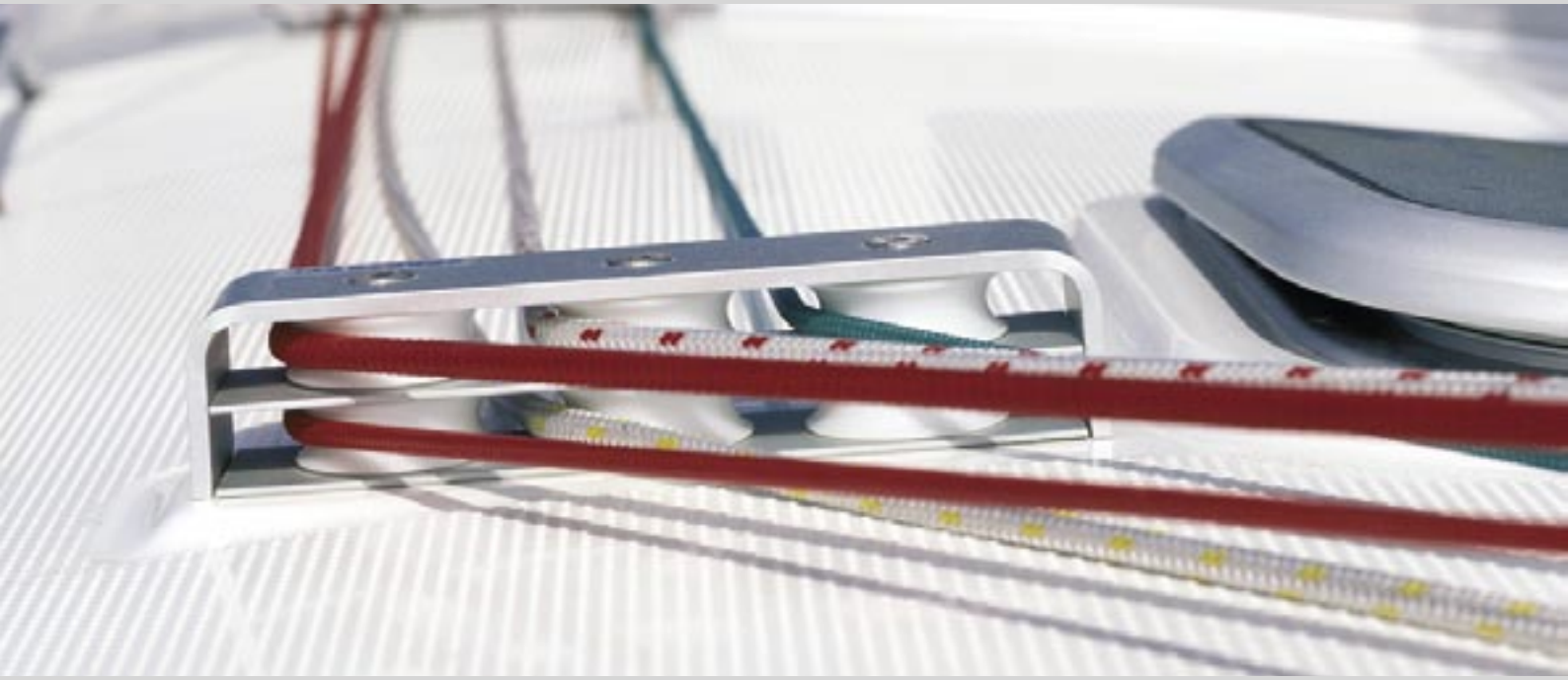
Annual Report CREALOGIX Group



2004/2005

CREALOGIX

Contents

	January–June 2005	January–June 2004	**July–June 2004/2005**	July–June 2003/2004
Revenue	**27,545,407.28**	8,675,213.20	**51,014,353.45**	18,500,414.30
% increase	**217.5**	-29.7	**175.7**	-21.6
Operating earnings before interest, taxes, depreciation and amortisation (EBITDA)	**3,764,935.63**	782,125.84	**5,996,552.09**	1,645,280.85
in % of revenue	**13.7**	9.0	**11.7**	8.9
Operating profit (EBIT)	**1,466,437.25**	80,448.86	**2,819,486.93**	340,369.08
in % of revenue	**5.3**	0.9	**5.5**	1.8
Net profit	**1,694,847.39**	222,700.10	**3,309,908.08**	779,295.25
in % of revenue	**6.2**	2.6	**6.5**	4.2
in % of shareholders' equity	**2.8**	0.4	**5.5**	1.3
Net cash flow from operating activities	**-2,418,279**	-9,713,998	**-2,370,618**	-9,783,837
in % of revenue	**-8.8**	-112.0	**-0.2**	-52.9
Capital expenditures	**-2,706,589**	5,523,302	**5,940,772**	6,180,341
Depreciation, amortisation	**2,298,498.38**	701,676.98	**3,177,065.16**	1,304,911.77
Capacity of persons employed (equivalent to full-time positions)	**225.8**	96.7	**222.9**	100.0
Capacity of freelancers	**35.9**	1.9	**34.1**	2.4
Capacity, incl. freelancers	**261.7**	98.6	**257.0**	102.4
Revenue per person (capacity, incl. freelancers)	**105,255.66**	87,983.91	**198,499.43**	180,668.11
Personnel expenses per person	**66,250.54**	61,885.51	**126,410.76**	123,285.50
Headcount per 30 June			**250**	107
Capacity, June 2005			**231.7**	97.4
Share prices				
High	**69.90**	54.50	**69.90**	62.90
Low	**45.40**	47.25	**41.95**	45.20
Per 30 June			**69.00**	51.50
Market capitalization (in m)				
High	**74.8**	58.3	**74.8**	67.3
Low	**48.6**	50.6	**44.9**	48.4
Market capitalization per 30 June (in m)			**73.8**	55.1
in % of revenue			**144.7**	297.9
in % of shareholders' equity			**119.9**	94.8
Earnings per share – basic	**1.652**	0.217	**3.226**	0.759
Price-earnings ratio (P/E)	**20.9**	118.7	**21.4**	67.8
Shareholders' equity per share			**60.0**	56.6
Price-book-value			**1.2**	0.9

			30 June 2005	30 June 2004
Total assets			**83,621,671.17**	62,263,352.66
Total current assets			**60,649,212.29**	51,633,436.16
Cash and cash equivalents and marketable securities of above			**41,669,776.28**	44,978,373.82
Total current and non-current liabilities			**22,061,896.14**	4,107,861.40
Shareholders' equity			**61,559,775.03**	58,155,491.26
Equity ratio (in %)			**73.6**	93.4

All amounts in CHF

Bruno Richle
Chairman of the Board of Directors and CEO

Dear Shareholders
Dear Colleagues
Dear Business Partners

We are pleased to be able to look back on a successful financial year. Our strategy of „growth through concentration on e-business and ERP software solutions in German-speaking Europe," has proven to be effective. The integration and consolidation of the companies acquired by the CREALOGIX Group has taken centre stage over the last twelve months. Our stated aim was to merge existing fields of activity and access new areas of business. Factoring in these acquisitions, CREALOGIX Group sales experienced a spurt in growth of 175 percent. We are particularly pleased to have managed this considerable advance without major setbacks or extraordinary charges. Moreover, the financial year just ended seems to confirm the economic potential of our strategic focus on e-business and ERP (Enterprise Resource Planning) activities. Our business model also met with acceptance outside Switzerland, as is shown by the gratifying sales figures and current level of demand in Germany and Austria.

