the pension accrual adjusted accordingly.

Minority Shares: Minority shares are recorded separately as part of stockholders' equity. Under US GAAP they were recorded between stockholders' equity and long-term liabilities.

Stock Options: Under IFRS 2 stock options granted after 11.7.2002 and not exercisable as of 1.1.2005 are to be recorded as an expense. The option value (fair value) is to be divided pro rata temporis over the lock-up period. Personnel expenses are booked to capital reserves. Deferred taxes are not taken into account, as the differences are permanent. This affects the fourth and fifth tranches of syskoplan's stock option plan for 2003 and 2004. In 2004 additional expenses of EUR 120,000 had to be recorded.

In 2005 expenses for stock options of EUR 101,000 were recorded.

Deferred Taxes: Under IFRS deferred taxes are to be taken into account for unused tax losses and temporary differences. Valuation allowances must be made for deferred tax assets that are unlikely to be realized.

3.1 Reconciliation Statement for Stockholders' Equity

| | 01.01.2004 | 12.31.2004 |
|---|-------------------|-------------------|
| Stockholders' equity (US GAAP) | 25,466,997 | 23,050,500 |
| Adjustment of minority interests | 2,296,606 | 2,249,323 |
| Change in minority interests under IFRS | 123,981 | 121,985 |
| Revaluation of pension accruals | ./. 521,326 | ./. 534,598 |
| Revaluation of minimum liability | | 499,318 |
| Amortization of goodwill | ./. 809,960 | ./. 1,175,011 |
| General valuation allowance | ./. 53,700 | ./. 55,300 |
| Guarantees | ./. 167,600 | ./. 171,300 |
| Deferred taxes | 345,367 | 445,455 |
| Total adjustments | 1,213,368 | 1,379,873 |
| Stockholders' equity (IFRS) | 26,680,365 | 24,430,373 |

All figures in Euro

3.3 Reconciliation Statement for Cash Flow Statement

A reconciliation statement was not necessary for the cash flow statement as there were no significant

3. Reconciliation Statements

Under IFRS 1.39 reconciliation statements for stockholders' equity and net income are to be included in the notes when a change from US GAAP to IFRS has taken place.

3.2 Reconciliation Statement for Consolidated Net Income

| | 01.01.-12.31.2004 |
|--|----------------------|
| Consolidated net income (US GAAP) | ./. 1,087,227 |
| Revaluation of pension accruals | ./. 13,272 |
| Amortization of goodwill | ./. 365,050 |
| Stock options | ./. 119,718 |
| General valuation allowance | ./. 1,600 |
| Guarantees | ./. 3,700 |
| Income tax effect including deferred taxes | + 100,088 |
| Change in minority interests under IFRS | ./. 1,996 |
| Total adjustments | ./. 405,248 |
| Consolidated net income (IFRS) | ./. 1,492,475 |

All figures in Euro

adjustments made due to the change to IFRS. The only adjustment to the previous year's figures is the transfer of the item 'other' from 'cash from financing activities' to 'cash from operations' amounting to EUR 184,000.

4. Information on Consolidation

4.1 Consolidation Method

All subsidiaries over which syskoplan AG has legal or de facto control are included in the consolidated financial statements.

Capital consolidation is carried out in accordance with the book value method by setting off acquisition costs against pro rata equity attributable to the parent company at the time of acquisition. Any difference between acquisition costs and pro rata capital is assigned either wholly or partly to the assets and liabilities of the subsidiary. Any remaining difference on the asset side is capitalized as goodwill. The value of goodwill of this kind is checked with the aid of an impairment test. Non-substantive minor differences are treated as income and written down in full in the year of acquisition.

Inter-company transactions are eliminated.

An overview of the consolidated companies:

| | | | 12.31.2005 | |
|-------------------------------------|------------|----------|------------|-------------|
| | Share in % | Currency | Equity | Profit/loss |
| syskotool GmbH, Gütersloh | 100 | EUR '000 | 289 | 23 |
| syskoplan Limited, Cork | 100 | EUR '000 | 10 | 0 |
| syskoplan Consulting Inc., Delaware | 100 | EUR '000 | ./. 855 | ./. 412 |
| syskoplan Holdings Inc., Delaware | 100 | EUR '000 | 1,270 | ./. 86 |
| cm4 GmbH & Co. KG, Gütersloh | 100 | EUR '000 | ./. 914 | ./. 71 |
| cm4 Verwaltungs-GmbH, Gütersloh | 100 | EUR '000 | ./. 2 | 2 |
| is4 GmbH & Co. KG, Minden | 51 | EUR '000 | 4,467 | 1,270 |
| is4 Verwaltungs-GmbH, Minden | 51 | EUR '000 | 60 | 3 |

Equity and profit or loss for the year are taken from the individual companies' commercial balance sheets (HBII). These were drawn up in accordance with IFRS.

4.2 Currency Translation

The consolidated financial statements were drawn up in euros. The euro is deemed to be the functional currency for all local currencies that form part of the European Monetary Union. All other functional currencies are translated into the reporting currency euro. Share capital is translated at historic cost, balance sheet items at balance sheet date prices and profit and loss account items are converted at average prices for the year. Any differences are recorded neutral to earnings under equity.

4.3 The Consolidated Entity

The consolidated entity for 2005 of syskoplan AG, Gütersloh, comprises all subsidiaries in which the company has a majority share of voting rights.

syskoplan Holdings Inc. was set up in 2002 as a wholly owned subsidiary of syskoplan AG. syskoplan Holdings has a participating interest in the healthcare provider CareGain that is not subject to consolidation.

5. Notes to Individual Items in the Consolidated Financial Statements

Cash and cash equivalents are as follows:

Note 1: Cash and Cash Equivalents

| | 2004 | 2005 |
|--------------------------------|---------------|---------------|
| Cash | 3 | 4 |
| Fixed-term/short-term deposits | 13,322 | 16,894 |
| Bank balances/Other | 5,153 | 3,105 |
| | 18,478 | 20,003 |

All figures in Euro thsd.

Note 2: Receivables

| | 2004 | 2005 |
|----------------------------------|--------------|--------------|
| Trade receivables und Leistungen | 5,531 | 7,968 |
| Advances for travel expenses | 22 | 37 |
| Other receivables | 0 | 93 |
| | 5,553 | 8,098 |

All figures in Euro thsd.

Note 3: Future Receivables from Production Contracts / Payments on Account

Future receivables from production contracts are reported under the percentage of completion method. These are included under receivables and have been set off against payments on account.

| | 2004 | 2005 |
|--|------------|------------|
| Future receivables from production contracts | 1,644 | 3,320 |
| Payments on account | ./. 1,192 | ./. 3,058 |
| | 452 | 262 |

All figures in Euro thsd.

Included in sales revenues are EUR 1,676,000 (previous year: EUR -520,000) from changes in future receivables from production contracts.

Note 4: Gross Presentation of Trend in Fixed Assets

| | Intangible assets | Fixed assets | Financial assets |
|--|-------------------|--------------|------------------|
| Acquisition or production costs | | | |
| As at 12.31.2004 | 5,050 | 8,757 | 3,301 |
| Additions | 470 | 393 | 1,139 |
| Disposals / Book transfers | ./. 91 | ./. 198 | 0 |
| As of 12.31.2005 | 5,429 | 8,953 | 4,440 |
| Accumulated depreciation | | | |
| As at 12.31.2004 | 4,222 | 4,501 | 339 |
| Additions | 590 | 456 | 0 |
| Disposals / Book transfers | ./. 41 | ./. 206 | ./. 175 |
| As of 12.31.2005 | 4,771 | 4,751 | 164 |
| Book value 12.31.2005 | 658 | 4,202 | 4,276 |

All figures in Euro thsd.

Additions to the intangible assets include EUR 0.2 million capitalized development costs. Intangible assets are mostly amortized over three years on a straight-line basis. Liabilities of EUR 2,009,000 are secured by charges on real estate.

Note 5: Other Fixed Assets

Reinsurance claims are included in financial assets.

