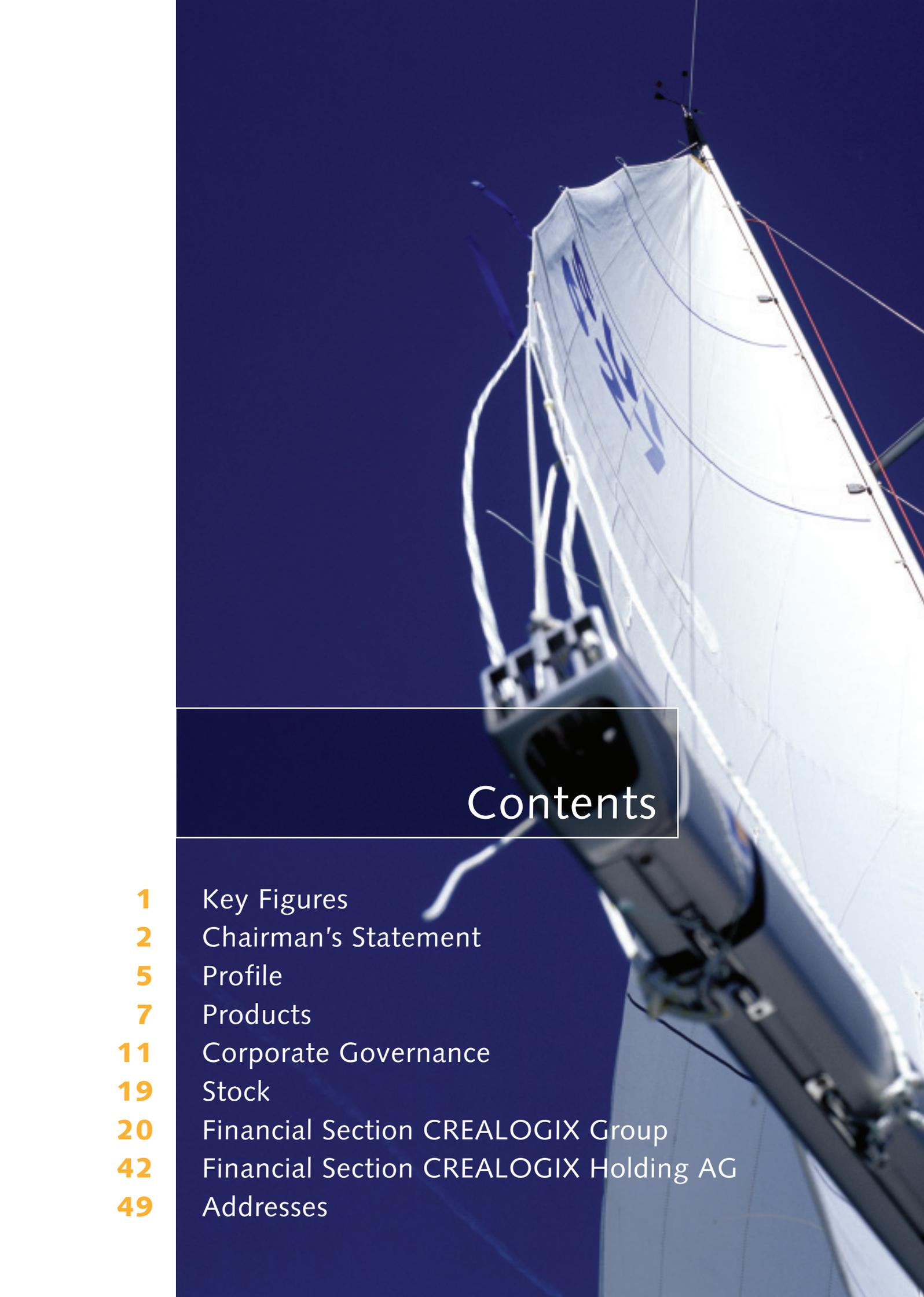


CREALOGiX



2002/2003

Annual Report



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All amounts in CHF	April–June 2003	April–June 2002	July–June 2002/2003	July–June 2001/2002
Revenue	6,144,309.85	4,901,289.18	23,584,679.11	20,635,263.48
% increase	25.4		14.3	
Operating earnings before interest, taxes, depreciation and amortization (EBITDA)	421,641.70	238,158.14	2,239,448.64	2,575,918.10
in % of revenue	6.9	4.9	9.5	12.5
Operating profit (EBIT)	59,894.96	-345,119.17	791,381.10	380,282.51
in % of revenue	1.0	-7.0	3.4	1.8
Net profit	567,669.26	-97,529.72	1,075,788.51	1,070,855.40
in % of revenue	9.2	-2.0	4.6	5.2
in % of shareholders' equity	1.0	-0.2	1.9	1.9
Net cash flow from operating activities	-765,367	-370,148	-917,899	1,921,655
in % of revenue	-12.5	-7.6	-3.9	9.3
Capital expenditures	-374,720	3,754,829	-2,016,658	-2,311,502
Depreciation	361,746.74	583,277.31	1,448,067.54	2,195,635.58
Capacity of persons employed	116.1	110.5	111.9	114.5
Capacity of freelancers	3.5	1.7	3.6	1.7
Capacity, incl. freelancers	119.6	112.2	115.5	116.2
Revenue per person (capacity, incl. freelancers)	51,373.83	43,683.50	204,196.36	177,584.02
Personnel expenses per person	31,515.56	30,295.23	132,368.98	117,580.50
Headcount per 30 June			117	114
Share prices				
High	47.80	41.00	47.80	64.35
Low	31.75	30.00	24.70	24.00
Market capitalization (in m)				
High	51.1	43.9	51.1	68.9
Low	34.0	32.1	26.4	25.7
Market capitalization per 30 June (in m)			49.2	36.5
in % of revenue			208.7	176.8
in % of shareholders' equity			85.4	63.4
Earnings per share – basic	0.54	-0.09	1.03	1.01
Price-earnings ratio (P/E)	21.1	-92.2	44.7	33.7
Shareholders' equity per share			55.8	53.8
Price-book value			0.8	0.6

All amounts in CHF	30 June 2003	30 June 2002
Total assets	63,458,526.19	62,149,135.27
Total current assets	58,083,620.23	57,342,819.18
cash and cash equivalent of above	48,764,475.67	51,017,837.61
Total current and non-current liabilities	5,792,514.38	4,629,917.83
Shareholders' equity	57,666,011.81	57,519,217.44
Equity ratio (in %)	90.9	92.6

**Bruno Richle**

CEO & Chairman of the Board of Directors

Dear shareholders**Dear colleagues****Dear business partners**

Although the general economic situation did not improve during the 2002/2003 financial year, the CREALOGIX Group still succeeded in achieving its targets. In contrast to the general trend in the industry towards redimensioning, the company has demonstrated continuity and maintained positive growth. Consolidated sales of CHF 23.6 million, an EBIT of CHF 0.8 million and net profit of CHF 1.1 million can be reported for the financial year just ended. This gratifying trend reversal to sales growth is the result of our unwavering drive to expand our markets in Switzerland, supported by successful acquisitions in the e-learning and mobile business segments.

Sales and earnings performance

After a profitable 2001/2002 financial year (CHF 20.6 million) that was marred by falling sales, we achieved a turnaround during fiscal 2002/2003. At CHF 23.6 million, consolidated sales exceeded our forecasts. Sector sales of CHF 6.5 million on e-learning alone demonstrate that our strategic expansion in this area reflected the needs of the market in a recessionary climate.

With EBIT of CHF 0.8 million, earnings can be described as robust and even higher than last year. The EBIT margin widened from 1.8 percent to 3.4 percent, while at CHF 1.1 million, profit remained at its year-back level.

Development in staff and operating costs

Thanks to our tight cost management, the increase in sales of 14.3 percent brought about only a 10.0 percent rise in personnel costs. Unlike last year we were able to pay out performance-related bonuses once again.

Happily, despite higher sales, operating expenses could be brought down by a further 6.2 percent.

Market growth and positioning

Contrary to all expectations and forecasts, the IT market did not manage to stage a recovery during the financial year just ended and new investment is still at a very low level, especially in the financial sector. Despite this unsatisfactory market trend, the CREALOGIX Group performed well, further expanding its position on the market thanks to a rock solid core business and the steady growth of the e-learning and mobile business speciality areas. Our strategic focus and our development into a one-stop software and IT service provider is paying off, as demonstrated impressively by substantial software engineering orders for the Swiss Air Force and Swiss Post International (SPI).

Our satisfying result was further boosted by new customers such as the Swiss Federal Railways, Swissfirst and SPI, as well as the many follow-up orders we have received from existing customers.

The acquisition of M.I.T. AG enabled us effectively to extend our expertise in e-learning and mobile business and to gain some attractive customers. These acquisitions will lead to attractive cross-selling opportunities which, thanks to the combination of sophisticated software engineering and targeted specialist expertise, will produce new and appealing solutions with a great deal of potential.

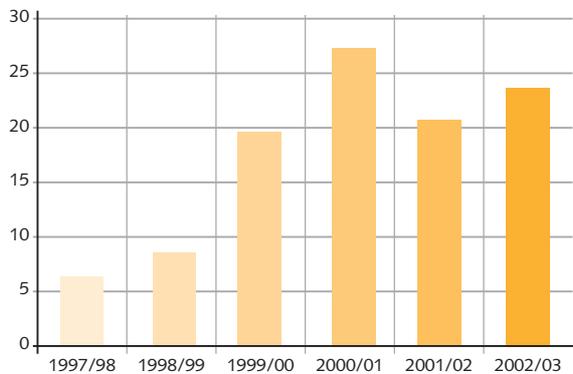
We also made significant progress in the development of our own products during the financial year just ended. This progress included the substantial expansion of our interactive "BankingToday.ch" teaching tool, the refinement of mobile platforms for MMS, payments and videostreaming, and the new "time2learn", "InvestorReporting" and "ceps.ch" products that we present in greater detail beginning on page 7 of this annual report.

Share price

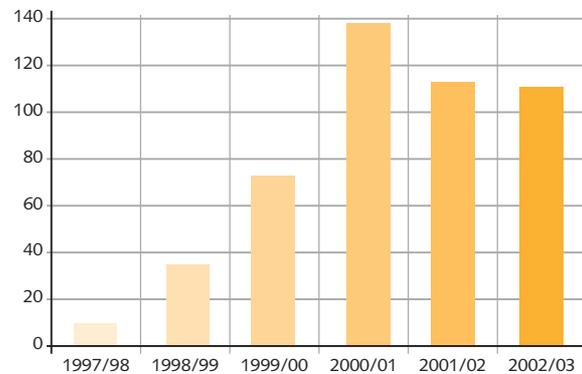
The Crealogix share advanced by 40.2 percent over the course of the reporting period, with the price standing at CHF 46.00 as at the balance sheet date on 30 June 2003. The Crealogix share has thus far outperformed the SPI stock market index, which rose by only 18.9% year-on-year. Our performance can also be seen in a sector comparison of other listed IT companies.