Sales and earnings performance

Lifted by the acquisitions made by the Group, consolidated sales rose 175 percent year-on-year to CHF 51.0 million (FY 2003/2004: CHF 18.5 million). At the same time, major improvements were achieved in profitability. In the period under review, we generated an EBIT of CHF 2.8 million and a net profit of CHF 3.3 million. A year ago we had made it our goal to double sales and improve the EBIT margin, a target we subsequently managed to exceed, in part owing to additional organic growth at all operating units.

The positive trend in demand, which began to emerge in the first-half of the review period, continued throughout the year as a whole, leading to marked growth in sales and a gratifying increase in profitability. The Group achieved an EBITDA of CHF 6 million, compared with CHF 1.6 million the previous year. EBIT rose to CHF 2.8 million (FY 2003/2004: 0.34 million), producing an EBIT margin of 5.5 percent (FY 2003/2004: 2.4 percent). Net profit came to CHF 3.3. million (FY 2003/2004: CHF 0.78 million).

Personnel and operating costs

As at 30 June 2005, the CREALOGIX Group employed a workforce of 250. The number of full-time equivalent positions has risen by 123 percent compared with the previous year, mainly owing to acquisitions.

Operating income per full-time employee (incl. freelance positions) increased 10 percent year-on-year to CHF 198,000. Personnel costs per full-time employee stood at CHF 126,000, other operating expenses at CHF 5.7 million.

Market development and positioning

The fiscal year just ended saw the IT market make a slight recovery; however, hourly rates remain at a low level with no sign of an upturn.

Product development

To be able to continuously expand our position, we must round out our service portfolio with software products that will allow us to retain or achieve market leadership in those sectors we are actively developing. For this reason, new and upgraded product development activities are being stepped up within the CREALOGIX Group. The e-business products affected are the „time2learn" training planner, the CYPnet blended learning platform, the Mobile Business Service Platform (MBSP) as well as the hmi.e.banking solution. In the ERP field, the Microsoft Axapta Fashion Transport product and the Evento ERP software for school and course administration are being developed further. To satisfy demand for a smooth interface between ERP and e-business applications, one of the products we are currently developing is a comprehensive web shop that is directly compatible with Microsoft Axapta.

e-business division

The e-business division (CREALOGIX AG, CREALOGIX E-Banking Solutions AG) generated sales of CHF 26.4 million in the financial year just ended, corresponding to a 51.7 percent share of consolidated sales.

Sizeable orders were placed by both existing and new customers. We were thus able to complete a number of new or follow-up projects worth several million Swiss francs for our long-standing clients Credit Suisse, Swiss Post and, in collaboration with Siemens, for the Swiss Air Force.

The CREALOGIX Group's e-banking activities have now been transferred in their entirety to „CREALOGIX E-Banking Solutions AG", a step which had a positive effect on our market position and thus on new client business in this field. We also succeeded in winning the contract for the new online banking solution at Switzerland's Raiffeisen banks in the face of competition from well-known international solution providers and a Swiss consortium.

The following companies are just some of the new customers we have attracted: Ferag AG, Schwyzer Kantonalbank, BBVA Privanza Bank (Suiza) SA, Astag (Swiss Road Transport Association), Fujitsu Siemens Computers GmbH Germany, Klett und Balmer Verlag AG, Schlegel Healthworld and Cornèr Bank.

ERP division

The ERP division (CIRCON Circle Consulting AG, Balzano Informatik AG) posted sales of CHF 24.6 million for the period under review, representing a contribution to total sales of 48.3 percent. The figures for Balzano Informatik AG represent sales for the period from 1 January 2005 to 30 June 2005 only, since the CREALOGIX Group has only held an 80 percent majority interest in the company since January 2005 (previously 40 percent).

In the ERP division, both the Microsoft Axapta Fashion product by CIRCON Circle Consulting AG and the Evento school and course administration software by Balzano Informatik AG performed positively. Axapta Fashion allowed us to win out over competitors such as SAP on several occasions, thus acquiring prominent new clients throughout the entire German-speaking area. This represents a lasting step towards the planned internationalisation of the CREALOGIX Group.

Our school ERP software, Evento, was integrated at several universities of applied sciences in Switzerland over the past twelve months. Today, we are proud to announce that Evento has become the clear market leader in this segment.

Many new customers were acquired in the ERP field too. New Microsoft Axapta clients include the waste disposal authorities of the cities of Berne and Biel/ Bienne, Zingg Transport AG in Hedingen, Studerus Telecom AG and the Weleda group of companies. International customers such as DARTY in Paris, SPORT SERVICE GmbH in Austria, with its Intersport-Eybl and Intersport XL brands, as well as Resch and Frisch, a producer of bakery goods in Austria, also decided in favour of our solutions.

Evento is now being used by the University of Applied Sciences in Chur, the School of Social Work in Zurich, the University of Applied Sciences in Wädenswil, the Juventus Schulen Zurich, the Teacher Training College in Thurgau, the Universities of Applied Sciences in Lucerne and St. Gallen, in addition to 44 high schools and technical colleges in Canton Berne. Moreover, the Gymnase Intercantonal de la Broie in Payerne is the first customer we have acquired in French-speaking Switzerland.

Share price performance

The CREALOGIX share performed satisfactorily in the period under review, advancing by 34 percent, with the price standing at CHF 69.00 as at the balance sheet date on 30 June 2005 (FY 2003/2004: CHF 51.50).

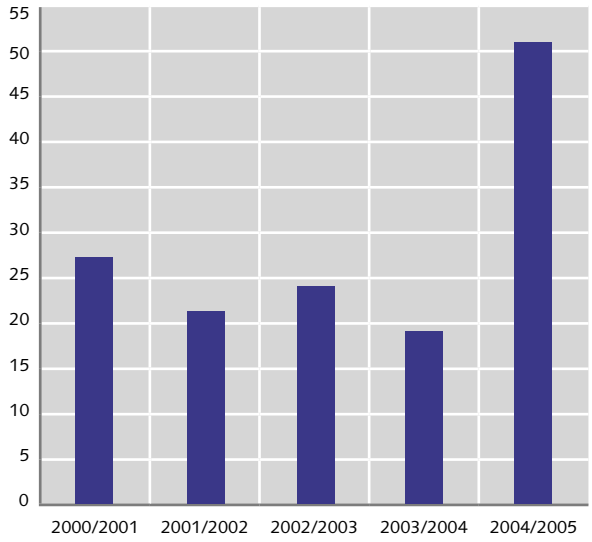
Acknowledgements

On behalf of the Board of Directors and the Group Management, I would like to extend a warm thank you to our workforce for its loyalty, motivation and commitment. My gratitude also goes to our valued customers for their teamwork and their confidence in our services and products.