Note 6: Pension Accruals

The calculations are based on the following assumptions:

| | |
|--|-----------------------------------|
| Discount rate | 4.75% p.a. (previous year: 4.75%) |
| Rate of entitlement increase (if applicable) | 1.50% p.a. (previous year: 1.50%) |
| Rate of benefit increase | 1.50% p.a. (previous year: 1.50%) |

Note 7: Other Short-Term Accruals

| | As at 1.1.2005 | Utilized | Reversal | Addition | As at 12.31.2005 |
|---------------------------|-------------------|--------------|------------|--------------|---------------------|
| Personnel | 1,654 | 1,385 | 42 | 1,664 | 1,891 |
| Guarantees | 459 | 418 | 13 | 867 | 895 |
| Outstanding invoices | 161 | 111 | 50 | 370 | 370 |
| Other short-term accruals | 566 | 536 | 27 | 418 | 422 |
| Total | 2,841 | 2,450 | 132 | 3,318 | 3,578 |

All figures in Euro thsd.

Note 8: Comprehensive Income

| | 2004 | 2005 |
|-----------------------------------|------------------|----------------|
| Net income for the year | ./. 1,492 | 1,247 |
| Currency adjustments | ./. 296 | ./. 194 |
| Other Comprehensive Income | ./. 296 | ./. 194 |
| Comprehensive Income | ./. 1,788 | 1,053 |

All figures in Euro thsd.

Comprehensive income comprises net income for the year and other comprehensive income. Changes in equity during a period that are not attributable to payments from and distributions to shareholders are

recorded as comprehensive income. Other comprehensive income does not include changes in asset values or debts shown in the Profit and Loss Statement.

The figure for 2005 derives essentially from syskoplan Holdings. Adjustments to the balance sheet gave rise to currency adjustments of EUR -374,000. Deferred tax assets of EUR 142,000 were reported as a result. The net result for syskoplan Holdings is EUR -232,000. Currency adjustments for the other companies amount to EUR 38,000.

Note 9: Taxes

Tax expenses break down as follows:

| | 2004 | 2005 |
|--|----------------|------------------|
| Current tax expenses | 121 | ./. 264 |
| Deferred tax expenses / income (./.) | ./. 920 | ./. 1,028 |
| | ./. 799 | ./. 1,292 |
| Deferred tax assets (+) / | | |
| Deferred tax liabilities (./.): | | |
| Opening inventory | 1,149 | 1,916 |
| Rounding up | 0 | 2 |
| Arising from events affecting net income | 785 | ./. 1,028 |
| Arising from reserve for currency rate adjustments | ./. 18 | ./. 45 |
| | 1,916 | 845 |
| Deferred taxes arising from currency translation | | |
| 12.31.2005 | | 194 |
| 12.31.2004 | | 296 |
| Change | | ./. 102 |
| Reconciliation statement for taxes on income: | 2005 | Tax rate |
| Expected tax expenses | 1,201 | 38.00% |
| Corporation tax on minority shares | ./. 140 | |
| No deferred taxes syskoplan Consulting, USA | 166 | |
| Non-deductible operating expenses | 51 | |
| Tax expense out of period | 1 | |
| Reversal of intermediate gain | 21 | |
| Other | ./. 8 | |
| Taxes on income for the Group | 1,292 | 40.15% |

All figures in Euro thsd.

No deferred tax assets were reported for the unused tax losses of syskoplan Consulting.

Note 10: Cost Allocation

| 2005 | | | | |
|-----------------------------------|------------------|--------------|----------------------|---------------|
| | Production costs | Sales costs | Administration costs | Total |
| Personnel expenses | | | | |
| Wages and salaries | 15,428 | 1,916 | 1,688 | 19,032 |
| Social security | 2,678 | 331 | 294 | 3,302 |
| Pensions | 68 | 14 | 15 | 97 |
| Other | 138 | 19 | 18 | 174 |
| | 18,313 | 2,279 | 2,014 | 22,605 |
| Cost of purchased services | | | | |
| | 4,405 | 0 | 0 | 4,405 |
| Other costs | | | | |
| Depreciation | 605 | 47 | 182 | 834 |
| Advertising costs | 0 | 1,104 | 0 | 1,104 |
| Travel costs | 2,626 | 343 | 310 | 3,279 |
| Vehicle costs | 2,256 | 276 | 251 | 2,783 |
| Other | 1,727 | 513 | 1,765 | 4,005 |
| | 11,620 | 2,284 | 2,507 | 16,411 |
| | 29,932 | 4,563 | 4,521 | 39,016 |
| 2004 | | | | |
| | Production costs | Sales costs | Administration costs | Total |
| Personnel expenses | | | | |
| Wages and salaries | 15,098 | 1,843 | 1,749 | 18,690 |
| Social security | 2,685 | 325 | 308 | 3,318 |
| Pensions | 129 | 18 | 20 | 168 |
| Other | 179 | 21 | 24 | 224 |
| | 18,091 | 2,208 | 2,101 | 22,400 |
| Cost of purchased services | | | | |
| | 5,108 | 0 | 0 | 5,108 |
| Other costs | | | | |
| Depreciation | 2,831 | 52 | 192 | 3,075 |
| Advertising costs | 0 | 1,010 | 0 | 1,010 |
| Travel costs | 2,476 | 322 | 308 | 3,105 |
| Vehicle costs | 2,487 | 291 | 278 | 3,057 |
| Other | 1,315 | 540 | 1,465 | 3,320 |
| | 9,109 | 2,214 | 2,242 | 13,566 |
| | 32,308 | 4,422 | 4,343 | 41,073 |

All figures in Euro thsd.

Leasing expenses amounted to EUR 3,181,000 in 2005 (previous year: EUR 3,364,000) and were mainly incurred for IT hardware and software and for vehicles.

§ 315 and § 314 Section 1 No. 9 German Commercial Code (HGB) stipulate that auditing fees recorded as an expense in the current financial year must be disclosed in the IFRS notes to the consolidated financial statements as follows:

| | |
|-------------------|--------|
| Auditing fees | 71,037 |
| Tax advisory fees | 15,285 |
| Other services | 32,455 |

All figures in Euro

| | Germany | | | USA | | |
|----------------------|------------|------------|--------|------------|------------|--------|
| | 12.31.2005 | 12.31.2004 | Change | 12.31.2005 | 12.31.2004 | Change |
| Sales (consolidated) | 40,312 | 37,421 | 8% | 1,458 | 2,581 | ./ 44% |
| EBIT | 3,531 | 2,556 | 38% | ./ 477 | ./ 3,324 | n.a. |
| EBT | 3,696 | ./ 864 | n.a. | ./ 535 | ./ 202 | n.a. |
| Earnings | 1,745 | ./ 852 | n.a. | ./ 498 | ./ 265 | n.a. |
| Assets | 48,785 | 42,442 | 15% | 2,282 | 1,988 | 15% |
| Liabilities | 17,190 | 12,442 | 39% | 1,867 | 1,146 | 63% |
| Investment | 1,993 | 755 | 164% | 9 | 42 | ./ 79% |
| Depreciation | 949 | 2,058 | ./ 54% | 97 | 1,297 | ./ 93% |
| Employees (FTE) | 287.8 | 281.0 | 2% | 8.0 | 22.2 | ./ 64% |

All figures in Euro thsd.

Figures not consolidated except sales

Companies in the different countries are summarized by region. The USA region comprises syskoplan Consulting Inc. and syskoplan Holdings Inc.

6. Reporting by Segment

IAS 14 requires the notes to the financial statements according to IFRS to disclose results by segment. In the syskoplan Group, organizationally independent entities with their own resources on whose operating results corporate management draws to judge performance and to approve investments, are the individual companies. These are broken down by region and responsibilities for customers.

The breakdown of sales and earnings by region as at December 31, 2005, is as follows:

syskoplan AG, syskotool GmbH, cm4 GmbH & Co. KG, cm4 GmbH, is4 GmbH & Co. KG and is4 GmbH are included in the German segment.