Revenue

in CHF million



Headcount



Acknowledgements

On behalf of the Board of Directors and Group Management I would once again like to convey an enormous thank-you to our staff for their loyalty and motivated commitment.

My gratitude also goes to our customers for their teamwork and their confidence in our services.

Last but not least, we would also to thank our shareholders most warmly for continuing to express their confidence in us with their financial commitment.

Outlook

Crealogix has established itself as one of the leading IT service companies in the Swiss market, specializing in areas such as e-finance, e-learning and mobile business. Yet rather than standing still, we continue determinedly to realize our strategic objectives in line with our vision of a "Swiss software powerhouse".

Our strategy for the coming years anticipates growth through the acquisition of suitable companies which complement our existing activities. An abundant cash supply of around CHF 50 million will allow us to pursue our vision under our own steam. In a market comparison, similar potential is otherwise enjoyed only by much larger companies.

In the absence of a palpable improvement in the market and without taking acquisitions into account, we expect our EBIT margin for the current financial year to widen slightly on sales that should remain at last year's level.

Bruno Richle

Chairman of the Board of Directors and CEO

Ten years of a new world

In April 2003, the web browser celebrated its tenth birthday. After e-mail – in the mid 1980s – the discovery of the web using a simple, standard graphical user interface that is independent of any specific computer manufacturer has been the second Internet revolution. The latter has had a sustained impact on the whole of information technology (IT). Today, just ten years later, we can hardly remember what things were like before. Our daily professional and personal lives have become unthinkable without e-mail and the Internet – not only because of the unbelievable range of content that is available globally on the web, but also because of the enormous and ever-growing number of complex, high-quality applications and electronic services which use the web as their technological basis.

The web browser is just the tip of the iceberg

In the background to the web browser itself, ground-breaking shifts at the technological level have been necessary to make all these applications possible: The rapid development of standards and their swift adaptation by the market (e.g. Java), the enormous simplification and harmonization of interfaces (XML) and ever-simpler access to complex business logic (web services).

Where now?

The bursting of the dotcom bubble – which drove the IT sector worldwide to the brink of recession – could not halt these enormous technical developments, nor will it be able to do so. In fact, the opposite is true – networks are getting faster and faster and the applications in use today are increasingly accessed via the Internet as and when they are needed and no longer installed locally on terminals. We see these trends as clear signals that Crealogix is active in a market that will grow strongly once again. It is

therefore important not only to maintain our powerful position, but also to expand it. The established market players in more mature markets are often not those who were there at the very outset. Crealogix is in the favourable position, even as the browser-based information age reaches maturity, of being able actively and innovatively to determine its own path and thus meet the challenges of competition as an established player.

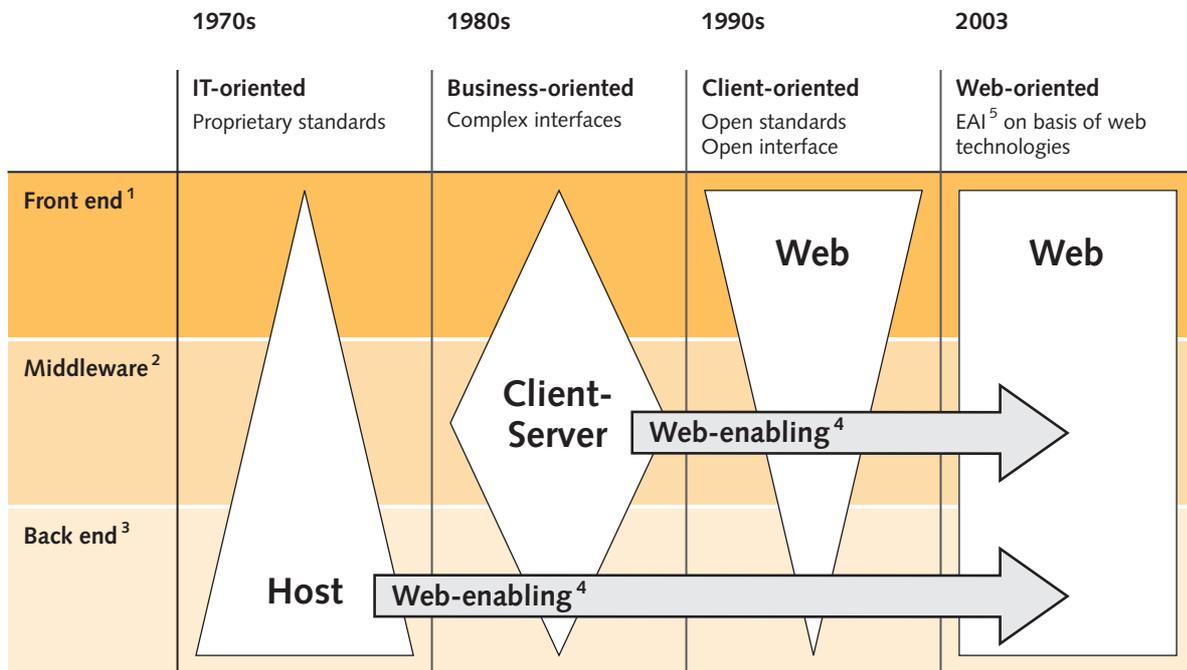
Fit for the future

Crealogix has grown up with web-based technologies and thus does not have to spend a great deal of time and money on repositioning itself away from old IT philosophies. What's more, Crealogix is able to invest continuously in the future-proof sectors of web-based information technology and to grow successfully under its own steam.

The facts are:

- The term “web-based” has undergone a fundamental change in the last ten years.
- IT solutions based on web technologies have conquered the market.
- Nowadays, new developments are based almost exclusively on web technologies.
- Today fast, low-cost networks and computers make it possible to access even complex and highly involved applications and run them efficiently via a web browser.
- Today, no company invests substantially in the development of products that are not web-enabled.
- Thesedays, modern software products are almost without exception web-enabled, or designed to become so in future updates.

The browser is redefining the IT world



¹ User Interface

That part of an application through which a user accesses functions and information is known as the "front end".

² Middleware describes any type of software that mediates between two software programs:

For example, when a program on a database wants to access another program, this can be done using middleware.

³ "Back end" describes the part of an application that delivers the data. It usually concerns data access.

⁴ Modification for web-enabling

⁵ EAI – Enterprise Application Integration – EAI enables different systems to be linked using middleware via a standardized service platform.

Vision

Over the next few years, Crealogix aims to implement the "Swiss software powerhouse" concept and offer larger companies in its home market a real alternative to powerful foreign competitors. Crealogix intends to drive relentlessly forward the achievements of Swiss engineers in the software sector – combined with specialist business expertise – and actively to market its innovative and competitive solutions both at home and abroad. Implementation rests on the unwavering pursuit of our growth strategy in our core areas of software engineering, mobile business and e-learning. Crealogix is aiming for a size that is commensurate with listing in the SWX Swiss Exchange's main segment and offers

shareholders an appealing investment thanks to its attractive profitability levels.

**familiar, reliable, professional, innovative,
high-earning, attractive**

Short profile

Crealogix is one of the leading IT and software service providers in Switzerland. Specializing in the fields of e-finance, e-learning and mobile business, Crealogix designs and realizes integrated applications using web technologies. Its core competencies cover consultancy, software development and integration and user interaction design.

InvestorReporting – The smart e-banking solution for private banks and portfolio managers.

With the InvestorReporting product, private banking and asset management customers can quickly and easily access their custody and current accounts at any time. In addition to asset allocation, the investor can also call up his account statements, portfolio



Account no. ▼	Description
703	EMS-CHEMIE HLDG
4556	IGEN INTERNATIONAL
6960	POLICE ZÜRICH LEBEN
	Current Account
	Current Account
	Forward Exchange Due date: 03.12.2002
	Bought 55'897'149.25 NOK Sold 10'000'000.00 C
	Fixed Advance

summaries and portfolio performance – in real time. What's more, they can consolidate their data, convert it into other currencies and personalize the way in which the information is displayed. It's all secure, based on tried and tested technology.

Bank customers and both bank and external asset managers can register via a secure Internet connection and collate data according to their needs. Asset managers are also able to consolidate the portfolios of several customers. Data such as account statements, cash holdings, shares, bonds, options and derivatives, as well as portfolio positions and portfolio summaries can thus be called up at any time and latest information printed in layout-perfect format.

InvestorReporting can be adapted in line with individual bank-wide solutions and implemented in just a few weeks. In addition, InvestorReporting has been designed with a modular structure which makes expansion rapid, simple and cost-effective.

InvestorReporting is simple to use for both users and system administrators, offers personal customization options which need no programming knowledge and data that is updated constantly in real time. Specific modifications in line with the customer's image (CI/CD) are also part of the package and included in the price.

InvestorReporting was developed for the Swissfirst banking group and is now ready for market launch. The product is perfect for medium-sized financial institutions and asset management companies – it is integration-enabled, parameterizable, secure and proven and offers outstanding value for money.

Engaged technologies

- Browser-based administration
- Runs on all Java platforms
- Platform-independent development
- Web server, e.g. Apache or commercial versions
- Application server, e.g. Tomcat or commercial versions
- Business integration layer
- Open to all core applications, e.g. Apsys, Olympic interface protocols XML, ASCII, Corba, SQL

time2learn training planner – the professional tool for planning, managing and monitoring the new basic commercial training in the workplace

The time2learn training planner is aimed at all companies which offer basic commercial training in the workplace. The reform of Switzerland's system of commercial vocational training will make on-the-job training increasingly important. Tailored to a company's individual needs, this solution means that vocational training officers can keep training planning and monitoring under control at all times. Meanwhile, trainees can trace their own progress and always have an overview of their personal status.

The web-based application offers those involved access to the information relevant to them at any time and from any location. Password-protected access ensures that users are allocated only those functions for which they hold authorization – editing master data, planning training courses and viewing current status are just a few of the options.

time2learn is as individual as the needs of different companies it serves. The training planner can be configured to requirements and customized to cater

for specific needs, from a personalized front end through to the designations used for departments, job titles, etc.

This practical tool has been developed in close collaboration with experienced specialists from a variety of companies and industry organizations. It can be ordered direct online at www.time2learn.ch. Getting to grips with the software is easy because, in addition to direct access, customers also have the opportunity to familiarize themselves with the full range of functions at a half-day seminar. What's more, the round-the-clock hotline gives reliable information on all frequently asked questions and even provides personal support.

time2learn is practice-based, straightforward, efficient, cost-effective and extremely user-friendly, making it a valuable planning instrument for the new basic commercial training in all companies.