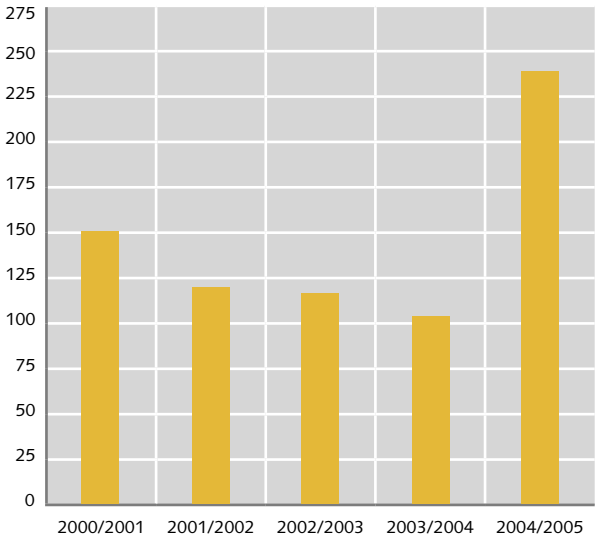
Particular thanks must go to our shareholders, whose financial commitment proves that they too have faith in our know-how potential and the strength of our performance.

Revenue

in CHF million



Capacity of persons employed



Outlook

The CREALOGIX Group remains convinced of the long-term success of its strategy, geared towards growth and focussing on e-business and ERP. On the basis of our current position, size and solid financial base, we are stronger than ever going forward. Despite our most recent acquisitions, we still have excellent liquidity, with cash and cash equivalents and securities totalling CHF 41.7 million, and are thus in a position to actively continue the pursuit of our vision of becoming the Swiss software powerhouse. This means:

- consistently building on our leadership in the selected market segments
- becoming the largest independent software service provider in Switzerland and an established provider in Central Europe;
- maintaining growth, and financially outperforming the industry average

Our goal for the next years is rapid growth, to be achieved both organically and by means of additional acquisitions, accompanied by a further increase in profitability.

The course of business in the 2004/2005 financial year gives us grounds for optimism about the year to come.

Bruno Richle
Chairman of the Board of Directors and CEO

The CREALOGIX Group is one of the few dot-com pioneers not only to have survived the consolidation process, but to have emerged from it stronger than ever before. How do you account for this?

CREALOGIX was quick to realize that e-business entails far more than just web site design. To be sure of a market position that was not only strong, but also sustainable, we lined up the skills and expertise we needed along the entire IT value chain. This of course presupposed a readiness to invest in this particular line of business, which for our employees has meant being constantly under pressure to adapt quickly and add to their personal array of competences. For the management, meanwhile, the transformation process has meant not only plugging any gaps there were in the know-how available, but also enlarging the product portfolio either by in-house development or by acquisitions in line with our strategy of controlled expansion.

Bruno Richle

In other words, our range of products and services has been continuously adapted and diversified. Our first diversification drive in 2002 involved setting up an e-learning unit. This was followed in 2004 by preparing for the merging of e-business with ERP (Enterprise Resource Planning) systems, which by that time was clearly on the cards. At the same time, we were able to make progress towards lowering our production costs by beefing up our first so-called near-shore development location in Prague.

One success factor during the consolidation phase that definitely should not be underestimated is the CREALOGIX Group's management team, which has remained unchanged for several years and can now take pride in an excellent track record.

The CREALOGIX Group still has substantial capital reserves to draw on – both from its IPO and from earnings. How are these resources being used?

As we said in the run-up to the IPO, we intend to use the resources provided by our shareholders to promote further growth. Whereas in the year 2000, the focus was almost exclusively on organic growth, for the past three years, we have grown almost exclusively by virtue of our acquisitions. Now, however, we could certainly envisage a combination of the two. Our goal is still to become a software power house. We want to play an active role in the consolidation of the IT industry and, thanks to our size, to be an attractive partner for such global players such as Microsoft,

Oracle and BEA. Our goal for the coming years is to continue growing both organically and through further acquisitions, while at the same time increasing our profitability.

What acquisitions do you have in mind and when will they take place?

We don't have any major diversification acquisitions planned as yet, although we will probably want to buy one or the other business if only to enhance our e-business and ERP potential.

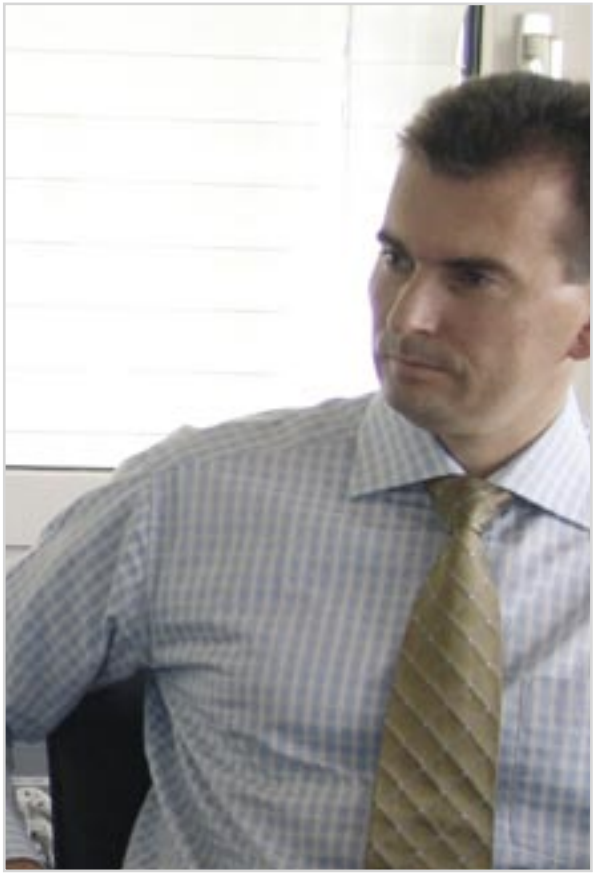
How international is the CREALOGIX Group?

With our majority stake in Circon, we now have a high-growth business that is firmly anchored in both Germany and Austria.

Our goal – at least in the medium term – is to be able to use the CREALOGIX Group's network of branches throughout Central Europe so as to provide all our products and services locally.

The CREALOGIX Group is now better placed than ever before in its history. How do you account for this?

For several years now, we have concentrated hard on achieving a sustainable position along the entire IT value chain. Thanks to our strategic focus, meaning our combination of e-business and ERP, we've not only succeeded in this endeavour, but have become the only provider on the market to offer this array of services. We are therefore ideally placed to combine a corporate view of things (ERP) with a more general view (e-business).



Dr. Richard Dratva

How do you expect the market for ERP and e-business to develop in the coming years?

There can be no doubt that ERP and e-business are becoming increasingly intertwined. Because the CREALOGIX Group has the high-level competence required to provide products and services in both these disciplines, whether individually or in combination, we expect to see lots of opportunities coming our way in future.

Why does ERP complement e-business so well?

ERP plus e-business is the IT model of the future. As companies' core processes and cross-company processes are likely to become increasingly interdependent, confining ourselves to one or the other would not make sense and would actually weaken our market position in the medium term.

So why ERP with Microsoft rather than with one of the other global players?