The following reconciliation statement is presented according to IAS 14.67:

| Reconciliation with consolidated figures | | | | |
|--|------------|------------|----------|-----------|
| Reconciliation | | | | |
| Consolidated figures | | | | |
| | 12.31.05 | 12.31.04 | 12.31.05 | 12.31.04 |
| Sales (consolidated) | ./. 22 | 386 | 41,792 | 40,388 |
| EBIT | 0 | ./. 472 | 3,054 | ./. 1,240 |
| EBT | 0 | ./. 471 | 3,161 | ./. 1,537 |
| Earnings | 0 | ./. 375 | 1,247 | ./. 1,492 |
| Assets | ./. 12,467 | ./. 10,163 | 38,600 | 34,267 |
| Liabilities | ./. 5,105 | ./. 3,751 | 13,952 | 9,837 |
| Investments | 0 | 0 | 2,002 | 797 |
| Depreciation | 0 | 21 | 1,046 | 3,376 |
| Employees (FTE) | 0.7 | 2.6 | 295.1 | 305.8 |

Figures in the reconciliation column for assets and liabilities essentially refer to consolidated figures.

7. Key Accounts

IAS 14 requires sales to customers who account for at least 10% of total sales to be disclosed, along with the segments concerned. In 2005 two individual customers accounted for more than 10% each of total sales. These shares in total sales of these customers were 17% and 14% respectively (both in Germany segment).

In addition, we draw attention to the fact that 16% of sales were to companies in the Melitta Group and 29% to the VW Group.

8. Number of Employees, Executive Board and Supervisory Board Members

Employees

In 2005, an average of 307 staff members, excluding board members, were employed in the Group (previous year: 313).

Executive Board

Members of the company's Executive Board in 2005 were:

Dr. Manfred Wassel, Gütersloh (Chairman),
Dr. Jochen Meier, Löhne.

Executive Board Remuneration

The Supervisory Board is responsible for setting the Executive Board's remuneration. The Supervisory Board's remuneration is based on the company statutes and is set by the General Meeting of shareholders.

The Executive Board's remuneration is geared to responsibilities and performance. It comprises three components, a fixed remuneration, a variable bonus and a pension package. The ratio of fixed remuneration to bonus is roughly 80:20, with the variable component being linked to the achievement of target earnings (EBT adjusted for special effects and external shareholders' interests). The fixed remuneration is paid in the form of a monthly salary. If applicable, an install-

ment of the variable component is paid in November. Any remaining amounts are paid at the beginning of the new year after the financial statements have been drawn up. The Executive Board has received no shared-based remuneration since 2004.

In addition to a pension entitlement and accident insurance, Executive Board members receive benefits in kind such as the use of company cars. The company also insures Executive Board members against civil and criminal claims in connection with the performance of their function up to a maximum of EUR 10 million and assumes responsibility for the costs of legal

defense in connection with such a claim and any taxes payable on those costs.

Remuneration paid to the Executive Board members in the financial year 2005 amounted to EUR 1,034,700. The amounts paid to individual board members are listed in the table below.

In 2005, EUR 47,000 was set aside for pension commitments (service cost) to members of the Executive Board. The company pays no social security contributions for members of the board. No loans or advances were granted to Executive Board members in the year under review.

| Executive Board Remuneration in 2005 | | | | | | |
|--------------------------------------|--------------|--------------|-------------|----------------|---------------------------|----------------|
| | Benefits | | | | Change in pension accrual | |
| | Fixed sum | Bonus | in kind | Total | Options | (service cost) |
| Dr. Manfred Wassel | 466.2 | 59.5 | 15.3 | 541.0 | 0 | 32.8 |
| Dr. Jochen Meier | 411.8 | 53.2 | 28.6 | 493.6 | 0 | 14.4 |
| Total | 878.1 | 112.7 | 44.0 | 1,034.7 | 0 | 47.2 |

All figures in Euro thsd., options in units

Board Memberships of the Executive Board

In the financial year 2005, members of the Executive Board were members of the following supervisory boards and other comparable controlling bodies in Germany and abroad:

Dr. Manfred Wassel:
Advisory Board, Interactiv GmbH & Co. KG, Munich

Dr. Jochen Meier:
Advisory Board, is4 GmbH & Co. KG, Minden
(Chairman)

Supervisory Board

Supervisory Board Members

In the year under review, the following were members of the Supervisory Board of syskoplan AG:

Dr. Niels Eskelson, Management Consultant,
Paderborn (Chairman)

Dr. Klaus Weigel, Chairman of the Executive Board of
DZ Equity Partner GmbH,
Frankfurt am Main

Dr. Peter Pagé, Management Consultant,
Constance

Dr. Reinhard K. Sprenger, Management Consultant,
Essen

Markus Wilhelm, CEO Bookspan,
Brookville, New York, USA

Dr. Gerd Wixforth, retired city manager,
Gütersloh

Board Memberships of the Supervisory Board

In the year under review, members of the Supervisory Board were also members of other supervisory boards and comparable controlling bodies in Germany and abroad:

Dr. Niels Eskelson
No other appointments

Dr. Klaus Weigel
MBGH Mittelständische Beteiligungsgesellschaft
Hessen mbH
Target Partners Fund I GmbH & Co. KG (Chairman)
Technology DG Venture Capital Fund I GmbH & Co.
KG (Chairman)
TFH Technologiefinanzierungsgesellschaft Hessen mbH
(Advisory Committee Chairman)
TFH Technologie-Finanzierungsfonds Hessen GmbH
(Advisory Committee Deputy Chairman)

Markus Wilhelm
Board of DMA (Direct Marketing Association), USA
Board of Bertelsmann Direct Group, Gütersloh

Dr. Peter Pagé
Autinform AG, Wiesbaden (Chairman)
Advisory Committee of Controlware,
Advisory Committee of macros Innovation, Munich

Dr. Reinhard K. Sprenger
Deutsche Industrie Service AG, Düsseldorf

Dr. Gerd Wixforth
Teutoburger WaldEisenbahn AG

Supervisory Board Remuneration

In line with § 9 of the company statutes, in addition to the reimbursement of expenses incurred in connection with attending Supervisory Board meetings, members of the Supervisory Board receive a fixed remuneration of EUR 10,000 per full financial year. The Supervisory Board Chairman receives twice this amount and his deputy receives one and a half times this amount.

In addition, the company insures the Supervisory Board members against civil and criminal claims in connection with the performance of their function as board members up to a maximum of EUR 10 million and assumes responsibility for the costs of legal defense in connection with such a claim and any taxes payable on those costs. Supervisory Board members do not receive share options under the existing option plan.

No loans or advances were granted to members of the Supervisory Board in the year under review.

| Supervisory Board Remuneration 2005 | |
|--|-------------|
| Dr. Niels Eskelson, Chairman | 20.0 |
| Dr. Klaus Weigel, Deputy Chairman | 15.0 |
| Dr. Peter Pagé | 10.0 |
| Dr. Reinhard K. Sprenger | 10.0 |
| Markus Wilhelm | 10.0 |
| Dr. Gerd Wixforth | 10.0 |
| Total | 75.0 |

All figures in Euro thsd.

9. Corporate Governance Code

In November 2005, the Executive Board and the Supervisory Board issued a declaration of conformity in accordance with § 161 of the German Stock Corporation Act (Aktiengesetz, AktG) and made it permanently accessible to shareholders on the company website.

10. Other Financial Obligations

Various leasing agreements have given rise to the following financial obligations:

| | 2004 | 2005 |
|--------------------------|-------|-------|
| Within one year | 2,476 | 2,433 |
| Within two to five years | 1,553 | 3,430 |

All figures in Euro thsd.

There are no further-reaching contingent liabilities.

11. Share Option Plan

The General Meeting held on September 20, 2000, agreed a share option plan for employees which came to end with the final tranche from 2004. The plan has the following basic features:

A maximum of 300,000 subscription rights will be issued to employees. The annual tranche may not exceed 30% of the total volume (90,000 subscription rights).