Engaged technologies

- Microsoft .Net
- HTML
- DHTML
- XML

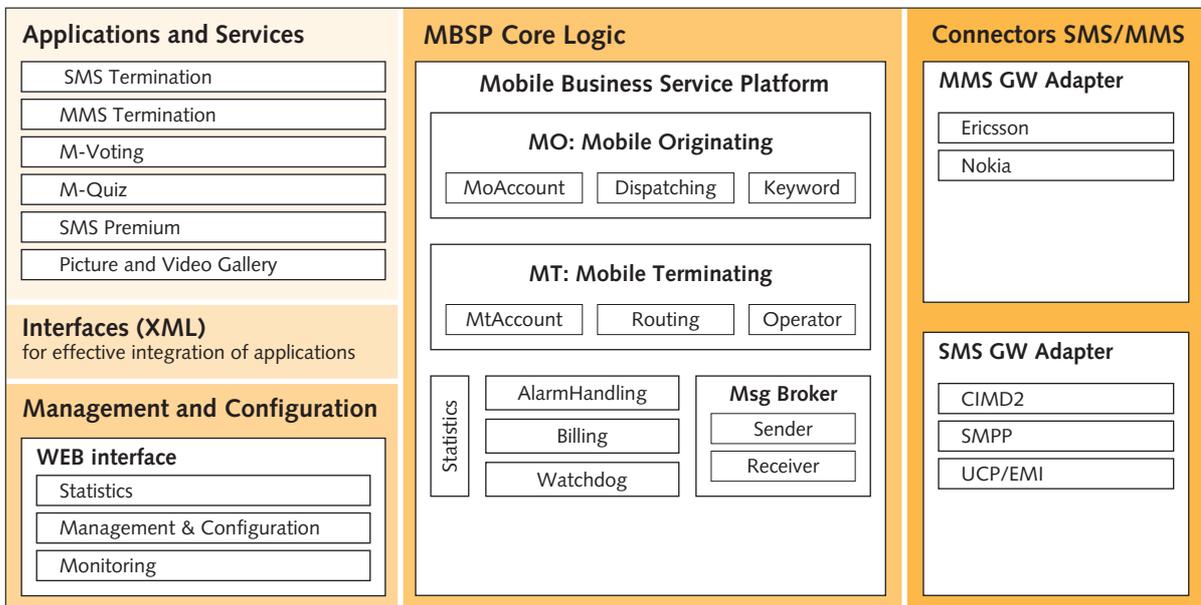


MBSP – maximum flexibility of mobile services and applications with the Crealogix platform

Our Mobile Business Service Platform (MBSP) can efficiently and reliably handle all of the mobile business services in use today. With its modular structure, MBSP offers the user maximum flexibility and delivers a whole range of applications, services and added-value facilities, such as provider-independent speed dialling for text message services and bidirectional message exchange.

The MBSP development environment is a mature one, enabling new applications to be produced or integrated using standard interfaces quickly and cost-effectively. The modular structure also means that we can offer our customers low-cost solutions if they require only some of the platform services.

MBSP has already been implemented successfully by more than a dozen customers, including sunrise, which uses it for its free and chargeable SMS and MMS services. The Eichhof brewery in Lucerne has



The MBSP takes care of all of a company's mobile communications with its customers, staff and suppliers and integrates them seamlessly into existing IT infrastructures.

The broad palette of ever-expanding MBSP modules ranges from straightforward mobile phone voting to quizzes and premium applications such as ordering and paying for goods by mobile phone. Crealogix has agreements with all of the relevant telecommunications providers in Europe (Orange, sunrise, Swisscom, Vodafone, T-Mobile, E-Plus, etc.) that enable it to handle SMS, MMS and other services across the board.

also used the platform for a large-scale promotion that received an overwhelmingly positive public response. Mobile, modular, multifunctional – the mobile business services platform has a great future ahead.

Engaged technologies

- J2EE
- JBoss as application server
- Oracle 8i database
- Enterprise Java beans
- Struts

Ceps.ch – efficient, cost-oriented purchasing

ceps.ch (ceps = Crealogix e-procurement solution) is the perfect platform for companies of all sectors when inviting tenders and bids of any type. The ASP (Application Service Provider) model does not require any software installation or hardware investment and can be operated right away via a suitable Internet



connection and a browser. ceps.ch serves as an intermediary between the principal and the bidder and has many useful functions to make the whole of tender management more transparent, straightforward, comparable and cost-effective. ceps.ch is a closed tender platform, i.e. the company inviting tenders is the only party to determine which other companies may submit bids.

With ceps.ch, the parameters of each tender can be defined clearly and in standard terms, which makes comparing bids faster and more transparent. As an

additional form of tender that focuses on pricing aspects, ceps.ch also allows auctions to be held. Further benefits for both principals and suppliers include lower monitoring costs, support to central administrative functions, reliable procedures and administration of the entire tender process.

By making procedures simple and eliminating the need to invest in hardware and software, ceps.ch enables procurement costs to be optimized even if the goods and services put out to tender are worth just a few thousand Swiss francs. This means that the payback point can be reached much more rapidly.

The ceps.ch tender platform is operated by Crealogix and available online at www.ceps.ch to all who wish to optimize the efficiency of their tender processes. This innovative solution is currently being run by Credit Suisse as a pilot project. The electronic procurement process with ceps.ch speeds up the tender process, cuts both tender invitation costs and procurement prices and opens up new value-adding potential.

Engaged technologies

- Linux as operating system
- JBoss as application server
- MySQL as database
- Castor for the implementation of the persistence layer
- Struts for managing the presentation layer
- SSL-encrypted

Group structure

CREALOGIX Holding AG is a joint stock company headquartered in Zurich, Switzerland. The company's registered shares are traded on the SWX Swiss Exchange under Swiss security number 1111570 and its market capitalization as at 30 June 2003 stood at CHF 49.2 million.

A detailed list of CREALOGIX Holding AG's shareholdings in its various subsidiaries is given on page 45 (scope of consolidation as at 30 June 2003).

Significant shareholders

As of 30 June 2003, the following shareholders each held more than 5 percent of the votes:

Shareholder	Share of votes	No. of shares
– Bruno Richle	22.64%	242,262
– Dr. Richard Dratva	22.30%	238,567
– Daniel Hildebrand	15.55%	166,346
– Peter Süsstrunk	7.36%	78,760

The shareholders listed above have concluded a pooling agreement which covers issues such as the exercise of voting rights at the Annual General Meeting.

Capital structure

As of 30 June 2003, the equity capital of CREALOGIX Holding AG was as follows:

Ordinary capital	CHF 10,700,000 divided into 1,070,000 registered shares with a nominal value of CHF 10 each
Contingent capital	CHF 2,500,000 (for employee stock option plans*) divided into 250,000 registered shares with a nominal value of CHF 10 each

* Detailed information about the employee stock option plans can be found on page 36.

Capital changes

The capital changes of the past two years are listed on page 23.

As of 30 June 2003, CREALOGIX Holding AG held 37,328 shares, or 3.5%, as treasury stock. One registered share entitles the holder to one vote at the Annual General Meeting (the one share, one vote principle).

Equity capital

As of 30 June 2003, CREALOGIX Holding AG had issued 1,070,000 fully paid-up registered shares with a nominal value of CHF 10 each.

Transferability and entries in the name of nominees

There is no restriction on the transfer of the registered shares of CREALOGIX Holding AG. There are no conditions attached to the entry of purchasers in the share register of CREALOGIX Holding AG.

Stock options

The CREALOGIX Group has two stock option plans for the employees and the directors of the CREALOGIX Group, details of which can be found on page 36.

Board of Directors	Member since	Elected until
<p>Bruno Richle, Chairman (1957), dipl. El. Ing. HTL, Swiss citizen Chief Executive Officer of CREALOGIX Holding AG 1985–1989 head of the department of Electronic Engineering at Oerlikon Aerospace in Montreal, Canada. 1990–1996 member of the Executive Board and Technical Director at Teleinform AG. 1996 co-founder of CREALOGIX AG.</p>	1996	AGM/FY 2002/03*
<p>Richard Dratva, Vice Chairman (1964), Dr. oec. HSG, Swiss citizen Chief Strategy Officer of CREALOGIX Holding AG Several positions at UBS, consultant for a telematics firm; 1996 co-founder of CREALOGIX AG. Other directorships: X8X Process Solutions AG, Zurich.</p>	1996	AGM/FY 2002/03*
<p>Beat Schmid, member (1943), Prof. Dr., Swiss citizen Since 1987 Beat Schmid has been Professor of Information Management at the University of St.Gallen. He was Director of the Institute of Information Management between 1989 and 1997, and has been Managing Director of the Institute for Media and Communications Management since its foundation in 1998. He is also the publisher of two international scientific journals, and he sits on the editorial boards of other, similar publications. His other directorships are: Informationobjects AG as Chairman of the Board of Directors, Abraxas Informatik AG, St.Gallen, Zurich, and Business Communications Consulting AG as a Director.</p>	2001	AGM/FY 2003/04
<p>Christoph Schmid, member (1954), Dr. iur., lawyer, Swiss citizen Previous activities: court appointments, legal department of a media company, firm of lawyers in the USA. Other directorships: Robert Bosch Internationale Beteiligungen AG, KWC AG, Kessler & Co AG and EBS Service Company Ltd., among others.</p>	2000	AGM/FY 2002/03*

* Proposed for reelection at the Annual General Meeting (AGM) for the 2002/2003 financial year (FY).



Dr. Christoph Schmid



Prof. Dr. Beat Schmid

Election and composition

The members of the Board of Directors are elected by the Annual General Meeting for a term in office of three financial years. The Board of Directors constitutes itself and elects the Chairman and Vice Chairman from among its members. At present, the Board of Directors consists of two executive members (who are simultaneously the Chairman and CEO and the Vice Chairman and Chief Strategy Officer [CSO]) and two non-executive members.

Executive members

For a company of the size of the CREALOGIX Group it is normal for one person to fulfil the functions of Chairman and CEO. Similarly, it is an advantage for the company to have the CSO as Vice Chairman of the Board of Directors. This gives the Board of Directors unlimited access to the technical and market knowledge of the Chairman/CEO and the Vice Chairman/CSO. In addition, it ensures efficient preparation of laborious documentation for decision-making and facilitates flexibility and speed in the most important decision-making processes.

Non-executive members

Neither of the non-executive directors have ever held an executive function within, or had a material business relationship with, the CREALOGIX Group.