We believe having Microsoft as a partner will greatly add to our potential for growth. Microsoft is a newcomer to ERP and still has a lot to catch up on. The advantage of this is that it is also willing to invest heavily in this field. Furthermore, the supply side in Europe is not yet in the hands of big Microsoft ERP implementers, as is the case with SAP, for example. Besides, with Circon and Balzano on board, the CREALOGIX Group now has excellent contacts to Microsoft.

Dr. Jürg Neck

Where do you see the greatest potential for strategic development? And are there any fields you do not yet cover, but which might be worth-while?

What we definitely want is to rank among the leaders in all those areas in which we are active. Circon, for example, is the leading provider of Microsoft Axapta ERP solutions in both Switzerland and Austria, while thanks to Evento, Balzano Informatik AG now supplies the standard ERP software for Switzerland's universities of applied sciences. CREALOGIX AG is one of Switzerland's leading suppliers of e-business, mobile business and e-learning, while CREALOGIX E-Banking Solutions AG is likewise a leader in that field.

It goes without saying that there are other fields that would doubtless be worth looking into, both in e-business and in ERP. Our strategic focus is therefore reviewed on a regular basis.

How do things look with regard to the development of new products and upgrading of old ones?

Some fifty employees of the CREALOGIX GROUP – meaning about twenty percent of the workforce – work in software research and development. That shows how important product development is to us. Furthermore, our long-standing collaboration with higher education means that we are on the receiving end of a constant flow of innovative new ideas, many of which find their way into our products.

Does that mean the CREALOGIX Group is more of a product supplier?

No, it does not. Services still account for around seventy percent of our revenue. But compared with 2000, which was the year of our IPO, our income from licences and recurrent earnings has

risen sharply and now makes up thirty percent of our sales. Just five years ago, almost all our sales were the result of project work.

Since your IPO, you have had to integrate quite a few acquisitions. How well have they become integrated and what kind of measures do you have planned to further the integration process?

We tackle this by trying to preserve and promote the companies that join the group instead of destabilizing them with over-ambitious integration projects. What this means in practice is acting as each situation demands and forging ahead with integration only to the extent that this makes sense from the point of view of both the market and our employees. For integration to be successful, there has to be mutual trust. After all, the key factor is people's feelings – both those of our clients and those of our staff.

What sales, EBIT and EBIT margin targets has the CREALOGIX Group set itself for fiscal 2005/2006?

We have budgeted for yet another increase in sales plus an improved EBIT margin.

How does CREALOGIX intend to make its stock more appealing to investors?

A corporation needs trust the way we need air to breathe, which is why it's so important that we keep our promises. Having repeatedly told our investors we would use the money from our IPO to promote growth, this is exactly what we have done, as the trade press has since confirmed.

We are still firmly convinced that the CREALOGIX Group has tremendous potential for growth. By purposefully re-investing our earnings in corporate growth, therefore, we hope to make our stock look more attractive to investors than would be the case

Dr. Louis-Paul Wicki

if we drained the company of capital by paying out dividends. That this is the right way to go is evident from the prices at which CREALOGIX stock is now traded.

Another factor influencing the attractiveness of our stock is of course the transparency of our reporting. In December 2003, the University of Zurich conducted a survey among 265 listed companies to ascertain how much of the information required for good corporate governance is actually provided. CREALOGIX was awarded top marks and ranked among the Top 10.

„NO MATTER WHERE IN THE WORLD WE OPEN A NEW SUBSIDIARY, THANKS TO 'GLOBE' IT CAN GET DOWN TO BUSINESS RIGHT AWAY."

Why did you choose Crealogix as a partner?

Crealogix has extensive know-how and a reassuring size. We need partners that act promptly and keep pace, that are innovative, technically adaptable and versatile. Further important factors for us are full service and the ability to procure all our IT services from one source, together with the resulting synergies.

Swiss Post International and Crealogix both have their roots in Switzerland. We therefore think along the same lines and speak the same language in terms of how we do things and define our processes. An international outlook, customer proximity, productivity and efficiency are all decisive factors when it comes to selecting a partner. Crealogix can grow in line with our needs, is a listed company and hence suitable for a long-term partnership.

What does your „Globe" platform actually entail?

„Globe" (short for Global Logistics and Business Environment) is an ASP platform for handling incoming orders, including offers and quotations, order processing and invoicing on the international mail market. It is a complex solution that covers most of our foreign branches too. „Globe" is also an information system: Our partners' transactions are all visible to us just one day later. The simple, user-friendly approach makes for fast and straight-forward processing without any disruptions, despite web involvement. „Globe" is based on J2EE technology, which has already shown its worth inasmuch as the platform has so far proved to be very stable.

Which factors have to be taken into account when introducing such a platform?

Well the technology for one thing: We cannot afford to run any big risks, but at the same time we have to be both fast and innovative. The platform also has to be acceptable to those who use it, and this is where our team of specialists who advise and support our various branches comes in. Fortunately, in most cases, it is simply a question of learning by doing, as the system is to a large extent self-explanatory.

And what happens next?

The next job on the list for our „Globe" partners is the Customer Edition, which will give customers online access to all the available information there is on orders, offers and such like. The Customer Logistics Information Center is due to complete part one of this in June of this year and part two will follow in the autumn. Our other goals include providing our foreign branches with additional solutions such as „SwissPostCard" and „Press Packing and Addressing."

How do you rate your collaboration with Crealogix?

Very good indeed! We were in touch with so many people on so many different levels and always felt that our needs and concerns were understood and taken seriously. We would not have got as far as this without Crealogix.

„We would not have got as far as this without Crealogix."
Fabrizio Simona, Information Technology

„We need partners that act promptly and ... are innovative."
André Gerster, Manager Information Technology

CIRCON REPLACED THE EXISTING SOFTWARE MODULES AT VÖGELE-SHOES WITH A MICROSOFT AXAPTA ERP SOLUTION. THE NEW ERP SOLUTION HAS MADE FOR MORE ACCURATE PLANNING AND PURCHASING AND OPTIMIZED SALES.

Mr Vögele, how long have you been using electronic platforms for process optimization?

We've adopted all the latest developments over the years. As many of these innovations affected only certain areas, however, we eventually had more than 100 different software modules that were compatible only up to a point. We had been looking for a standardized solution for several years and, until Circon came along, had resigned ourselves to the fact that no such solution existed.

Thanks to Circon, you now have a customized Axapta based ERP solution. Are you happy with this?

Very much so. Our project manager Robert Cseri worked extremely hard, so much so that our Uznach base was like a second home to him for a while. Our cooperation with Circon was and still is very good. Integrating the ERP system was a complicated task, but actually went very smoothly.

Mr Bertschinger, which phase of the project was the most challenging in your view?

As our goal was to have online access to the numbers, value and location of all our items on stock, certain processes had to be reprogrammed. As this had to be done without disrupting our day-to-day business operations, that particular phase of the project proved a very challenging six months for all those involved.

What are the salient characteristics of your ERP solution?

Its combination of fashion and retail. Axapta covers all purchasing, logistics, distribution and incoming order processes. The fashion and retail modules were adapted to our needs so that they can now handle the distribution of between 1,500 and 2,000 models every season to our 350 branches, each of which has its own special requirements, depending on whether it is located up in the mountains or in a city.

Did the new ERP system trigger any changes in your internal processes?