Subscription rights may be exercised after the expiry of a holding period of two years and only within the following five-year period (exercise period). The date of issue is the date of notification.

Five tranches have been issued so far, the first on October 5, 2000, the second on April 12, 2001, the third on April 22, 2002, the fourth on April 24, 2003, and the fifth on April 7, 2004.

The exercise price for the first tranche is 110% of the placement price. For the second and each subsequent tranche, it is 110% of the average closing price (Xetra trading) on the five trading days before the rights are issued.

A Black-Scholes binomial model was used to ascertain the fair value. The assumptions made for this purpose can be found in the Share Option Plan Overview table.

| Share Option Plan Overview | | | | | |
|---|---------------|----------------|---------------|----------------|---------------|
| | First tranche | Second tranche | Third tranche | Fourth tranche | Fifth tranche |
| Fair value of subscription right as per FAS 123 | EUR 11.64 | EUR 8.81 | EUR 7.70 | EUR 2.96 | EUR 3.01 |
| Exercise price | EUR 26.40 | EUR 21.16 | EUR 22.08 | EUR 6.71 | EUR 7.63 |
| Dividend yield | 1% p.a. | 2% p.a. | 2% p.a. | 2% p.a. | 3% p.a. |
| Term | 5 years | 5 years | 5 years | 5 years | 5 years |
| Interest rate | 5.1% | 4.5% | 4.8% | 3.4% | 3,2% |
| Volatility during holding period | 77%, then 40% | 71%, then 49% | 50%, then 46% | 65% | 61,2% |
| Dilution factor | 99% | 99% | 99% | 99% | 99% |

Apportionment of Subscription Rights Issued:

| First tranche (financial year 2000) | | Number of beneficiaries | Number of options |
|-------------------------------------|-----|-------------------------|-------------------|
| Executive Board members | 2 | 1,000 | |
| Executives | 43 | 21,500 | |
| Employees | 238 | 29,097 | |
| Supervisory Board | 0 | 0 | |

| Second tranche (financial year 2001) | | Number of beneficiaries | Number of options |
|--------------------------------------|--|-------------------------|-------------------|
| Executive Board members | | 2 | 1,248 |
| Executives | | 62 | 38,594 |
| Employees | | 236 | 33,657 |
| Supervisory Board | | 0 | 0 |
| Total | | 300 | 73,499 |

| Third tranche (financial year 2002) | | Number of beneficiaries | Number of options |
|-------------------------------------|--|-------------------------|-------------------|
| Executive Board members | | 2 | 600 |
| Executives | | 83 | 24,795 |
| Employees | | 232 | 23,217 |
| Supervisory Board | | 0 | 0 |
| Total | | 317 | 48,612 |

| Fourth tranche (financial year 2003) | | Number of beneficiaries | Number of options |
|--------------------------------------|--|-------------------------|-------------------|
| Executive Board members | | 2 | 600 |
| Executives | | 73 | 21,945 |
| Employees | | 248 | 22,860 |
| Supervisory Board | | 0 | 0 |
| Total | | 323 | 45,405 |

| Fifth tranche (financial year 2004) | | Number of beneficiaries | Number of options |
|-------------------------------------|--|-------------------------|-------------------|
| Executive Board members | | 2 | 0 |
| Executives | | 78 | 33,985 |
| Employees | | 249 | 37,422 |
| Supervisory Board | | 0 | 0 |
| Total | | 329 | 71,407 |

12. Earnings Per Share (After Tax)

| | |
|-----------|------|
| Undiluted | 0.30 |
| Diluted | 0.30 |

Euro

The 4,200,000 syskoplan AG shares in circulation have a par value of EUR 1. In calculating diluted earnings per share, account must be taken of the fact that under the stock option plan syskoplan AG

issued 290,520 subscription rights to its employees in the years 2000 to 2004. Up to December 31, 2005 no options were exercised. In 2005 the average price of the syskoplan share was EUR 6.62 and thus below the lowest exercise price for a tranche of the stock option plan. No contingent shares need therefore be added to the shares already issued.

13. Shares and Options Held as at December 31, 2005

| Person | Function | Number of | |
|--------------------------|-----------------------------------|-----------|---------|
| | | Shares | Options |
| Dr. Manfred Wassel | Chairman of the Executive Board | 1,054,211 | 1,724 |
| Dr. Jochen Meier | Member of the Executive Board | 256,959 | 1,724 |
| Dr. Niels Eskelson | Supervisory Board Chairman | 500 | 0 |
| Dr. Klaus Weigel | Supervisory Board Deputy Chairman | 0 | 0 |
| Dr. Peter Pagé | Member of the Supervisory Board | 0 | 0 |
| Dr. Reinhard K. Sprenger | Member of the Supervisory Board | 0 | 0 |
| Markus Wilhelm | Member of the Supervisory Board | 0 | 0 |
| Dr. Gerd Wixforth | Member of the Supervisory Board | 3,500 | 0 |
| syskoplan AG | Own shares | 2,100 | 0 |

14. Special Events After the Balance Sheet Date

On December 22, 2005 the Italian IT group Reply S.p.A. purchased 53.14% of the shares of syskoplan AG with effect from January 19, 2006. Including the shares purchased from Siemens Business Services in January, Reply now holds 60.45% of syskoplan shares. Reply is one of the leading IT service providers in Italy in the system integration sector.

Dr. Klaus Weigel resigned from his seat on the Supervisory Board on January 18, 2006 and Dr. Peter Pagé, Dr. Reinhard K. Sprenger and Markus Wilhelm resigned their seats on February 15, 2006. Four new members of the Supervisory Board were appointed on February 16, 2006.

syskoplan holdings has sold its stake in CareGain with effect from January 6, 2006. This will generate a pre-tax gain of approximately EUR 1.3 million in the financial year 2006.

No further substantive events occurred after December 31, 2005, that affect the asset, financial and earnings position.

Gütersloh, February 20, 2006

syskoplan AG
The Executive Board

Audit Opinion

We have examined the consolidated financial statements drawn up by syskoplan AG, consisting of the balance sheet, the profit and loss statement, the statement of changes in equity, the cash flow statement and the notes to the annual financial statement, and the consolidated management report for the financial year January 1 to December 31, 2005. We have also audited the consolidated balance sheet, the consolidated profit and loss statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year January 1 to December 31, 2005. The company's legal representatives are responsible for drawing up the consolidated financial statement and consolidated management report according to IFRS as required in the European Union and for abiding by the additional German commercial law provisions of § 315 a HGB. Our task is on the basis of our audit to give an opinion on the consolidated financial statements and the consolidated management report.

We have carried out our audit of the consolidated financial statements in accordance with § 317 HGB, taking into account the principles of proper auditing of financial statements laid down by the German Institute of Auditors (Institut der Wirtschaftsprüfer, IDW). These specify that the audit is to be planned and conducted in such a way as to be able to identify with sufficient certainty inaccuracies and irregularities that have a material effect on the picture of the asset, financial and earnings position conveyed by the consolidated financial statements, bearing in mind the audit regulations that are to be observed, and by the consolidated management report. In determining the audit activities, knowledge of the Group's business operations and of its economic and legal environment is taken into consideration, as are expectations of

possible mistakes. During the audit, the efficacy of the in-house audit system and evidence for the stated amounts and information in the consolidated financial statements and the consolidated management report is assessed on the basis of random checks. The audit includes passing judgment on the annual financial statements of companies included in the consolidated financial statements, on the delimitation of the consolidation entity, on the accounting and consolidation principles applied, on the material assessments made by the company's legal representatives and on the overall picture conveyed by the consolidated financial statements and the consolidated management report. We are of the opinion that our audit forms a sufficiently reliable basis for judgment.

Our audit has led to no objections.

In our judgment, based on the information we have gained in the course of the audit, the consolidated financial statements comply with the IFRS standards as required in the European Union and with the additional German commercial law provisions of § 315 a HGB and with due regard for these regulations convey an accurate picture of the Group's asset, financial and earnings position. The consolidated management report tallies with the consolidated financial statements and conveys an accurate overall picture of the Group's position while accurately outlining the opportunities and risks inherent in future developments.