Duties and responsibilities

The Board of Directors meets as often as business requires, but at least four times a year. In the 2002/03 financial year the Board met four times. It constitutes a quorum when a majority of its members are present. The Board takes decisions by a majority of the votes cast. In the event of an equal division of votes, the Chairman has a casting vote.

The Board of Directors is responsible for defining corporate strategy, for the overall supervision of the company, and for determining the organizational structure, for appointing and dismissing members of Group Management and for structuring the company's accounting, financial planning and financial control. It takes decisions about acquisitions and determines the Group's annual targets, overall budget and investment budget.

Committees

The Board of Directors has set up a Compensation Committee and an Audit Committee.

The **Compensation Committee** is responsible for establishing the compensation of the members of the Board of Directors and Management and for the allotment of stock options under the employee stock option plan. Its members are as follows:

- | | |
|----------------------|------------------------|
| – Bruno Richle | – Dr. Christoph Schmid |
| – Dr. Richard Dratva | – Dr. Louis-Paul Wicki |

The **Audit Committee** supports and advises the Board of Directors on matters of financial reporting, internal controlling and the structure of the quarterly and annual financial statements, as well as collaborating with and assessing the performance of the statutory and Group auditors. The Audit Committee is composed of a majority of non-executive members of the Board of Directors. At present, it is composed of Dr. Christoph Schmid and Prof. Dr. Beat Schmid.

Definition of responsibilities and vehicles of information

The Board of Directors is responsible for defining strategy and Management for implementing it. The division of responsibilities between the Board of Directors and Management is laid down in the organizational regulations of the company. Management reports to the Board of Directors every month on

the current business situation on the basis of the monthly accounts.

The monthly reports are based on controlling tools that are used to monitor project statuses and finances. They give a comprehensive overview of business activity and enable the future workload to be forecast.

Management

Management discharges the operational responsibilities and acts on behalf of the CREALOGIX Group in its external dealings.

Bruno Richle (1957), dipl. El. Ing. HTL, Swiss citizen
Chief Executive Officer of the CREALOGIX Group

Richard Dratva (1964), Dr. oec. HSG, Swiss citizen
Chief Strategy Officer of the CREALOGIX Group

Jürg Neck (1953), Dr. oec. publ. Swiss citizen
Chief Financial Officer of the CREALOGIX Group

He has many years of experience in the financial sector (Citibank, Credit Suisse) and subsequently worked as a corporate consultant specializing in strategy and BPR projects. As partner in a trust company, he was responsible for strategic accountancy and audit mandates. He is member of the Board of Directors of CTC Codex Treuhand und Consulting AG, Zurich, and Chairman of the Board of the Association of AFS Intercultural Programs in Switzerland, Zurich.

Louis-Paul Wicki (1963), Dr. oec. HSG, Swiss citizen
Chief Executive Officer of CREALOGIX (Switzerland) AG

He has many years of IT experience and was previously associate partner and member of the Executive Board of the St.Gallen Consulting Group.

For further information on the members of Management, please visit www.crealogix.com.



Dr. Richard Dratva



Dr. Jürg Neck



Dr. Louis-Paul Wicki

Management agreements

No management agreements have been entered into.

Compensation, shareholdings and loans to members of the Board of Directors and Management**Management**

The Board of Directors decides on compensation, shareholdings and loans to members of the Board of Directors and Management. Decisions are taken on the basis of applications submitted by Management to the Compensation Committee and the Committee's proposals to the Board of Directors.

Compensation paid to members of the company's governing bodies

Details of compensation paid to the executive members of the Board of Directors and members of Management can be found on page 39. The non-executive members of the Board of Directors received compensation totalling CHF 60,000.

Allotment of shares in the year under review

In the 2002/03 financial year neither the members of the Board of Directors nor the members of Management were allotted any shares.

Share ownership

As of 30 June 2003, the executive members of the Board of Directors and the members of Management together held a total of 482,254 shares in CREALOGIX Holding AG.

The non-executive members of the Board of Directors together held a total of 1,000 shares in the company.

Stock options

As of 30 June 2003, the executive members of the Board of Directors and the members of Management together held a total of 21,616 stock options.

The non-executive members of the Board of Directors together held a total of 1,160 stock options

Executive members BoD and Management

Date	Number plan I	Exercise price CHF	Number plan II	Exercise price CHF	Total number
7.9.2000	-	-	2,600	240.00	2,600
2.7.2001	2,440	64.00	2,148	76.80	4,588
1.7.2002	9,816	32.80	4,612	39.35	14,428
Total	12,256		9,360		21,616

Non-executive members BoD

7.9.2000	-	-	160	240.00	160
1.7.2002	1,000	32.80	-		1,000
Total	1,000		160		1,160

Detailed information about the option plans can be found on page 36.

Other fees and remuneration

In the 2002/03 financial year, the fees paid for legal advice from Wenger Vieli Belser (Board member Dr. Ch. Schmid) amounted to CHF 148,178.

Loans to members of the company's governing bodies

No loans were granted.

Highest total reward package

The highest total reward package paid to a member of the Board of Directors is stated on page 39.

Shareholders' participation rights

Agenda

The convening notice must mention the items of business and the motions of the Board of Directors and of the shareholders who requested a General Meeting. Furthermore, items of business and motions that shareholders representing shares with a nominal value of at least one million Swiss francs submitted to the Board of Directors in writing before the General Meeting was convened must also be placed on the agenda.

Entries in the share register

The share register will be closed ten days before the date of the General Meeting.

Shareholders who have not been entered in the share register up to this date are not entitled to vote at the Annual General Meeting.

Shareholders' participation and protective rights

Shareholders' rights to consultation and protection are governed by the provisions of the Swiss companies act.

Offer obligation

The memorandum and articles of association of CREALOGIX Holding AG contain neither an opting out nor an opting up clause. Under the terms of the Swiss Stock Exchange and Securities Trading Act (SESTA Art. 32), any person acquiring one third (33 1/3 percent) of the share capital of the company is obliged to make a public purchase offer for the remainder of the shares.

Change of control clauses

There are no provisions in agreements with members of the Board of Directors, the Executive Board and/or senior management regarding arrangements in the event of a change of control over the company (no "golden parachutes").

Auditors

Since 1996, PricewaterhouseCoopers AG, Zurich, has acted as Group auditors and as statutory auditors of CREALOGIX Holding AG. Since the 2000/01 financial year, Mr. Robert Willborn has been in charge of the audit. The Annual General Meeting elects the auditors for a period of one year. They perform their duties in line with the legal requirements and the standards promulgated by the profession. The auditors regularly inform Group Management and the Board of Directors about their findings and about their proposals for improvement.

In the 2002/03 financial year Pricewaterhouse-Coopers received fees of CHF 67,900 for auditing and CHF 42,093 for consultancy services.

Investor relations

CREALOGIX Holding AG provides its shareholders and the capital markets with open, up-to-date information that is as transparent as possible. The most important vehicles of information are the annual and quarterly reports, the website (www.crealogix.com), media releases, the conference calls to present the results to media and analysts, and the General Meeting. As a listed company, CREALOGIX Holding AG is obliged to publish information relevant to its share price (ad hoc publicity, Art. 72 of the Listing Rules). The Listing Rules of SWX Swiss Exchange can be found at www.swx.com.

If you have any questions about Crealogix, please contact the officers responsible for investor relations:

– Bruno Richle

Chairman of the Board of Directors and CEO

Tel. +41 1 302 19 25

Fax +41 1 302 19 26

bruno.richle@crealogix.com

– Dr. Jürg Neck

CFO

Tel. +41 1 302 19 25

Fax +41 1 302 19 26

juerg.neck@crealogix.com

Dates for your diary

30 September 2003	Annual General Meeting at the Lake Side Casino Zürichhorn, Zurich
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11 November 2003	Interim report, Q1 2003/2004
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17 February 2004	Interim report, Q2 2003/2004
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18 May 2004	Interim report, Q3 2003/2004
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Expanded Group Management



Jörg Inderbitzin
General Manager Baar

Daniel Hildebrand
Chief Technology Officer

Reto Girsberger
Chief Creative Officer

Dr. Nico Tschanz
General Manager Zurich

Matthias Asendorf
Chief Marketing Officer

Peter Süsstrunk
Chief Corporate Finance

Marc Meyer
Senior VP Alliances & Contracting

Dr. Christoph Kuhn
Chief Technology Consultant



Further information on the expanded Group Management can be found at www.crealogix.com.

Key figures – shares

Share capital	10,070,000
Total number of shares in circulation	1,070,000
of which publicly held	344,065
in %	32.15
Net assets per share in CHF	55.80
Earnings per share in CHF – undiluted	1.03

Share price in CHF

30.6.2003	46.00
High (11.6.2003)	47.80
Low (24.7.2002)	24.70
Issue price (7.9.2000)	200.00

Market capitalization in CHF m

30.6.2003	49.20
High (11.6.2003)	51.10
Low (24.7.2002)	26.40
Issue price (7.9.2000)	214.00

Market capitalization (30.6.2003)

in % of revenue	208.70
in % of shareholders' equity	85.40
Price-earnings ratio (P/E)	44.70

Trading volume in CHF m

1 July 2002 to 30 June 2003	5.00
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Trading platform and ticker symbols

Since 7 September 2000, registered shares (par value CHF 10) in CREALOGIX Holding AG have been listed on the SWX New Market under security ID number 1111570.