Yes, it did, especially in purchasing. Because we can now track articles with far greater accuracy than before, we have a much better idea of what we really need. We hope this will result in a higher turnover of stock and lower write-offs. The market is saturated and only by lowering costs is it possible, as a rule, to make or even increase profits.

„Integrating the ERP System was a complicated task, but actually went very smoothly." Max Manuel Vögele, CEO and Chairman of the Board of Directors

„Our goal was cross-border networking and expansion into still more countries." Max Bertschinger, Head of Finance and IT

WHEN BANK LINTH NEEDED A PLATFORM OF ITS OWN, IT TURNED TO CREALOGIX E-BANKING SOLUTIONS AS A PARTNER IT KNEW WAS COMPETENT AND RELIABLE. THE NEW SOLUTION HAS BEEN IN PLACE SINCE MID-2004.

Mr Eichler, Bank Linth's new e-banking solution has been up and running since mid-2004. Are you happy with it?

In the spring of 2004, Bank Linth migrated its entire IT to the total banking software from Avaloq Evolution AG. The nine-month timeframe earmarked for this job was extremely tight, especially when it came to the exchange of data for the e-banking solution provided by CREALOGIX E-Banking Solutions, one of the main attractions of which is the fact that it can be fully integrated in Avaloq. Thanks to our excellent cooperation with CREALOGIX E-Banking Solutions, what few problems did arise were soon solved. We are now completely satisfied with the new software.

What are the advantages of this new platform for you?

The new e-banking platform is an ideal solution both for us and for our clients. It is more modern and user-friendly.

Which factors have to be taken into account if an e-banking solution is to be introduced successfully?

It is important to leave plenty of time for proper testing, especially if e-banking is to be integrated in the total banking software. E-banking overlaps with lots of other IT areas, so it is vital that these are understood and respected and that everyone pulls together. In this respect, our experience with CREALOGIX E-Banking Solutions proved very positive.

What are the most important features of your new e-banking solution?

Our relaunch in mid-July 2005 naturally affected our website too. Since then, Linth Banking has been an integral part of our Internet presence. The most important feature is the fact that our e-banking is now directly integrated in our Avaloq core banking system. Thanks to Avaloq, transactions can now be initiated and booked in real time – meaning more or less instantaneously.

Which goals were you actually pursuing when you introduced this new e-banking system?

Bank Linth is an all-round regional bank that provides its clientele with a wide range of products and services. These naturally include e-banking, although the exact nature of this sales channel has yet to be defined. Fortunately, CREALOGIX E-Banking Solutions is flexible enough for there to be a number of options open to us. That means we can at least be sure of obtaining innovative and reliable solutions as and when we need them.

„We are now completely satisfied with the new software."
Thomas Eichler, CEO

A JOINT COMPUTING CENTER, COMMUNICATIONS INFRASTRUCTURE AND JOINT ORGANIZATION FOR GRAMMAR SCHOOLS AND VOCATIONAL SCHOOLS IN THE CANTON OF BERNE.

Mr Zanetti, perhaps you could tell me what your VITSEKII project is all about?

VITSEKII is a large project with numerous subprojects, the primary aim of which is to set up a joint computing centre, communications infrastructure and a joint organization for all grammar schools and vocational schools in the Canton of Berne. As one of the aforementioned subprojects, the Evento project was initiated with the aim of providing all 44 grammar schools and vocational schools in the Canton of Berne with a standardized software solution for school administration.

The project began in 2003. Which phase are you in now?

We're in a critical phase right now: On 1 March 2005, Evento was installed at just ten schools to start with and these schools have since then been using it to collect data and to generate, print and distribute timetables. When the new school year begins, two large user groups, meaning school administrators and teaching staff, will begin using Evento for their daily work. Between August 2005 and August 2006, Evento is to be installed in another 20 schools, followed by the remaining 14 schools in 2007 at the very latest.

Which aspects of school administration does Evento actually cover?

Most schools will work with the applications „Evento Office“ and „Evento Web.“ The first of these will enable them to administer pupil, class and semester data, to keep records of grades and absences and to handle all the billing. „Evento Web“ was created for teaching staff, who will henceforth be able to record grades and update class lists on the Internet. In addition to these two modules, some schools will also use „Evento Planner“ for the automatic generation of timetables.

How many people in secondary education will work with Evento eventually and how is its introduction being organized?

We are talking here about some 650 administrators and some 6,000 teachers who will eventually work with Evento.

Right at the start of the project, every one of the 44 schools affected was asked to appoint a trainer to show his or her colleagues how to use the software. The trainers themselves are being trained by the Competence Centre, which is part of the Education Directorate.

The schools were involved in the selection of suitable software right from the start. What made them opt for Evento, which after all had not yet been used at secondary level?

When this project was put out to tender, we received thirteen bids in all. The only one of these that met our catalogue of specifications in its entirety was Evento, which was also the one that offered the greatest degree of independence from suppliers.

And how would you describe your cooperation with the suppliers?

Relaxed, frank and open! We worked together more like partners than like supplier and customer. All the relevant deadlines were met and we could always rely on sound results. We are highly satisfied!

„Working together for shared goals“ – Frank Zanetti, the man in charge of the Evento subproject at the Education Directorate of Canton Berne.

CREALOGIX AG

Dr. Louis-Paul Wicki
CEO

Where do you identify synergies with other CREALOGIX Group companies? How are they exploited?
Potential synergies are tapped into on the marketing side through common product developments and increasingly closer cooperation in the areas of marketing and project work. At the support function level, we conduct selected integration projects.

CIRCON Circle Consulting AG

Franz Coester
CEO

How do you see the market developing in the ERP sector?
The ERP business is characterized by standardization and concentration on a few internationally available standard products. With its focus and expertise on Microsoft Axapta, Circon is optimally positioned and is confident in terms of market development.

CREALOGIX E-Banking Solutions AG

Walter Meister
Co-CEO

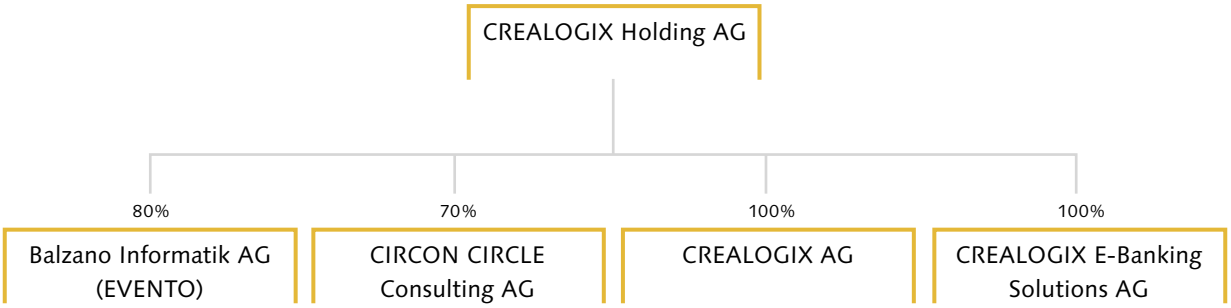
What does it mean for your area of business to be part of the CREALOGIX Group?
The range of services provided by CREALOGIX AG in the portals, mobile business and e-learning segments ideally complements our „hmi.e.banking" product and enables us to offer our clients comprehensive solutions.