Gütersloh, February 23, 2006

WITEG Wirtschaftstreuhand GmbH
auditing firm

Ligges *Koch*

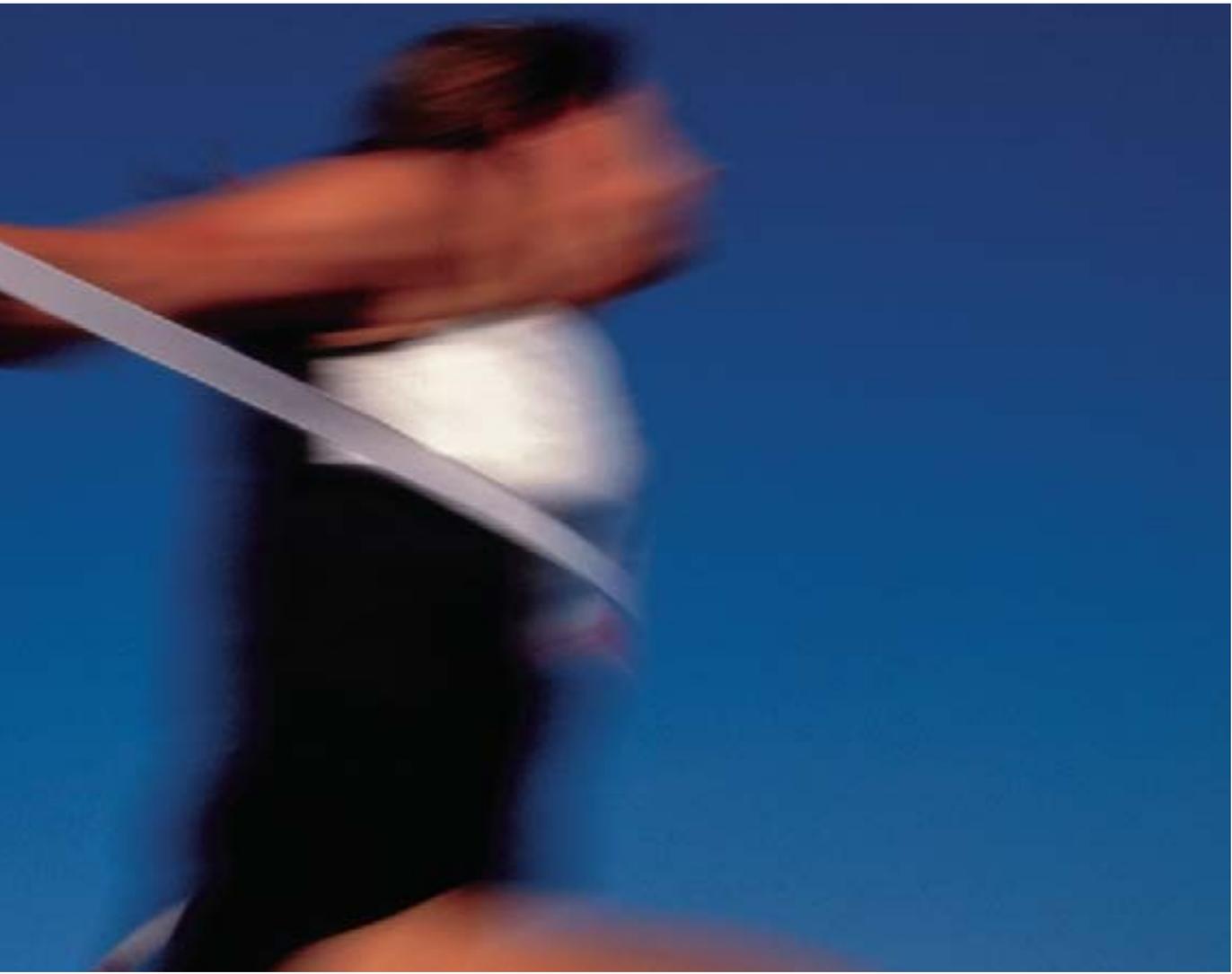
Ligges
Auditor

Koch
Auditor



TENACITY.





Annual Financial Statements of syskoplan AG

Balance Sheet on December 31, 2005

| Assets | | 12.31.2005 | Previous year |
|---|---------|-----------------|-----------------|
| Fixed assets | | | |
| Intangible assets | | | |
| Software | | 137.2 | 270.3 |
| Tangible assets | | | |
| Other plant, office furniture and equipment | | 579.3 | 561.1 |
| Financial assets | | | |
| Shares in subsidiary undertakings | 5,680.7 | | 5,680.7 |
| Holdings | 529.3 | | 0.0 |
| Other lendings | 350.0 | | 0.0 |
| Reinsurance cover under life policies | 606.5 | | 552.9 |
| | | 7,166.5 | 6,233.6 |
| | | 7,883.0 | 7,065.1 |
| Current assets | | | |
| Inventories | | | |
| Raw materials and supplies | 1.3 | | 1.3 |
| Work in progress | 1,685.6 | | 1,034.0 |
| | | 1,686.9 | 1,035.3 |
| Accounts receivable and other assets | | | |
| Trade receivables | 3,454.1 | | 3,031.0 |
| Receivable from subsidiary undertakings | 2,882.6 | | 2,881.9 |
| of which: Trade receivables | | | |
| TEUR 97.3 (Previous year: TEUR 94.9) | | | |
| Other assets | 237.7 | | 333.1 |
| | | 6,574.4 | 6,246.0 |
| Securities, own shares | | 14.5 | 6.5 |
| Cash balances, bank balances | | 14,932.1 | 14,240.4 |
| | | 23,207.8 | 21,528.2 |
| Deferred items | | 245.3 | 119.3 |
| | | 31,336.1 | 28,712.5 |

All figures in Euro thsd.

| Liabilities and Equity | | 12. 31. 2005 | Previous year |
|--|----------|-----------------|-----------------|
| Equity | | | |
| Subscribed capital | | 4,200.0 | 4,200.0 |
| (Conditional capital: TEUR 300) | | | |
| Capital reserve | | | |
| Additional paid-in capital | 17,627.6 | | 17,627.6 |
| Other capital reserves | 329.6 | | 329.6 |
| | | 17,957.2 | 17,957.2 |
| Surplus reserve, | | | |
| Reserve for own shares | 14.5 | | 6.5 |
| Other surplus reserves | 807.9 | | 482.7 |
| | | 822.4 | 489.2 |
| Unappropriated profit | | 1,092.0 | 1,092.0 |
| | | 24,071.6 | 23,738.4 |
| Provisions | | | |
| Provisions for pensions | 821.4 | | 772.1 |
| Provisions for taxation | 0.0 | | 0.0 |
| Other provisions | 1,524.2 | | 1,046.4 |
| | | 2,345.6 | 1,818.5 |
| Liabilities | | | |
| Prepayments received | 2,504.7 | | 1,157.7 |
| Trade payables | 561.5 | | 250.8 |
| Other liabilities | 1,847.4 | | 1,747.1 |
| of which: Trade payables | | 4,913.5 | 3,155.6 |
| TEUR 799.5 (Previous year: TEUR 673.0) | | | |
| of which: From social security | | | |
| TEUR 277.8 (Previous year: TEUR 265.0) | | | |
| Deferred items | | 5.4 | 0.0 |
| | | 31,336.1 | 28,712.5 |

All figures in Euro thsd.