Ticker symbols:

Telekurs	CLXN
Reuters	CLXzn. S
Bloomberg	CLXN SW

Dividend policy

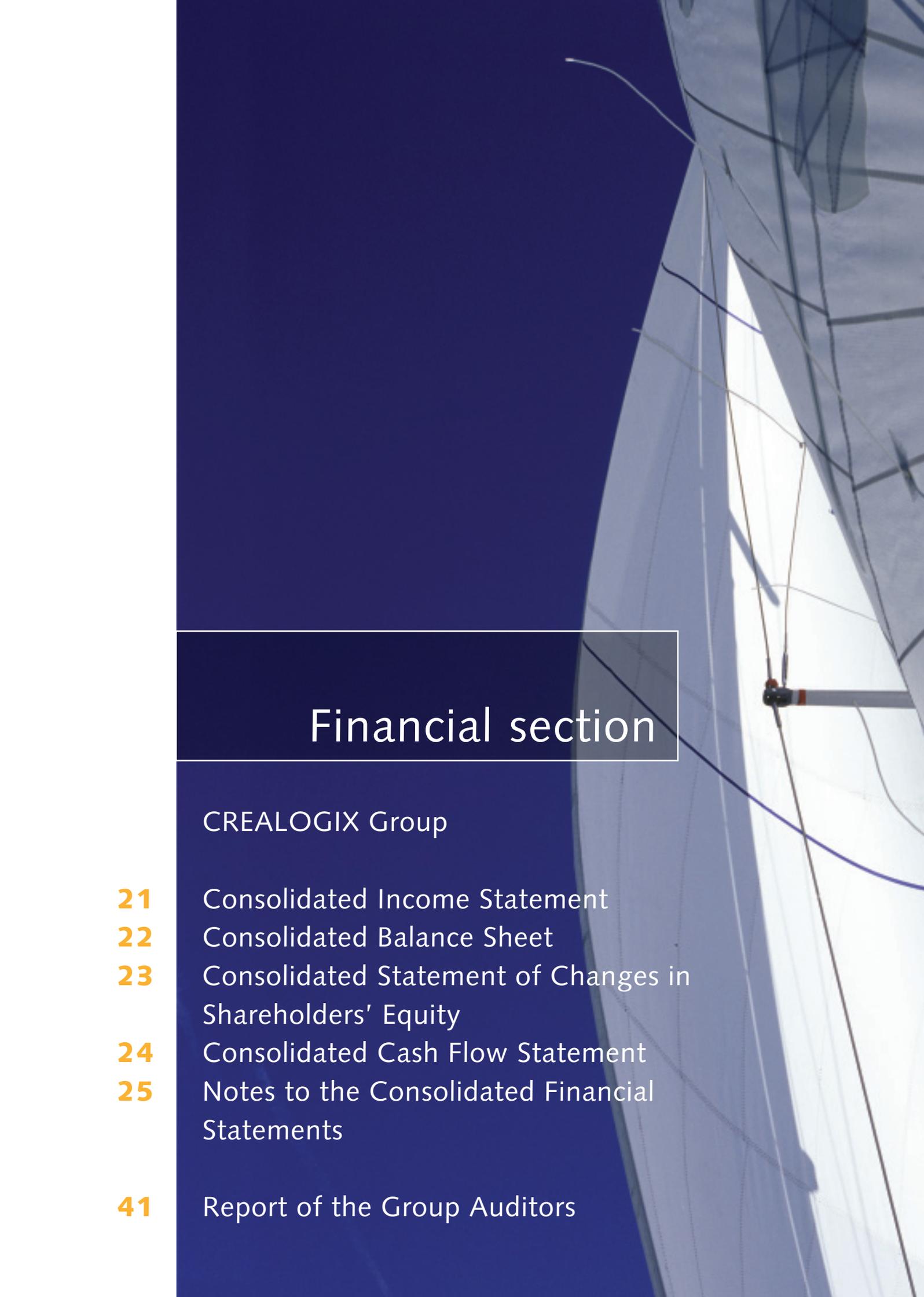
The Board of Directors will propose to the Annual General Meeting that no dividends be paid for the annual year 2002/2003. The general strategy is for profits to be reinvested in the company's expansion plans.

Price movements, 1 July 2002 to 1 July 2003

All amounts in CHF



Symbol	Period High	Period Low	Period Change (%)
CREALOGIX N	47.80	24.70	13.20 (40.24%)
SPI	4195.19	2568.21	-784.87 (-18.93%)



Financial section

CREALOGIX Group

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Consolidated Income Statement

CREALOGIX Group

All amounts in CHF		July–June 2002/2003	July–June 2001/2002
	Notes		
Revenue	3	23,584,679.11	20,635,263.48
Goods and services purchased	4	-3,229,676.03	-1,073,268.11
Personnel expenses	5	-14,812,089.40	-13,462,967.54
Depreciation and amortization expense	10/11	-1,448,067.54	-2,195,635.58
Other operating expenses	6	-3,303,465.04	-3,523,109.74
Total operating expenses		-22,793,298.01	-20,254,980.97
Operating profit (EBIT)		791,381.10	380,282.51
Financial income	7	1,448,213.88	1,448,526.72
Financial expense	7	-858,133.67	-673,953.83
Profit before tax		1,381,461.31	1,154,855.40
Income tax expense	15	-305,672.80	-84,000.00
Net profit		1,075,788.51	1,070,855.40
Earnings per share – basic	18	1.03	1.01
Earnings per share – diluted	18	1.03	1.01

The accompanying notes form an integral part of these consolidated financial statements.

All amounts in CHF		30 June		30 June	
	Notes	2003	in %	2002	in %
ASSETS					
Current assets					
Cash and cash equivalents		45,457,245.67		49,037,758.61	
Marketable securities		3,307,230.00		1,980,079.00	
Trade accounts receivable		6,833,533.01		4,262,056.62	
Other current receivables	8	1,110,568.55		1,055,451.95	
Work in progress/inventories	9	1,375,043.00		1,007,473.00	
Total current assets		58,083,620.23	91.5	57,342,819.18	92.3
Non-current assets					
Property and equipment	10	1,732,140.43		2,096,003.42	
Intangible assets	11	2,167,265.53		1,935,312.67	
Financial assets	12	420,500.00		200,000.00	
Prepaid pension assets	19	1,055,000.00		575,000.00	
Total non-current assets		5,374,905.96	8.5	4,806,316.09	7.7
Total ASSETS		63,458,526.19	100.0	62,149,135.27	100.0
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts payable		1,204,317.62		869,648.96	
Current tax liabilities		0.00		224,750.95	
Other current liabilities and accruals	13	3,678,696.76		2,915,517.92	
Current provisions	14	77,000.00		0.00	
Total current liabilities		4,960,014.38	7.8	4,009,917.83	6.4
Non-current liabilities					
Long-term loans third	15	220,500.00		0.00	
Deferred tax liabilities	16	612,000.00		620,000.00	
Total non-current liabilities		832,500.00	1.3	620,000.00	1.0
Shareholders' equity					
Share capital	17	10,700,000.00		10,700,000.00	
Share premium		39,694,424.68		39,692,924.68	
Treasury shares		-2,027,443.45		-1,109,487.35	
Translation differences		-128,930.53		-116,392.49	
Retained earnings		9,427,961.11		8,352,172.60	
Total shareholders' equity		57,666,011.81	90.9	57,519,217.44	92.6
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		63,458,526.19	100.0	62,149,135.27	100.0

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity

CREALOGIX Group

All amounts in CHF except number of shares	Number of shares	Share capital	Share premium	Treasury shares	Translation differences	Retained earnings	Total
Balance at 1 July 2001	1,070,000	10,700,000.00	39,692,924.68	-870,672.65	-14,005.64	7,224,319.08	56,732,565.47
Translation differences					-102,386.85	56,998.12	-45,388.73
Net profit						1,070,855.40	1,070,855.40
Purchase/sale-net	(-7,335)			-238,814.70			-238,814.70
Balance at 30 June 2002	1,070,000	10,700,000.00	39,692,924.68	-1,109,487.35	-116,392.49	8,352,172.60	57,519,217.44
Translation differences					-12,538.04		-12,538.04
Capital increase costs (adjustment)			1,500.00				1,500.00
Net profit						1,075,788.51	1,075,788.51
Purchase/sale-net	(-22,733)			-917,956.10			-917,956.10
Balance at 30 June 2003	1,070,000	10,700,000.00	39,694,424.68	-2,027,443.45	-128,930.53	9,427,961.11	57,666,011.81

Consolidated Cash Flow Statement

CREALOGIX Group

All amounts in CHF	Notes	July–June 2002/2003	July–June 2001/2002
Operating activities			
Cash generated from operations	20	-735,546	1,292,906
Interest received	7	979,884	1,273,114
Interest paid	7	-316,692	-213,252
Tax received		60,899	642,830
Tax paid		-906,445	-1,073,944
Net cash flow from operating activities		-917,899	1,921,655
Investing activities			
Purchase of property and equipment	10	-406,798	-500,373
Disposals of property and equipment	10	47,634	15,546
Purchase of intangible assets	11	-956,994	-1,751,675
Purchase of financial assets	12	-220,500	-200,000
Prefinancing retirement benefit plans	19	-480,000	125,000
Net cash used in investing activities		-2,016,658	-2,311,502
Financing activities			
Emission payment (adjustment)		1,500	0
Purchase of treasury shares		-917,956	-238,815
Financing of subsidiary acquisition	22	270,500	0
Net cash used in financing activities		-645,956	-238,815
Net decrease in cash and cash equivalents		-3,580,513	-628,662
Cash and cash equivalents at beginning of period		49,037,759	49,667,909
Decrease in cash and cash equivalents		-3,580,513	-628,662
Effects of exchange rate changes		0	-1,488
Cash and cash equivalents at end of period		45,457,246	49,037,759

The accompanying notes form an integral part of these consolidated financial statements.

1. General information

Crealogix is one of the leading IT service companies in Switzerland. Working primarily in the fields of e-finance, e-learning and mobile business, Crealogix designs and realizes integrated Internet and intranet applications. Its core competencies cover consultancy, software development and multimedia/design.

The project teams consist of various specialists such as software engineers, designers and consultants to ensure the most efficient use of sophisticated technology.

The following wholly owned, fully consolidated subsidiaries were founded or acquired respectively:

- In December 1998:
CREALOGIX AG, Bubikon with a share capital of CHF 100,000
- In February 2000:
CREALOGIX Corp., Toronto with a share capital of CAD 100,000
- In January 2001:
CREALOGIX AG, Frankfurt with a share capital of EUR 100,000

CREALOGIX Corp. Toronto discontinued its activities as at 30 June 2001. The company will be reactivated as soon as conditions are more favourable.

Crealogix employs 117 persons as at 30 June 2003 and 114 persons as at 30 June 2002.

2. Summary of significant accounting policies

2.1 Basis of presentation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), using the historical cost concept except for marketable securities for which the fair value is applicable.

The preparation of financial statements in accordance with the IAS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions Crealogix may undertake in the future, the actual results may ultimately differ from those estimates.

The cashflow statement was modified during the year under review and the prior-year figures have been adjusted accordingly.

2.2 Principles and scope of consolidation

The consolidated financial statements of CREALOGIX Group include CREALOGIX Holding AG and all its subsidiaries. A subsidiary is a company in which CREALOGIX Holding AG, Zurich, directly or indirectly has more than 50% of the votes, or for other reasons exercises control.

Subsidiaries acquired or founded during the year are included in the consolidated financial statements from the date of acquisition or date of founding.

2.3 Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities are converted at exchange rates as at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Income statements of foreign entities are translated into Crealogix's reporting currency at average exchange rates for the year and the balance sheets are translated at year-end exchange rates as at 30 June. Translation differences arising from the retranslation of the net investment in foreign subsidiaries and of borrowings which hedge such investments are taken to "Translation differences" in shareholders' equity. On disposal of the foreign entity, such translation differences are recognised in the income statement as part of the gain or loss on sale.