Balzano Informatik AG

René Balzano
CEO

How do you see Evento's market developing?
Going forward we no longer see our business limited just to the Swiss market. We have lately been receiving more and more inquiries from universities and colleges in Germany.

Summary of 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 capitalisation as at 30 June 2005 stood at CHF 73.8 million. A detailed list of CREALOGIX Holding AG's shareholdings in its various subsidiaries is given on page 7 of the financial report (scope of consolidation as at 30 June 2005).

Significant Shareholders

As at June 2005, the following shareholders each held more than 5 percent of voting rights:

Shareholder	Share of votes	No. of Shares
Bruno Richle	22.63 %	242,168
Dr. Richard Dratva	22.30 %	238,567
Daniel Hiltebrand	15.56 %	166,477
Peter Süsstrunk	7.20 %	77,000
Chase Nominees Ltd / Schroders	5.21 %	55,764

The first four of the shareholders named (founder shareholders) have concluded a shareholder pooling agreement. Under the terms of this agreement they undertake to jointly exercise their voting rights in all substantive items of business transacted at the Annual General Meeting of CREALOGIX Holding AG. (Pooled voting) Upon sale of shares in the company to a third party by a founding shareholder, the other founding shareholders have the right of first refusal at the conditions offered by the third party. (Pre-emptive right)

In the event of the sale of at least 30 percent of the share capital of the company to a third party by two or three founding shareholders, the remaining founder shareholders are entitled to request that their shares be simultaneously tendered for sale at the same conditions. (Take along)

Capital structure

As of 30 June 2005, 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
Authorised capital	CHF 3,000,000 divided into 300,000 registered shares with a nominal value of CHF 10 each; may be issued up to 30 September 2005
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 28 and 29 of the financial report.

Capital changes

The capital changes of the past three years are listed on page 5 of the financial report.

Equity capital

As at 30 June 2005, CREALOGIX Holding AG had issued 1,070,000 fully paid-up registered shares with a nominal value of CHF 10 each.

As at 30 June 2005, CREALOGIX Holding AG held 43,703 shares, or 4.1 percent, as treasury stock. One registered share entitles the holder to one vote at the Annual General Meeting (the one share, one vote principle).

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.

Dividend entitlement

All shares carry a dividend entitlement. The dividend policy is described on page 24 of the annual report and on page 32 of the financial report.

Stock options

The CREALOGIX Group has three stock option plans for the employees and the directors of the CREALOGIX Group, details of which can be found on page 28 of the financial report.

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.

Board of Directors	Member since	Elected until
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 Aero space in Montreal, Canada. 1990–1996 member of the Executive Board and Technical Director at Teleinform AG. 1996 co-founder of CREALOGIX AG. Other directorships: CREALOGIX AG, CREALOGIX E-Banking Solutions AG, CIRCON Circle Consulting AG, CSB Holding AG, Balzano Informatik AG	1996	AGM 2006
Richard Dratva, Vice Chairman (1964), Dr. oec. HSG, Swiss citizen Chief Strategy Officer of CREALOGIX Holding AG 1987–1991 Internal consultant at Swiss Bank Corporation (now UBS AG), 1992–1994 Research assistant at the Institute for Information Management, University of St. Gallen. 1995-1996 Consultant at Teleinform AG, 1996 co-founder of CREALOGIX AG. Other directorships: X8X Process Solutions AG, Zurich	1996	AGM 2006
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 Mana-gement 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. Other directorships: Abraxas Informatik AG, St.Gallen, Zurich.	2001	AGM 2007
Christoph Schmid, member (1954), Dr. iur. and attorney-at-law, Swiss citizen Began his professional career in the legal department at Ringier AG in Zurich, before serving as an articled clerk and court clerk at the district court of Meilen and then becoming a lawyer with the firm of Arnold & Porter in Washington D.C. In 1986 he joined Wenger & Vieli in Zurich as a lawyer. Current position: Dr. iur and attorney, partner at Wenger & Vieli attorneys-at-Law in Zurich. Other directorships: Robert Bosch Internationale Beteiligungen AG, KWC AG, Kessler & Co AG, EBS Service Company Limited and 5 E Holding AG, Zug as Chairman of the Board.	2000	AGM 2006

Bruno Richle

Dr. Richard Dratva

Prof. Dr. Beat Schmid

Dr. Christoph Schmid

Duties and responsibilities

The Board of Directors meets as often as business requires, but at least four times a year. In the 2004/2005 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 organisational 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.

The Annual Report was adopted at the meeting of the Board of Directors on 12 September 2005.

Committees

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

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. They are supported by the advising member Jean-Claude Philipona, CEO/CFO advaltech Holding AG. The Audit Committee generally meets twice a year. It held two sessions in the 2004/2005 financial year.

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: Prof. Dr. Beat Schmid, Dr. Christoph Schmid and Dr. Richard Dratva. The Compensation Committee generally meets once a year. It held one session in the 2004/2005 financial year.

Definition of responsibilities and vehicles of information

Where permitted by law and the Articles of Association, the Board of Directors transfers all management res-ponsibilities to the Management (also known as the „Executive Group Management").

In respect of the operational organisation and management of the CREALOGIX Group, the Management is particularly entrusted with the following tasks:

a) supervising ongoing business;
b) maintaining the accounts and drawing up the budget;
c) determining the managerial organisation of the Executive Group Management and the Managements of the Group companies;
d) appointing and dismissing members of staff, unless this is reserved to the Board of Directors;
e) preparing and implementing the resolutions and directives of the Board of Directors;
f) elaborating the bases for decision-making to be referred to the Board of Directors regarding significant investments, cooperations, etc.;
g) submitting reports on business activities to the Board of Directors;
h) complying with and meeting the publication obligations under stock exchange law, having first informed the Board of Directors

The Management informs the members of the Board of Directors without delay by telephone or in writing of extraordinary events or procedures (such as changes to areas of business, loss of a major client, resignation of a member of the Management, etc.), which are of major significance to the course of business of the CREALOGIX Group.

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

The 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 Holding

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

Dr. Jürg Neck

Jürg Neck (1953), Dr. oec. publ., Swiss citizen
Chief Financial Officer of the CREALOGIX Group
Dr. Jürg Neck is Chief Financial Officer and member of the Executive Group Management. He joined Crealogix in early 2000 to strengthen the company's financial team. After studying economics at the University of Zurich, he gained a doctorate for his work on exchange rates and monopolistic import goods markets. Mr Neck has many years of experience in the financial sector, having worked at Citibank from 1983-1985 and at Credit Suisse from 1985-1989. He then went on to work as a freelance business consultant, specializing in the realization of strategy and BPR projects. In 1991 he set up the fiduciary company CTX Codex Treuhand and Consulting AG in Zurich, together with a partner, where he handled accounting, auditing and corporate consulting mandates. Jürg Neck is Chairman of the Board of Directors of CTC Codex und Consulting AG and a member of the Board of Directors of CREALOGIX AG, Bubikon.