Income Statement for Period from January 1, to December 31, 2005

| | | 2005 | Previous year |
|---|----------|----------------|-------------------|
| Sales revenue | 28,343.2 | | 25,650.6 |
| Increase or decrease in work in progress | 651.6 | | 644.8 |
| | | 28,994.8 | 26,295.4 |
| Other operating income | | 747.2 | 953.7 |
| | | 29,742.0 | 27,249.1 |
| Costs of material | | | |
| Costs of bought-in services | 4,308.1 | | 3,451.9 |
| Personnel expense | | | |
| Wages and salaries | 11,900.6 | | 10,963.5 |
| Social security contributions and cost of provisions for retirement and welfare of which for retirement TEUR 130.4 (Previous year: TEUR 201.5) | 2,163.4 | | 2,134.0 |
| Depreciation on tangible and intangible assets | 343.4 | | 353.6 |
| Other operating expenses | 9,832.3 | | 8,848.9 |
| | | 28,547.7 | 25,752.0 |
| Operating income/loss | | 1,194.3 | 1,497.1 |
| Income from holdings of which from subsidiary undertakings | 610.7 | | 691.1 |
| Income from loans advanced as financial assets of which from subsidiary undertakings TEUR 113.9 (Previous year: TEUR 82.0) | 0.0 | | 113.9 |
| Other interest and similar expense of which from subsidiary undertakings TEUR 90.8 (Previous year: TEUR 129.0) | 323.3 | | 362.6 |
| Depreciation on financial assets | 700.0 | | 5,249.6 |
| Interest and similar expense | 3.1 | | 0.1 |
| | | 230.9 | ./ 4,082.0 |
| Profit on ordinary activities | | 1,425.2 | ./ 2,584.9 |
| Taxes on income | | 0.0 | ./ 1.5 |
| Net income for the year | | 1,425.2 | ./ 2,586.4 |
| Allocation to / withdrawal from other surplus reserves | | ./ 333.2 | 3,678.4 |
| Unappropriated profit | | 1,092.0 | 1,092.0 |

All figures in Euro thsd.

Statement of Cash Flows according to DRS 2 for the Financial Year 2005

| | 2005 | 2004 | Change |
|--|--------------------|--------------------|--------------------|
| Net income for the year | 1,425.2 | ./. 2,586.4 | 4,011.6 |
| Depreciation of fixed assets | 1,043.4 | 5,603.2 | ./. 4,559.8 |
| Increase in pension provisions | 49.3 | 107.4 | ./. 58.1 |
| Cash Flow according to DVFA/SG | 2,517.9 | 3,124.2 | ./. 606.3 |
| Increase/decrease in other provisions | 477.8 | 134.8 | 343.0 |
| Other non-cash expenses /income (deferrals and accruals) | ./. 120.6 | 72.6 | ./. 193.2 |
| Profit /loss on disposals of fixed assets | 3.0 | 0.0 | 3.0 |
| Decrease in inventories, trade receivables and other assets | ./. 980.0 | 1,761.9 | ./. 2,741.9 |
| Decrease in trade payables and other liabilities | 1,757.9 | 940.0 | 817.9 |
| Cash flow from ordinary operating activities | 3,656.0 | 6,033.5 | ./. 2,377.5 |
| Receipts from fixed assets disposals | 0.7 | 0.8 | ./. 0.1 |
| Outlays on investments in financial assets | ./. 232.1 | ./. 251.6 | 19.5 |
| Receipts from financial asset disposals | 0.0 | 0.0 | 0.0 |
| Outlays on investments in financial assets | ./. 1,632.9 | ./. 2,047.0 | 414.1 |
| Cash flow from investment activities | ./. 1,864.3 | ./. 2,297.8 | 433.5 |
| Distributions to share owners | ./. 1,092.0 | ./. 9,492.0 | 8,400.0 |
| Cash flow from financing activities | ./. 1,092.0 | ./. 9,492.0 | 8,400.0 |
| Effective changes in cash funds | 699.7 | ./. 5,756.3 | 6,456.0 |
| Cash funds at start of period | 14,246.9 | 20,003.2 | ./. 5,756.3 |
| Cash funds at end of period | 14,946.6 | 14,246.9 | 699.7 |

All figures in Euro thsd.

Statement of Fixed Asset Movements during 2005 (Gross Basis)

| | Acquisition or production cost | | | Status 12.31. 2005 |
|--|--------------------------------|----------------|----------------------------|--------------------|
| | Status 01.01.2005 | Additions | Disposals | |
| Intangible assets | | | | |
| Software | 1,291.2 | 27.0 | ./ 4.5 | 1,313.6 |
| Tangible assets | | | | |
| Other plant, office furniture and equipment | 2,389.9 | 205.2 | ./ 83.4 | 2,511.7 |
| Financial assets | | | | |
| Shares in subsidiary undertakings | 7,438.2 | 700.0 | 0.0 | 8,138.2 |
| Holdings | 0.0 | 529.3 | 0.0 | 529.3 |
| Other Lendings | 0.0 | 350.0 | 0.0 | 350.0 |
| Reinsurance cover under life policies | 552.9 | 53.6 | 0.0 | 606.5 |
| | 7,991.1 | 1,632.9 | 0.0 | 9,624.0 |
| | 11,672.1 | 1,865.0 | ./ 87.9¹ | 13,449.2 |

All figures in Euro thsd.

| Cumulative depreciation | | | | Book value | |
|-------------------------|--------------|----------------------|-------------------|---------------|------------|
| Status 01.01.2005 | Current year | Disposals | Status 12.31.2005 | Previous year | 12.31.2005 |
| 1,020.8 | 160.2 | ./ 4.5 | 1,176.5 | 270.3 | 137.2 |
| 1,828.8 | 183.2 | ./ 79.7 | 1,932.3 | 561.1 | 579.3 |
| 1,757.5 | 700.0 | 0.0 | 2,457.5 | 5,680.7 | 5,680.7 |
| 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 529.3 |
| 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 350.0 |
| 0.0 | 0.0 | 0.0 | 0.0 | 552.9 | 606.5 |
| 1,757.5 | 700.0 | 0.0 | 2,457.5 | 6,233.6 | 7,166.5 |
| 4,607.1 | 1,043.4 | ./ 84.2 ¹ | 5,566.3 | 7,065.1 | 7,883.0 |

¹ of which: EUR 9.7 thsd. (low-value equipment)

Notes to the Annual Financial Statements of syskoplan AG

1. General Notes to the Financial Statements

As per the date of the financial statements, the company shows the size characteristics of a large company limited by shares in accordance with § 267 Section 2 of the German Commercial Code (Handelsgesetzbuch, HGB). The balance sheet was drawn up in account form, with the profit and loss statement drawn up according to the type of expenditure format.

2. Notes to the Accounting and Valuation Methods

The financial statements were drawn up in accordance with the same accounting and valuation principles as in the previous year, taking into account the appropriation of earnings for the year.

Intangible fixed assets were valued at acquisition cost less straight-line depreciation (based on a useful life expectancy of three years). Low-cost assets are depreciated in full in the year of acquisition.

Tangible fixed assets were valued at acquisition cost less straight-line depreciation (based on a useful life of between three and ten years). Low-cost fixed assets are depreciated in full in the year of acquisition.

Shares in affiliated companies and equity interests were capitalized at acquisition cost minus necessary value adjustments.

Reinsurance claims arising from life insurances for pension commitments were valued on the basis of the insurance cover capital plus policy dividends.

A fixed value was reported for raw materials, supplies and consumables. Work in progress was capitalized at cost of production in line with the percentage of completion of projects.

Trade receivables were reported in the balance sheet at nominal value. Specific provisions were made for doubtful accounts. Adequate precautions were taken against the general default and credit risk by way of a general provision of 1.5% of net receivables for which no specific provision had been made. Receivables in foreign currencies were translated at the mean rate of exchange on the balance sheet date.

In addition, amounts receivable from affiliated companies and companies in which participating interests are held, as well as other assets, were reported at nominal value.

Pension accruals were calculated applying the discount value method pursuant to § 6a of the German Income Tax Act (EStG) on the basis of the new Dr. Heubeck guideline tables of 1998 (interest rate for accounting purposes 6%).

Other accruals take account of all evident risks and contingent obligations that were discernible at the time the balance sheet was drawn up.

Liabilities are stated at their repayment amounts.

3. Notes to the Balance Sheet

Movements in fixed assets reported in the balance sheet are shown in an annex to the Notes.

Accounts receivable and other assets include no receivables due after more than one year.