2.4 Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, marketable securities, investments, receivables, financial assets, trade payables, leases and borrowings. The methods adopted to measure and account for such assets are disclosed in the individual policy statements associated with each item.

2.5 Impairment of assets

The recoverable amount of an asset is estimated whenever there is an indication that the asset may be impaired.

A value impairment is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the higher of the net selling price and value in use, determined by discounting the future expected cash flows generated by the related asset.

2.6 Revenue recognition

Crealogix generates income from services and from licences. The company focuses on the design and production of highly sophisticated applications in the e-finance, e-learning and mobile business segments. These applications are developed and supported according to the "plan, build and run" principle.

Every single project is accounted for by its own. Crealogix differentiates between two types of contracts:

- a) fixed revenue contracts
 - b) contracts on a fixed hourly rate
-
- a) *Revenue recognition for fixed revenue contracts*

When the outcome of a contract can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion

of the transaction as at the balance sheet date. The stage of completion is measured by reference labour hours incurred to date as a proportion of the estimated total labour hours for each contract. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the enterprise
- the stage of completion of the transaction at the balance sheet date can be measured reliably
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of a contract cannot be estimated reliably:

- revenue is recognised only to the extent of contract costs incurred and if it is probable that such will be recoverable and
- contract costs are recognised as an expense in the period in which they are incurred.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings as at year-end. Where the sum of the costs incurred and recognised profit or loss exceeds the progress billings, the balance is disclosed under "Other short-term receivables" as due from customers on contracts.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognised as an expense.

b) *Revenue recognition for contracts on a fixed hourly rate*

With this type of contract, Crealogix receives an agreed fixed fee per hour of work performed. This fee is intended to cover overall costs in the best possible way.

Revenue associated with such transactions is recognised by reference to hours incurred at the balance sheet date. The total of incurred hours is invoiced on a monthly basis.

2.7 Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash in hand, deposits held at call with banks and investments in money market instruments with an original maturity of 3 months or less, net of bank overdrafts.

2.8 Securities

Securities held for trading purposes are booked at market value. The market value is calculated with reference to Stock Exchange quoted selling prices at the close of business as at the balance sheet date. Increases/decreases in the carrying amount of marketable securities classified as current assets are credited/charged to the income statement.

2.9 Trade accounts receivable

Trade receivables are carried at face value less a specific provision for doubtful accounts. The provision is based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.

2.10 Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any accumulated value impairment. Property and equipment are depreciated over their expected useful lives on a straight-line basis, as follows:

	Years
Furniture	10
Fixtures	10
Office equipment	2
Computer equipment	2
Communication equipment	2
Other office equipment	5
Motor vehicles	5

An item of property and equipment is eliminated from the balance sheet on disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected if it is sold.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement.

Property and equipment which are retired from active use and held for disposal are stated at their carrying amount as at the date when the asset is retired from active use.

2.11 Intangible assets

Expenditure on acquired software licences is capitalised and amortised using the straight-line method over 4 years. The carrying amount of each intangible asset is reviewed annually and adjusted for permanent impairment where it is considered necessary.

2.12 Accounting for leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where Crealogix substantially assumes all the benefits and risks of ownership are classified as finance leases.

2.13 Provision

A provision is recognised when Crealogix has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.14 Employee benefit plans

Crealogix operates a number of defined benefit plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking account of the recommendations of independent qualified actuaries.

The costs of providing retirement benefits under defined benefit plans are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service periods of employees based on an actuarial valuation

of the plans performed by qualified actuaries. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates applicable to corporate bonds which have terms to maturity approximating the terms of the related liability.

A portion of the actuarial gains and losses is recognised as income or expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceeded the greater of:

- a) 10% of the present value of the defined benefit obligation at that date (before deducting plan assets); and
- b) 10% of the fair value of any plan assets at that date.

These limits are calculated and applied separately for each defined benefit plan. The portion of actuarial gains and losses to be recognised for each defined benefit plan is the excess determined as above, divided by the expected average remaining working lives of the employees participating in that plan.

2.15 Deferred income taxes

Deferred income tax is provided on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The currently valid tax rates are used to determine deferred income tax.

Provisions for deferred income taxes are also made in the case of an acquisition, on the difference between the fair values of the net assets acquired and their

tax base. Provision for taxes, mainly withholding taxes arising from the remittance of retained earnings by subsidiaries, is only made if there is a current intention to remit such earnings.

The principal temporary differences arise from depreciation on property, plant and equipment, allowances for bad debts, provisions for pensions and other post retirement benefits. Deferred tax assets relating to unused tax loss carry-forwards are recognised only to the extent that it is probable that future taxable profit will be available to utilise tax loss carry-forwards prior to their expiry.

2.16 Capital increase cost

Costs in connection with capital increases are charged to shareholders' equity.

3. Revenue

All amounts in CHF	July–June 2002/2003	July–June 2001/2002
Net sales services	19,964,808.05	19,679,049.88
Other revenue	3,619,871.06	956,213.60
Total net revenues	23,584,679.11	20,635,263.48

53% (prev. year: 23%) of other revenue came from licence fees and 47% (prev. year: 77%) from revenues earned in the e-learning sector and mobile business.

4. Goods and services purchased

All amounts in CHF	July–June 2002/2003	July–June 2001/2002
Goods purchased	-1,225,107.57	-362,156.61
Services purchased	-2,004,568.46	-711,111.50
Total goods and services purchased	-3,229,676.03	-1,073,268.11

Goods purchased include costs for training materials needed to generate training revenues.

5. Personnel expenses

All amounts in CHF	July–June 2002/2003	July–June 2001/2002
Salaries and wages	-12,780,631.82	-11,040,967.67
Social security costs	-843,590.82	-1,050,294.35
Pension costs – defined benefit plans	-460,000.00	-239,000.00
Other personnel expenses	-727,866.76	-1,132,705.52
Total personnel expenses	-14,812,089.40	-13,462,967.54

Other personnel expenses mainly include human resource recruiting costs, expenses for training, meals and other social events.

6. Other operating expenses

All amounts in CHF	July–June 2002/2003	July–June 2001/2002
Marketing and advertising	-706,101.01	-922,048.82
Rent and maintenance	-1,085,306.88	-1,252,258.46
General and administration expenses	-1,512,057.15	-1,348,802.46
Total other operating expenses	-3,303,465.04	-3,523,109.74

7. Financial income/expense

All amounts in CHF	July–June 2002/2003	July–June 2001/2002
Interest income others	767,064.90	1,089,684.71
Income on marketable securities	34,291.60	45,927.06
Realised gains on foreign exchange and marketable securities	178,527.38	137,502.66
Unrealised gains on foreign exchange and marketable securities	468,330.00	175,412.29
Total financial income	1,448,213.88	1,448,526.72
Interest expenses	-9,974.31	-25,340.88
Other financial expense	-175,360.11	-600.01
Realised losses on foreign exchange and marketable securities	-131,357.20	-187,310.94
Unrealised losses on foreign exchange and marketable securities	-541,442.05	-460,702.00
Total financial expense	-858,133.67	-673,953.83

8. Other current receivables

All amounts in CHF	30 June 2003	30 June 2002
Tax assets	213,926.36	0.00
Other short-term receivables third parties	870,848.54	1,029,607.59
Accruals	25,793.65	25,844.36
Total other receivables	1,110,568.55	1,055,451.95

9. Work in progress/inventory

All amounts in CHF	30 June 2003	30 June 2002
Work in progress (projects)	1,105,207.00	471,413.00
Inventory (training materials)	269,836.00	536,060.00
Total work in progress/inventories	1,375,043.00	1,007,473.00

Work in progress (projects) is valued according to one of the valuation methods described in note 2.6. inventories (training materials) are valued at cost.

10. Property and equipment

All amounts in CHF

July–June 2002/2003	Furniture	Fixtures	Equipment	Motor vehicles	Total
Opening net book amount	1,048,730	388,230	293,436	365,607	2,096,003
Exchange differences	-	-	-	-	-
Additions	55,288	3,685	293,599	54,226	406,798
Disposals	-43,917	-3,717	-	-	-47,634
Depreciation charge	-132,619	-80,352	-401,762	-108,294	-723,027
Closing net book amount	927,482	307,846	185,273	311,539	1,732,140
At 30 June 2003					
Cost	1,308,340	438,687	398,987	538,099	2,684,113
Accumulated depreciation	-380,858	-130,841	-213,714	-226,560	-951,973
Net book amount	927,482	307,846	185,273	311,539	1,732,140
Fire insurance value of fixed assets:					
At 30 June 2003	4,800,000 (VJ: 4,800,000)				

All amounts in CHF

July–June 2001/2002	Furniture	Fixtures	Equipment	Motor vehicles	Total
Opening net book amount	1,165,341	436,559	1,664,033	180,504	3,446,437
Exchange differences	-	-	-1,308	-833	-2,141
Additions	15,704	-	199,698	284,971	500,373
Disposals	-	-	-2,546	-13,000	-15,546
Depreciation charge	-132,315	-48,329	-1,566,441	-86,035	-1,833,120
Closing net book amount	1,048,730	388,230	293,436	365,607	2,096,003
At 30 June 2002					
Cost	1,309,316	483,294	3,640,493	479,982	5,913,085
Accumulated depreciation	-260,586	-95,064	-3,347,057	-114,375	-3,817,082
Net book amount	1,048,730	388,230	293,436	365,607	2,096,003

11. Intangible assets

All amounts in CHF

July–June 2002/2003	Goodwill	Software licenses acquired	Total
Opening net book amount	1,287,765	647,548	1,935,313
Translation differences	-	-	-
Additions	843,323	113,671	956,994
Disposals	-	-	-
Amortization charge	-456,000	-269,041	-725,041
Closing net book amount	1,675,088	492,178	2,167,266

At 30 June 2003

Cost	2,275,088	1,135,725	3,410,813
Accumulated amortization	-600,000	-643,547	-1,243,547
Net book amount	1,675,088	492,178	2,167,266

July–June 2001/2002	Goodwill	Software licenses acquired	Total
Opening net book amount	-	546,807	546,807
Translation differences	-	-653	-653
Additions	1,431,765	319,910	1,751,675
Disposals	-	-	-
Amortization charge	-144,000	-218,516	-362,516
Closing net book amount	1,287,765	647,548	1,935,313

At 30 June 2002

Cost	1,431,765	1,022,054	2,453,819
Accumulated amortization	-144,000	-374,506	-518,506
Net book amount	1,287,765	647,548	1,935,313

12. Financial assets

All amounts in CHF

	Security	Interest rate	Maturity	30 June 2003
Loan third parties	no	3.25%	1.7.2004	220,500.00
Loan employee*	yes	2.25%	Right of 30 days notice	200,000.00
Total financial assets				420,500.00

* There was a loan of 200,000.00 at 30 June 2002 (interest rate 3.25%).