Dr. Louis-Paul Wicki

Louis-Paul Wicki (1963),Dr. oec. HSG, Swiss citizen
Chief Executive Officer of the CREALOGIX AG
Dr. Louis-Paul Wicki is CEO and Member of the Board of Directors of Crealogix AG as well as Member of the Management of the Crealogix Group, having joined Crealogix in July 2000.
Mr Wicki studied at the University of St. Gallen, where he also later earned his doctorate. After graduating he worked at Digital Equipment (DEC) from 1989 to 1992, where he developed software for financial institutions after the DEC College. Louis-Paul Wicki worked at the Institute of Information Management at the University of St. Gallen from 1992 to 1995 and earned his doctorate with a thesis entitled „Bank-wide added value potential of an information platform", written in close cooperation with Zürcher Kantonalbank. From 1996 to 2000 Mr Wicki worked at the St. Gallen Consulting Group (SCG), where he was appointed a Member Of Executive Management in 1999.

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

Management agreements

No management agreements have been entered into.

Compensation, shareholdings and loans to members of the Board of Directors and 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. The Directors' fees and the target salaries of the Management members are determined on an annual basis. In addition, there is a bonus arrangement in place for all members of staff, including the Management.

The allotment of employee stock options is effected by the Board of Directors at the request of the Compensation Committee in accordance with the provisions governing employee stock option plans.

The criteria for the allotment of options are rank (junior, regular, senior, etc.) plus an assessment of potential in relation to leadership, team spirit and motivation.

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 37 of the financial report. The non- executive members of the Board of Directors received compensation totalling CHF 40,000.

Allotment of shares in the year under review

In the 2004/2005 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 2005, the executive members of the Board of Directors and the members of Management together held a total of 481,435 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 2005, the executive members of the Board of Directors and the members of Management together held a total of 48,724 stock options. The non-executive members of the Board of Directors together held a total of 5,216 stock options.

Options awarded to executive BoD members and management

Date	No. Plan I	No. Plan Ia	No. Plan II	Excersise Prise
7.9.2000			2600	240.00
2.7.2001	2440			64.00
2.7.2001			2148	76.80
1.7.2002	8589			32.80
1.7.2002			4511	39.35
3.7.2003		3356		46.00
1.7.2004		15920		50.90
3.1.2005		9160		47.00
Total	**11029**	**28436**	**9259**	

Options awarded to non-executive BoD members

Date	No. Plan I	No. Plan Ia	No. Plan II	Excersise Prise
7.9.2000			160	240.00
1.7.2002	1000			32.80
3.7.2003		1000		46.00
1.7.2004		1600		50.90
3.1.2005		1456		47.00
Total	**1000**	**4056**	**160**	

Other fees and remuneration

In the 2004/2005 financial year, the fees paid for legal advice from Wenger & Vieli (Board member Dr. Christoph Schmid) amounted to CHF 10,433.

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 37 of the financial report.

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.

There are no restrictions on voting rights. Every shareholder can have their shares represented at the Annual General Meeting by another shareholder in possession of a written power of attorney, by CREALOGIX Holding AG as the representative of the company's governing bodies or by an independent proxy appointed by the company.

The memorandum and articles of association of CREALOGIX Holding AG do not provide for any special quora which go beyond the provisions of Swiss company law.

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 (33⅓ 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 2000/2001 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 2004/2005 financial year PricewaterhouseCoopers received fees of CHF 176,256 for auditing and CHF 21,850 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 H1 reporting, 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:

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Chairman of the Board of Directors and CEO
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Dr. Jürg Neck
CFO
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juerg.neck@crealogix.com

Key figures – shares

Share capital	10,070,000
Total number of shares in circulation	1,070,000
of which publicly held	345,788
in %	32.32
Net assets per share in CHF	60.00
Earnings per share in CHF – undiluted	3.226
Share price in CHF	
30 June 2005	69.00
High (13.6.2005)	69.90
Low (21.12.2004)	41.95
Issue price (7.9.2000)	200.00
Market capitalisation in CHF m	
30 June 2005	73.83
High (13.6.2005)	74.79
Low (21.12.2004)	44.89
Issue price (7.9.2000)	214.00
Market capitalisation (30 June 2005)	
in % of revenue	144.70
in % of shareholders' equity	119.90
Price-earnings ratio (P/E)	21.40
Trading volume in CHF m	
1.7.2004 to 30.6.2005	11.14

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 Swiss Exchange under security ID number 1111570.

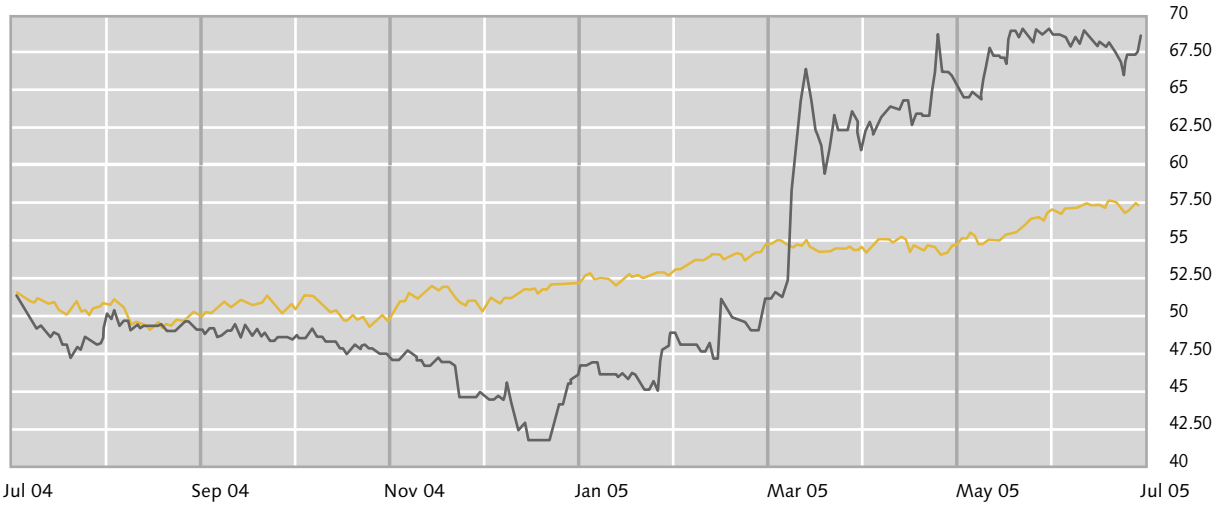
Ticker-symbols	
Telekurs	CLXN
Reuters	CLXZn. S
Bloomberg	CLXN SW

Dividend policy

The Board of Directors will propose to the Annual General Meeting that no dividends be paid for the annual year 2004/2005. The general strategy is for profits to be reinvested in the company's expansion plans.