Receivables from affiliated companies include trade receivables totaling EUR 97,000 (previous year: EUR 95,000). In addition, receivables from affiliated companies totaling EUR 1,673,000 (previous year: EUR 1,162,000) relate to short-term loan receivables. There is an exchange rate risk in connection with a short-term loan receivable of US\$ 40,000 (EUR 34,000) from syskoplan Holdings.

Other assets include anticipated accrued interest receivable amounting to EUR 73,000 (previous year: EUR 51,000).

There are no lendings to affiliated companies in the form of loans. Lendings to companies in which participating interests are held amount to EUR 350,000.

The contingent capital of EUR 300,000 shown in the balance sheet refers to subscription rights arising from the employee share option plan that was agreed.

The General Meeting held on May 20, 2005, authorized the Executive Board with the Supervisory Board's approval to increase share capital by up to EUR 2,100,000 in the period to May 20, 2010.

Of the other accruals, EUR 568,000 (previous year: EUR 497,000) relate to personnel costs including incidental expenses.

Liabilities totaling EUR 4,914,000 (previous year: EUR 3,156,000) are all due within one year. There are no liabilities secured by liens or similar rights.

4. Notes to the Profit and Loss Account

Of sales revenue, EUR 21,604,000 was earned in Germany (previous year: EUR 21,541,000) and EUR 6,739,000 in other countries (previous year: EUR 4,110,000).

Personnel costs include pension expenses totaling EUR 130,000 (previous year: EUR 201,000).

Other operating expenses do not include any significant costs that are attributable to a different financial year.

The financial result includes depreciation of EUR 700,000 on the value of the cm4 GmbH & Co. KG participation.

III.b



Thomas Hennig
Head of Finance
and Accounting

Movements in fixed assets

| Purchase cost / Cost of production | As at 1.1.2005 | Additions | Disposals | As at 12.31.2005 |
|---|-------------------|--------------|-----------|---------------------|
| Intangible assets | | | | |
| Software | 1,291 | 27 | 5 | 1,314 |
| Fixed assets | | | | |
| Other plant and equipment | 2,390 | 205 | 83 | 2,512 |
| Financial assets | | | | |
| Shares in affiliated companies | 7,438 | 700 | 0 | 8,138 |
| Equity interests | 0 | 530 | 0 | 529 |
| Other lendings | 0 | 350 | 0 | 350 |
| Reinsurance claims from life insurance policies | 553 | 54 | 0 | 607 |
| | 7,991 | 1,633 | 0 | 9,624 |
| | 11,672 | 1,865 | 88 | 13,449 |

| Depreciation | As at 1.1.2005 | Additions | Disposals | As at 12.31.2005 |
|---|-------------------|--------------|-----------|---------------------|
| Intangible assets | | | | |
| Software | 1,021 | 160 | 5 | 1,176 |
| Fixed assets | | | | |
| Other plant and equipment | 1,829 | 183 | 80 | 1,932 |
| Financial assets | | | | |
| Shares in affiliated companies | 1,757 | 700 | 0 | 2,457 |
| Equity interests | 0 | 0 | 0 | 0 |
| Other lendings | 0 | 0 | 0 | 0 |
| Reinsurance claims from life insurance policies | 0 | 0 | 0 | 0 |
| | 1,757 | 700 | 0 | 2,457 |
| | 4,607 | 1,043 | 84 | 5,566 |

| Book values | As at 12.31.2005 | Previous year |
|---|------------------|---------------|
| Intangible assets | | |
| Software | 137 | 270 |
| Fixed assets | | |
| Other plant and equipment | 579 | 561 |
| Financial assets | | |
| Shares in affiliated companies | 5,681 | 5,681 |
| Equity interests | 529 | 0 |
| Other lendings | 350 | 0 |
| Reinsurance claims from life insurance policies | 607 | 553 |
| | 7,166 | 6,234 |
| | 7,883 | 7,065 |

All figures in Euro thsd.

In a departure from the statutory pattern, other taxes (vehicle tax) are reported under other operating costs since the amount in question is of secondary importance. In the year under review, value-added tax on the private use of motor vehicles was included under personnel costs and not under other taxes.

5. Other Notes

In 2005, the average workforce excluding board members was 189 employees (previous year: 185).

Various lease agreements (in particular for motor vehicles) have given rise to the following financial obligations:

| Due | |
|--------------------------|-------|
| Within one year | 684 |
| Within two to five years | 1,353 |

Figures in Euro thsd.

Contingent Liabilities

We took on a guaranty commitment in the sum of US\$ 1 million to Fleet National Bank, Boston, for the current credit line of syskoplan Consulting. As at December 31, 2005, this was equivalent to EUR 845,000. The credit line has essentially been utilized. No demand on the guaranty commitment is to be expected at present. The guaranty commitment expired on January 30, 2006 without any demand having been made.

The members of the company's Executive Board in 2005 were:

Dr. Manfred Wassel, Gütersloh (Chairman),
Dr. Jochen Meier, Löhne.

Total remuneration of the parent company's Executive Board in 2005 was EUR 1,034,700.

In the financial year 2005, members of the Executive Board were members of the following supervisory boards and other comparable controlling bodies in Germany and abroad:

Dr. Manfred Wassel:

Advisory Board, Interactiv GmbH & Co. KG, Munich

Dr. Jochen Meier:

Advisory Board, is4 GmbH & Co. KG, Minden
(Chairman)

Supervisory Board Members

The members of the Supervisory Board of syskoplan AG in the year under review were:

Dr. Niels Eskelson, Management Consultant,
Paderborn (Chairman)

Dr. Klaus Weigel, Chairman of the Executive Board
of DZ Equity Partner GmbH, Frankfurt am Main
(Deputy Chairman)

Dr. Peter Pagé, Management Consultant,
Constance

Dr. Reinhard K. Sprenger, Management Consultant,
Essen

Markus Wilhelm, CEO Bookspan,
Brookville, New York, USA

Dr. Gerd Wixforth, retired city manager,
Gütersloh

Board Memberships of the Supervisory Board

In the year under review, members of the Supervisory Board were also members of the following Supervisory boards and comparable controlling bodies in Germany and abroad:

Dr. Niels Eskelson

No other appointments

Dr. Klaus Weigel

MBGH Mittelständische Beteiligungsgesellschaft

Hessen mbH

Target Partners Fund I GmbH & Co. KG (Chairman)

Technology DG Venture Capital Fund I GmbH & Co.

KG (Chairman)

TFH Technologiefinanzierungsgesellschaft Hessen mbH

(Advisory Committee Chairman)

TFH Technologie-Finanzierungsfonds Hessen GmbH

(Advisory Committee Deputy Chairman)

Markus Wilhelm

Board of DMA (Direct Marketing Association), USA

Board of Bertelsmann Direct Group, Gütersloh

Dr. Peter Pagé

Autinform AG, Wiesbaden (Chairman)

Advisory Committee of Controlware

Advisory Committee of macros Innovation, Munich

Dr. Reinhard K. Sprenger

Deutsche Industrie Service AG, Düsseldorf

Dr. Gerd Wixforth

Teutoburger WaldEisenbahn AG

The total remuneration of the Supervisory Board was EUR 75,000.

In November 2005, the Executive Board and the Supervisory Board issued a declaration of conformity in accordance with § 161 of the German Stock Corporation Act (AktG) and made it permanently accessible to shareholders on the company website.

On the balance sheet date, syskoplan AG held participating interests in the following companies:

| | | | 12.31.2005 | |
|-------------------------------------|------------|----------|--------------|-----------------|
| | Share in % | Currency | Equity | Surplus/Deficit |
| | | | for the Year | |
| syskotool GmbH, Gütersloh | 100 | EUR '000 | 289 | 23 |
| syskoplan Limited, Cork | 100 | EUR '000 | 10 | 0 |
| syskoplan Consulting Inc., Delaware | 100 | USD '000 | ./ 855 | ./ 412 |
| syskoplan Holdings Inc., Delaware | 100 | USD '000 | 1,270 | ./ 86 |
| cm4 GmbH & Co. KG, Gütersloh | 100 | EUR '000 | ./ 914 | 71 |
| cm4 Verwaltungs-GmbH, Gütersloh | 100 | EUR '000 | ./ 2 | 2 |
| is4 GmbH & Co. KG, Minden | 51 | EUR '000 | 4,467 | 1,270 |
| is4 Verwaltungs-GmbH, Minden | 51 | EUR '000 | 60 | 3 |

Equity and profit or loss for the year are taken from the individual companies' commercial balance sheets (HBII). These were drawn up in accordance with IFRS.