13. Other current liabilities and accruals

All amounts in CHF

	30 June 2003	30 June 2002
Other current liabilities due to third parties	31,912.74	133,226.94
Customer advances	52,645.60	52,645.60
Accrued liabilities	3,594,138.42	2,729,645.38
Total other current liabilities and accruals	3,678,696.76	2,915,517.92

14. Current provisions

All amounts in CHF

	30 June 2003	30 June 2002
Provisions for staff leavings	77,000.00	0.00

15. Non-current liabilities

All amounts in CHF	Security	Interest rate	Maturity	30 June 2003
Borrowings	yes	3.25%	1.7.2004	220,500.00

There are no non-current liabilities at 30 June 2002.

16. Income taxes

All amounts in CHF	July–June 2002/2003	July–June 2001/2002
Current tax	-313,672.80	-339,000.00
Deferred tax	8,000.00	255,000.00
Total tax charge	-305,672.80	-84,000.00

The income tax on Crealogix's profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

All amounts in CHF	July–June 2002/2003	July–June 2001/2002
Profit before tax	1,381,461.31	1,154,855.40
Tax expense	-276,292.26	-205,564.26
Adjustments from previous years	80,619.46	121,564.26
Effect of differing rates	-110,000.00	0.00
Tax charge	-305,672.80	-84,000.00

Further reconciliation items:

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 20.0% (prev. year: 24.4%). The maximum tax rate for cantonal and communal taxes as well as direct federal taxes is 25.1% in the Canton of Zurich.

The movements on the deferred tax account are as follows:

All amounts in CHF	July–June 2002/2003	July–June 2001/2002
At beginning of year	620,000.00	875,000.00
Income statement credit	-8,000.00	-255,000.00
At end of year	612,000.00	620,000.00

Deferred tax assets and liabilities are offset when the income taxes relate to the same fiscal authority. The following amounts are shown in the consolidated balance sheet:

All amounts in CHF	30 June 2003	30 June 2002
Deferred tax assets	0.00	0.00
Deferred tax liabilities	612,000.00	620,000.00

Deferred tax assets are recognised for tax loss carry-forwards only to the extent that realization of the related tax benefit is probable. Crealogix has tax losses of 1,035,431.– to carry forward against future taxable income which have not been recognised in these financial statements due to uncertainty of their recoverability.

Deferred tax assets and liabilities, deferred tax charge/credit in the income statement are attributable to the following items:

All amounts in CHF	30 June 2002	Charged/(credited) to income statement	30 June 2003
Deferred tax liabilities			
Cash and cash equivalents	0	0	
Receivables	100,374	+30,642	131,016
Work in progress/inventories	43,655	-25,668	17,987
Financial assets	140,300	+70,700	211,000
Tangible fixed assets	201,379	-39,350	162,029
Intangible assets	134,292	-44,324	89,968
Non-current liabilities	0	0	0
Set-off of assets and liabilities	0	0	0
Net deferred tax liabilities	620,000	-8,000	612,000

17. Share capital

Since 7 September 2000 there have been 1,070,000 outstanding registered shares in the company. Each of them has a par value of CHF 10 and is fully paid up.

Conditional capital of CHF 2.5 million related to the staff share option scheme, has been in place since 5 September 2000.

Ordinary shares

Twelve months ended 30 June 2003	Number of shares	Ordinary shares	Treasury shares	Total
Opening balance	1,070,000	10,700,000.00	-1,109,487.35	9,590,512.65
Purchase of treasury shares	(-48,873)	0.00	-1,805,889.55	-1,805,889.55
Sales of treasury shares	(26,140)	0.00	887,933.45	887,933.45
Treasury shares used for share option plans	0	0.00	0.00	0.00
Closing balance	1,070,000	10,700,000.00	-2,027,443.45	8,672,556.55

The Crealogix Employee Share Option Plan I, IA and II

Share options are granted to employees and to members of the Board of Directors usually once a year. Granting dates for the options are on the first trading day of the calendar quarter. One option entitles to the right to purchase one share of Crealogix Holding AG at the fixed exercise price.

The exercise price for options under option plan I corresponds to the closing price of a registered share traded on SWX New Market on the day of issue. For options under option plan II the exercise price is increased by 20% from the exercise price for options under option plan I.

Options under option plan I expire 5 years after the granting date. Options under option plan II expire 10 years and 6 months after the granting date.

The taxation arrangements that apply to option plan I change as of 2003 at the instigation of Canton Zurich. Under the new rules, no tax is due on options issued under option plan I until they are exercised. To take account of this change, the old option plan I will now operate as option plan IA and future allocations will be made under the new scheme only.

Employee Share Options

Granted per	Option plan I			Option plan II		
	Expiring per	Outstanding	Exercise price in CHF	Expiring per	Outstanding	Exercise price in CHF
07.09.00	07.09.05	1,652	200.00	07.03.11	18,404	240.00
03.01.01	03.01.06	224	86.00	04.07.11	516	103.00
02.04.01	03.04.06	-	62.50	03.10.11	1,376	75.00
02.07.01	03.07.06	2,820	64.00	03.01.12	26,992	76.80
01.10.01	02.10.06	-	40.00	02.04.12	656	48.00
02.01.02	02.01.07	84	47.00	02.07.12	2,000	56.40
01.07.02	02.07.07	11,316	32.80	03.01.13	42,832	39.35
Total		16,096	-		92,776	-
Option plan IA						
03.01.03	03.01.08	1000	30.00			

A maximum total of 250,000 options may be issued in the five-year period beginning on September 7, 2000. If all options were to be exercised, the share capital would increase by a maximum of CHF 2.5 million from conditional capital. No options have been exercised to date.

There were no changes made in the income statement in connection with the employee share option plans.

18. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

All amounts in CHF	30 June 2003	30 June 2002
Net profit attributable to shareholders	1,075,788.51	1,070,855.40
Weighted average number of ordinary shares outstanding	1,046,532	1,057,454
Basic earnings per share	1.03	1.01

The company has no dilutive potential ordinary shares.

19. Retirement benefit plans

The amounts recognised in the statement of income are as follows:

All amounts in CHF	July–June 2002/2003	July–June 2001/2002
Service cost	818,000	537,000
Interest cost	264,000	84,000
Expected return on plan assets	-297,000	-142,000
Net actuarial loss recognised in year	64,000	0
Net periodic pension cost	849,000	479,000
Employees' contributions	-389,000	-240,000
Net pension expenses for defined benefit plans (note 5)	460,000	239,000

The amounts recognised in the balance sheet are as follows:

All amounts in CHF	30 June 2003	30 June 2002
Defined benefit obligation	-8,066,000	-6,671,000
Fair value of plan assets	7,835,000	5,939,000
Funded status	-231,000	-732,000
Unrecognised asset due to recoverability limit	0	0
Unrecognised actuarial gains/losses	1,286,000	1,307,000
Potential for future reductions of contributions and other measures	1,055,000	575,000

The movement in the pension asset recognised in the balance sheet is as follows:

All amounts in CHF	July–June 2002/2003	July–June 2001/2002
At beginning of year	575,000	700,000
Net pension expenses	-460,000	-240,000
Employer's contributions	940,000	115,000
At end of year	1,055,000	575,000

The actuarial assumptions used were as follows:

In percent	July–June 2002/2003	July–June 2001/2002
Discount rate	4%	4%
Expected net return on plan assets	5%	5%
Average future salary increases	2.5%	2.5%
Future pension increases	1%	1%

Actuarial assumptions will be reviewed as part of the actuarial calculation of pension fund obligations as at June 30, 2004.

20. Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

All amounts in CHF	30 June 2003	30 June 2002
Profit before tax	1,381,461	1,154,855
Adjustments for:		
– Depreciation (note 10)	723,026	1,833,119
– Amortization (note 11)	725,041	362,516
– Interest income (note 7)	-468,330	-175,412
– Interest expense (note 7)	541,442	460,702
– Changes in current provisions	77,000	0
Changes in net working capital	-3,715,186	-2,342,875
Cash generated from operations	-735,546	1,292,906

21. Related party transactions

Crealogix is controlled by Bruno Richle, Richard Dratva, Daniel Hildebrand and Peter Süsstrunk. The following paragraph shows the members of the Board of Directors and the Management Board.

Board of Directors	Management Board
Bruno Richle	Bruno Richle (CEO)
Dr. Richard Dratva	Dr. Richard Dratva
Prof. Dr. Beat Schmid	Dr. Jürg Neck
Dr. Christoph Schmid	Dr. Louis-Paul Wicki

The following transactions were carried out with related parties:

All amounts in CHF	July–June 2002/2003	July–June 2001/2002
Salaries and wages Management Board (4 persons)	-881,604.95	-967,015.00
(Highest remuneration)	(-290,000.00)*	(-318,144.00)

* Additionally, this person received 4,908 CLXN-options.

22. Acquisition of subsidiary

On 13 September 2002 CREALOGIX AG, Bubikon acquired 100% of the share capital of M.I.T. AG, Baar and merged the subsidiary retroactively with effect from 1 July 2002 with its own operations. M.I.T. AG sells hard- and software, especially e-learning solutions. The consideration of CHF 1.00 was settled in cash. The fair value of the identifiable net assets of the company at 1 July 2002 was CHF -843,322. The resulting goodwill of CHF 843,322 will be amortised on a straight line basis over 5 years.

The assets and liabilities arising from the acquisition are as follows (in 1,000 CHF):

Cash	50
Other assets	754
Liabilities	-1,647
Fair value of net assets	-843
Goodwill	843
Total present value of purchase consideration	p.m.

23. Financial instruments

Crealogix has no significant concentrations of credit risk. Cash is placed with financial institutions of good standing. The carrying amounts of the following financial assets and financial liabilities approximate to their fair value: cash and cash equivalents, marketable securities, trade receivables and payables and other receivables and payables.

24. Future payments under non-cancellable agreements

Future minimum payments under non-cancellable tenancy agreements:

All amounts in CHF	30 June 2003	30 June 2002
Not later than 1 year	766,776	1,019,798
Later than 1 year and not later than 5 years	1,102,224	1,819,055
Total future payments	1,869,000	2,838,853

There are no finance lease commitments.

25. Segment information

Primary reporting format – business segment

Crealogix is one of the leading IT and software service providers in Switzerland.

Specializing in the fields of e-finance, e-learning and mobile business, it designs and realizes integrated applications using web technologies.

During the year under review, Crealogix further expanded its e-learning activities to generate 28 percent (around CHF 6.5 million) of total revenues in this sector alone. As the assets and costs associated with these operations have been minimal to date, they have not been charged to this segment.

Secondary reporting format – geographical segments

Since the beginning of activities abroad (Toronto February 2000, Frankfurt January 2001), no other material transactions have taken place which would require any disclosures.

26. Subsequent events

Since the balance sheet date on June 30, 2003 there have been no significant events which impair the information presented in the annual financial statements approved by the Board of Directors on August 25, 2003.

As auditors of the group, we have audited the consolidated financial statements (consolidated income statement, consolidated balance sheet, consolidated statement of changes in shareholders' equity, consolidated cash flow statement and notes to the consolidated financial statements) of CREALOGIX Holding AG, presented on pages 21 to 40 of the annual report, for the year ended 30 June 2003.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements, based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Auditing, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS), and comply with the Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

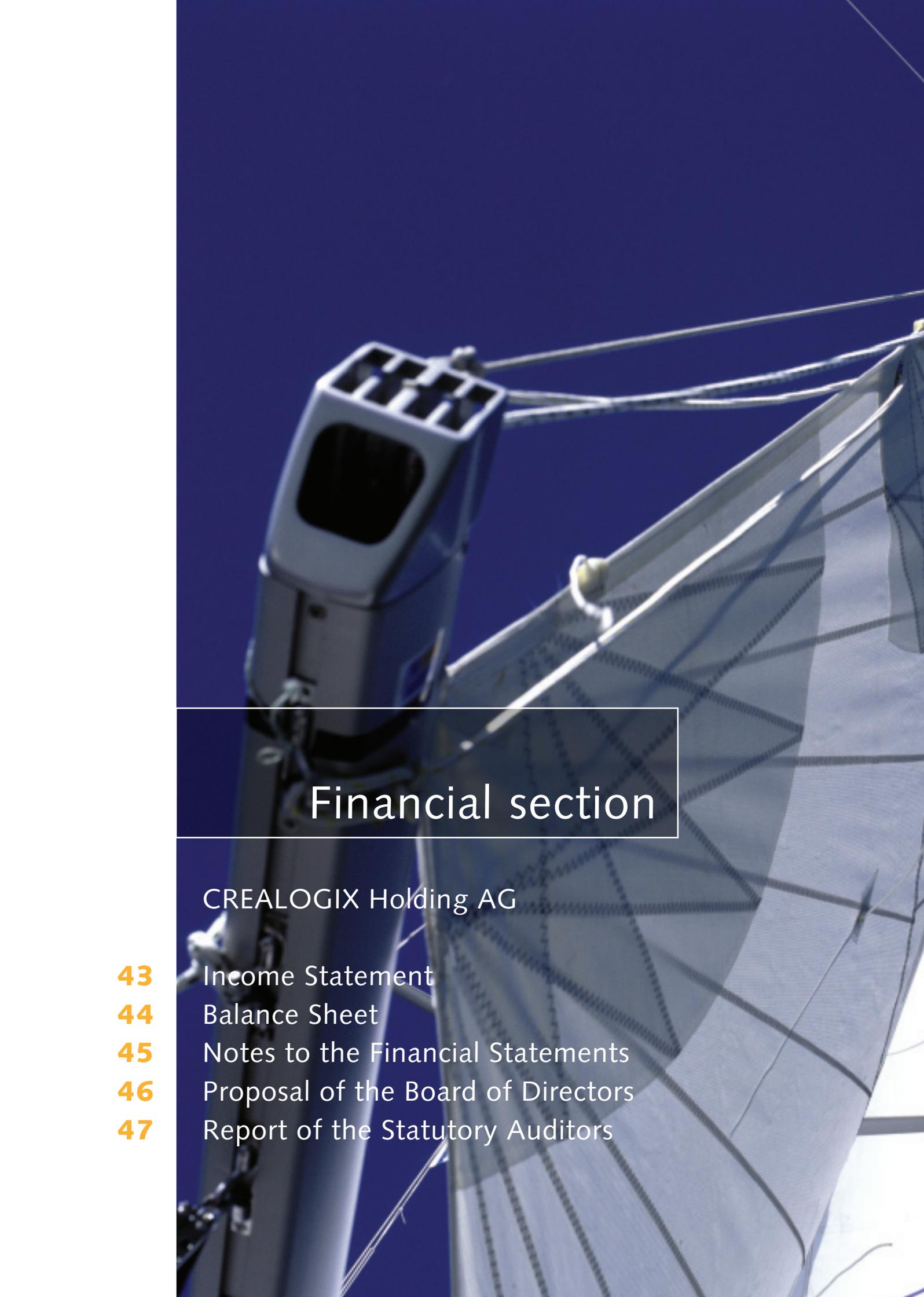


R. Willborn



E. Eichenberger

Zurich, 25 August 2003



Financial section

CREALOGIX Holding AG

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All amounts in CHF	July–June		July–June	
	2002/2003	in %	2001/2002	in %
Other revenue Group	4,388.64	100.0	46,464.80	100.0
TOTAL REVENUE	4,388.64	100.0	46,464.80	100.0
Total goods and services purchased	0.00	0.0	0.00	0.0
CONTRIBUTION MARGIN 1	4,388.64	100.0	46,464.80	100.0
Personnel expenses	-66,457.95	-1,514.3	-89,197.70	-192.0
CONTRIBUTION MARGIN 2	-62,069.31	-1,414.3	-42,732.90	-92.0
Marketing and advertising	0.00	0.0	-13,424.52	-28.9
Insurance and fees	-6,289.00	-143.3	0.00	0.0
Consulting expenses	-95,724.88	-2,181.2	-104,147.33	-224.1
Other operating expenses third	-36,000.00	-820.3	-37,000.00	-79.6
Other operating expenses Group	-422,931.76	-9,637.0	0.00	0.0
Other operating expenses	-560,945.64	-12,781.8	-154,571.85	-332.6
EBIT	-623,014.95	-14,196.1	-197,304.75	-424.6
Financial income	1,704,552.09	38,840.1	1,597,793.97	3,438.7
Financial expense	-793,229.69	-18,074.6	-854,289.27	-1,838.6
Financial result	911,322.40	20,765.5	743,504.70	1,600.1
Extraordinary income/expense	0.00	0.0	0.00	0.0
EARNINGS BEFORE TAXES	288,307.45	6,569.4	546,199.95	1,175.5
Income tax expense	-50,769.05	-1,156.8	0.00	0.0
NET PROFIT for the year	237,538.40	5,412.6	546,199.95	1,175.5

All amounts in CHF

	30 June		30 June	
	2003	in %	2002	in %
ASSETS				
Cash and marketable securities	45,918,623.64	87.4	47,166,908.26	89.7
Other receivables	53,015.80	0.1	63,782.65	0.1
Accounts receivables CREALOGIX AG	833,818.14	1.6	372,082.57	0.7
Accounts receivables CREALOGIX Corp., CA	1.00	0.0	1.00	0.0
Accounts receivables CREALOGIX AG, D	1.00	0.0	550,190.32	1.0
Treasury shares	1,717,088.00	3.3	497,689.50	0.9
Total current assets	48,522,547.58	92.4	48,650,654.30	92.4
Investments	4,015,956.80	7.6	4,015,956.80	7.6
Total non-current assets	4,015,956.80	7.6	4,015,956.80	7.6
Total ASSETS	52,538,504.38	100.0	52,666,611.10	100.0
LIABILITIES AND SHAREHOLDERS' EQUITY				
Trade accounts payable	423,715.16	0.81	314,159.20	0.6
Other current liabilities and accruals	359,415.90	0.68	836,116.98	1.6
Total current liabilities	783,131.06	1.49	1,150,276.18	2.2
Share capital	10,700,000.00	20.37	10,700,000.00	20.3
Share premium	41,674,056.55	79.32	42,590,512.65	80.9
Legal reserves	75,000.00	0.14	75,000.00	0.1
Reserve for treasury shares	2,027,443.45	3.86	1,109,487.35	2.1
Accumulated deficit	-2,721,126.68	-5.18	-2,958,665.08	-5.6
Shareholders' equity	51,755,373.32	98.51	51,516,334.92	97.8
Total LIABILITIES AND SHAREHOLDERS' EQUITY	52,538,504.38	100.0	52,666,611.10	100.0

Investments

Company	Activity	Capital	Interest held
CREALOGIX AG Bubikon, Switzerland	Development, marketing and support of fully integrated large-scale Internet applications	CHF 100,000	100%
CREALOGIX Corp. Toronto, Canada	Development, marketing and support of fully integrated large-scale Internet applications	CAD 100,000	100%
CREALOGIX AG Frankfurt, Germany	Development, marketing and support of fully integrated large-scale Internet applications	EUR 100,000	100%

Treasury shares	Number of shares	Average price CHF	Value CHF
As at 1 July 2002	14,595	34.10	497,689.50
Purchases 2002/2003	48,873	36.95	1,805,889.55
Sales 2002/2003	-26,140	33.97	-887,933.45
Unrealised loss			-301,442.40
As at 30 June 2003	37,328	46.00	1,717,088.00

As at 30 June 2003 the reserve for treasury shares was CHF 2,027,443.35 and is recorded at cost.

Share capital

Since 7 September 2000 there have been 1,070,000 outstanding registered shares in the company. Each of these has a par value of CHF 10 and is fully paid up.

Conditional capital of CHF 2.5 million related to the staff share option scheme, has been in place since 5 September 2000.

Significant shareholders

As at 30 June 2003 the following shareholders had proportions of ownership interests over 5 percent:

Shareholders	Proportion of ownership interest	Number of shares
Bruno Richle	22.64%	242,262
Dr. Richard Dratva	22.30%	238,567
Daniel Hildebrand	15.55%	166,346
Peter Süsstrunk	7.36%	78,760

Proposal of the Board of Directors for appropriation of the accumulated deficit/retained earnings

All amounts in CHF	July–June 2002/2003	July–June 2001/2002
Accumulated retained earnings at the beginning of the financial year	-2,958,665.08	-3,504,865.03
Net profit	237,538.40	546,199.95
Total accumulated deficit	-2,721,126.68	-2,958,665.08
Transfer to legal reserves	0.00	0.00
Accumulated deficit at the end of the financial year	-2,721,126.68	-2,958,665.08

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes) of CREALOGIX Holding AG, presented on pages 43 to 46 of the annual report, for the business year ended 30 June 2003.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements comply with the Swiss law and the company's Articles of Association.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



R. Willborn



E. Eichenberger

Zurich, 25 August 2003



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