Previous year's financial statements

The General Meeting on May 20, 2005, approved the financial statements and the actions of the Supervisory Board and the Executive Board.

The General Meeting also resolved to pay to shareholders a dividend of EUR 0.26 per individual share (EUR 1,092,000 in all) out of the total balance sheet profit of EUR 1,092,000.

syskoplan AG's capital stock amounts to EUR 4,200,000 and consists of 4,200,000 individual bearer shares, each with a nominal value of one euro.

A resolution was taken in 2000 to implement a conditional capital increase of up to a nominal EUR 300,000 by issuing up to 300,000 bearer shares for the exercise of subscription rights under a share option plan.

On January 1, 2005, the company held 1,160 own shares, which were sold in April 2005. In late November and early December 2005, a further 11,000 own shares were purchased for selling on to employees at an acquisition cost of EUR 6.89 per share. Of these shares, 8,900 were sold to employees and 2,100 are capitalized in the financial statements as own shares at average cost of acquisition. The own shares acquired amounted to 0.3% of capital stock, the own shares sold to 0.2%, and the own shares held in the company's inventory on the balance sheet date amounted to 0.05% of capital stock.

syskoplan AG is required under § 315a HGB as a listed company to draw up consolidated financial statements in accordance with internationally recognized accounting principles. The consolidated financial statements will be published in the Federal Gazette and filed in the Register of Companies at Gütersloh Local Court (Amtsgericht) under the number HRB 3943.

§ 285 No. 17 HGB stipulates that auditing fees recorded as an expense in the current financial year must be disclosed in the notes to the financial statements as follows:

| | |
|-------------------|------------|
| Auditing fees | EUR 44,350 |
| Tax advisory fees | EUR 10,074 |
| Other services | EUR 32,455 |

Special Events After the Balance Sheet Date

On December 22, 2005 the Italian IT Group Reply S.p.A. purchased 53.14% of the shares of syskoplan AG with effect from January 19, 2006. Including the shares purchased from Siemens Business Services in January, Reply now holds 60.45% of syskoplan shares. Reply is one of the leading IT service providers in Italy in the system integration sector.

Dr. Klaus Weigel resigned from his seat on the Supervisory Board on January 18, 2006 and Dr. Peter Pagé, Dr. Reinhard K. Sprenger and Markus Wilhelm resigned their seats on February 15, 2006. Four new members of the Supervisory Board were appointed on February 16, 2006 by Gütersloh Local Court (Amtsgericht).

syskoplan holdings has sold its stake in CareGain with effect from January 6, 2006. This will generate a pre-tax gain of approximately EUR 1.3 million in the financial year 2006.

No further substantive events occurred after December 31, 2005, that affect the asset, financial and earnings position.

Gütersloh, February 20, 2006

syskoplan AG
The Executive Board

Audit Opinion

We have examined the financial statements drawn up by syskoplan AG, consisting of the balance sheet, the profit and loss statement and the notes to the annual financial statements and including the accounts and the management report of syskoplan AG for the financial year January 1 to December 31, 2005. The Company's legal representatives are responsible for drawing up the financial statements and management report as required by the provisions of German commercial law. Our task is on the basis of our audit to give an opinion on the annual financial statements including the accounts and the management report.

We have carried out our audit of the financial statements in accordance with § 317 HGB, taking into account the principles of proper auditing of financial statements laid down by the Institute of German Auditors (Institut der Wirtschaftsprüfer, IDW). These specify that the audit is to be planned and conducted in such a way as to be able to identify with sufficient certainty inaccuracies and irregularities that have a material effect on the picture of the asset, financial and earnings position conveyed by the financial statements. In determining the audit activities, knowledge of the Company's business operations and of its economic and legal environment are taken into consideration, as are expectations of possible mistakes. During the audit, the efficacy of the in-house audit

system and evidence for the stated amounts and information in the accounts, the financial statements and the management report are assessed on the basis of random checks. The audit includes an assessment of the accounting principles applied, of the material assessments made by the Company's legal representatives and on the overall picture conveyed by the financial statements and the management report. We are of the opinion that our audit forms a sufficiently reliable basis for judgment.

Our audit has led to no objections.

In our judgment, based on the information we have gained in the course of the audit, the financial statements comply with the statutory requirements and with due regard for the proper accounting principles convey an accurate picture of the Company's asset, financial and earnings position. The management report tallies with the financial statements and conveys an accurate overall picture of the Company's position while accurately outlining the opportunities and risks inherent in future developments.

Gütersloh, February 23, 2006

WITEG Wirtschaftstreuhand GmbH
Auditing firm

Ligges *Koch*

Ligges
Auditor

Koch
Auditor



ACTION.



Company Calendar

Company Calendar syskoplan AG

| Date | Occasion | Place |
|-------------------|--|-------------------|
| March 22, 2005 | Press conference presenting financial statements | Frankfurt am Main |
| March 22, 2005 | Conference for analysts | Frankfurt am Main |
| May 05, 2005 | Report on Q1 | Gütersloh |
| May 24, 2005 | Annual General Meeting | Gütersloh |
| May 26, 2005 | Payment of dividend | Gütersloh |
| August 04, 2005 | Report on Q2 | Gütersloh |
| November 03, 2005 | Report on Q3 | Gütersloh |

Published by

syskoplan AG
Michael Lückenkötter
Bartholomäusweg 26
D-33334 Gütersloh

Concept and Editing:
Weber Shandwick Worldwide
Hamburg Office
Kehrwieder 10
D-20457 Hamburg

Design and Layout:
Raitz von Frenzt Design
Schöne Aussicht 10
D-65193 Wiesbaden

Photography:
Oliver Tamagnini
Baseler Platz 1
D-60329 Frankfurt am Main

syskoplan Addresses

Head Office

syskoplan AG
Bartholomäusweg 26
D-33334 Gütersloh
Telefon +49 (52 41) 50 09 - 0
Telefax +49 (52 41) 50 09 - 10 99

Branch Offices

Ahrensburger Straße 5
D-30659 Hannover
Telefon +49 (5 11) 90 29 1 - 0
Telefax +49 (5 11) 90 29 1 - 99

Klenzestraße 7
D-85737 Ismaning
Telefon +49 (89) 99 68 71 - 0
Telefax +49 (89) 99 68 71 - 99

Gothaer Straße 4
D-40880 Ratingen
Telefon +49 (21 02) 40 77 - 0
Telefax +49 (21 02) 40 77 - 99

Königstraße 35
D-70173 Stuttgart
Telefon +49 (7 11) 22 80 5 - 0
Telefax +49 (7 11) 22 80 5 - 99

E-Mail: syskoinfo@syskoplan.de
Internet: www.syskoplan.de

Subsidiaries

syskoplan Consulting Inc.
600 Longwater Drive
Suite 208
Norwell, MA 02061
USA
Telefon +1 (7 81) 6 81 31 82
Telefax +1 (7 81) 6 81 31 86

cm4 GmbH & Co. KG
Bartholomäusweg 26
D-33334 Gütersloh
Telefon +49 (52 41) 50 09 - 0
Telefax +49 (52 41) 50 09 - 10 99
E-Mail: contact@cm4.de
Internet: www.cm4.de

is4 GmbH & Co. KG
Ringstr. 99
D-32427 Minden
Telefon +49 (5 71) 38 54 - 0
Telefax +49 (5 71) 38 54 -18 19
E-Mail: info@is-4.de
Internet: www.is-4.de