Price movements, 1 July 2004 to 1 July 2005

All amounts in CHF



Symbol	Period High	Period Low	Period Change (%)
CLXN	69.90	41.95	18.10 (35.56 %)
SXGE	4,783.87	3,900.32	579.35 (13.88 %)

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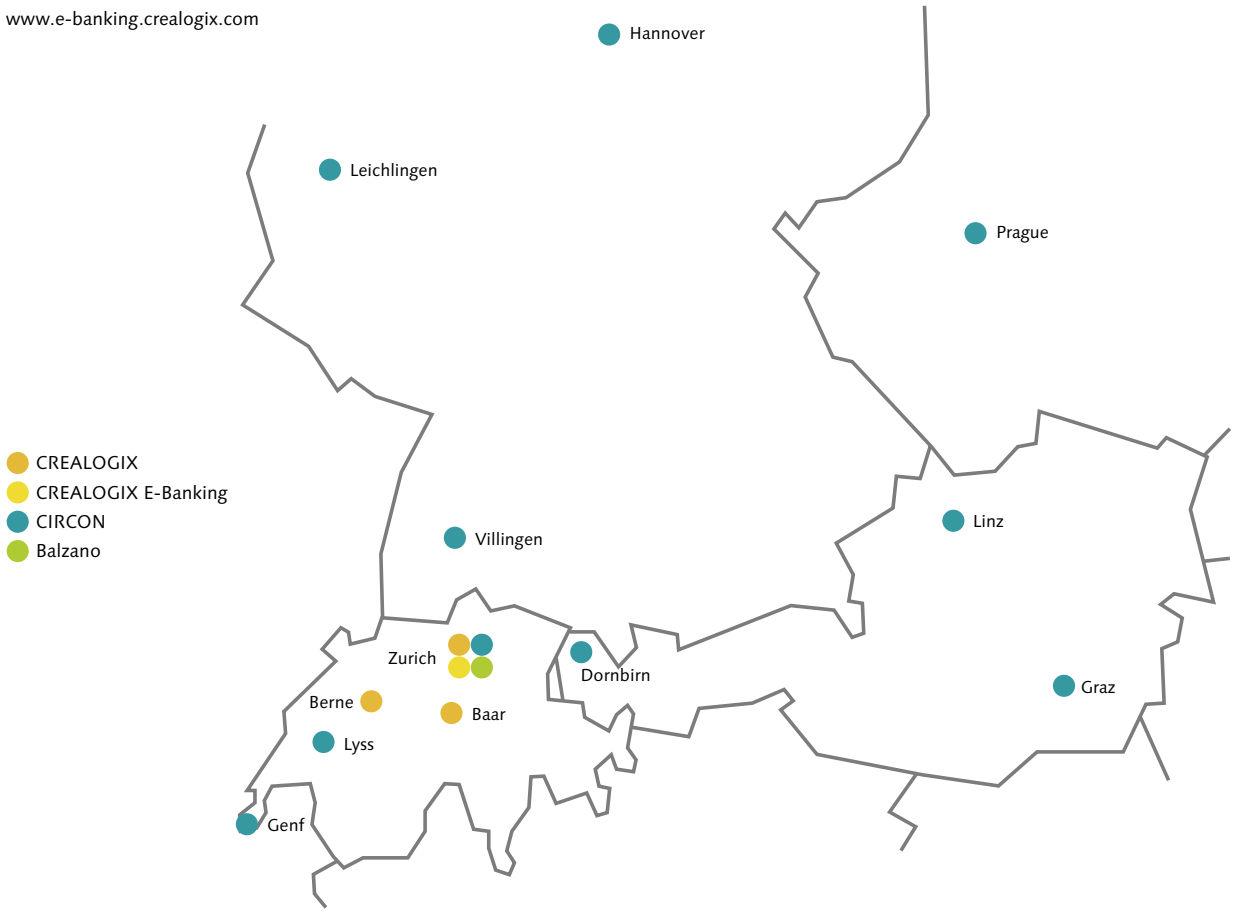

CREALOGiX

Financial Report CREALOGIX Group

2004/2005

Contents

CREALOGIX

	January–June 2005	January–June 2004	**July–June 2004/2005**	July–June 2003/2004
Revenue	**27,545,407.28**	8,675,213.20	**51,014,353.45**	18,500,414.30
% increase	**217.5**	-29.7	**175.7**	-21.6
Operating earnings before interest, taxes, depreciation and amortisation (EBITDA)	**3,764,935.63**	782,125.84	**5,996,552.09**	1,645,280.85
in % of revenue	**13.7**	9.0	**11.7**	8.9
Operating profit (EBIT)	**1,466,437.25**	80,448.86	**2,819,486.93**	340,369.08
in % of revenue	**5.3**	0.9	**5.5**	1.8
Net profit	**1,694,847.39**	222,700.10	**3,309,908.08**	779,295.25
in % of revenue	**6.2**	2.6	**6.5**	4.2
in % of shareholders' equity	**2.8**	0.4	**5.5**	1.3
Net cash flow from operating activities	**-2,418,279**	-9,713,998	**-2,370,618**	-9,783,837
in % of revenue	**-8.8**	-112.0	**-0.2**	-52.9
Capital expenditures	**-2,706,589**	5,523,302	**5,940,772**	6,180,341
Depreciation, amortisation	**2,298,498.38**	701,676.98	**3,177,065.16**	1,304,911.77
Capacity of persons employed (equivalent to full-time positions)	**225.8**	96.7	**222.9**	100.0
Capacity of freelancers	**35.9**	1.9	**34.1**	2.4
Capacity, incl. freelancers	**261.7**	98.6	**257.0**	102.4
Revenue per person (capacity, incl. freelancers)	**105,255.66**	87,983.91	**198,499.43**	180,668.11
Personnel expenses per person	**66,250.54**	61,885.51	**126,410.76**	123,285.50
Headcount per 30 June			**250**	107
Capacity, June 2005			**231.7**	97.4
Share prices				
High	**69.90**	54.50	**69.90**	62.90
Low	**45.40**	47.25	**41.95**	45.20
Per 30 June			**69.00**	51.50
Market capitalization (in m)				
High	**74.8**	58.3	**74.8**	67.3
Low	**48.6**	50.6	**44.9**	48.4
Market capitalization per 30 June (in m)			**73.8**	55.1
in % of revenue			**144.7**	297.9
in % of shareholders' equity			**119.9**	94.8
Earnings per share – basic	**1.652**	0.217	**3.226**	0.759
Price-earnings ratio (P/E)	**20.9**	118.7	**21.4**	67.8
Shareholders' equity per share			**60.0**	56.6
Price-book-value			**1.2**	0.9

			30 June 2005	30 June 2004
Total assets			**83,621,671.17**	62,263,352.66
Total current assets			**60,649,212.29**	51,633,436.16
Cash and cash equivalents and marketable securities of above			**41,669,776.28**	44,978,373.82
Total current and non-current liabilities			**22,061,896.14**	4,107,861.40
Shareholders' equity			**61,559,775.03**	58,155,491.26
Equity ratio (in %)			**73.6**	93.4

All amounts in CHF

Consolidated Balance Sheet

CREALOGIX Group

	Notes	30 June 2005	in %	30 June 2004	in %
A S S E T S					
Currrent assets					
Cash and cash equivalents	6	**19,820,359.16**		29,031,355.54	
Marketable securities	7	**21,849,417.12**		15,947,018.28	
Trade and other receivables	8	**15,186,813.31**		4,363,857.09	
Work in progress/inventories	9	**3,792,622.70**		2,291,205.25	
Total current assets		**60,649,212.29**	**72.5**	51,633,436.16	82.9
Non-current assets					
Property and equipment	10	**1,914,370.55**		1,926,617.46	
Intangible assets	11	**20,689,812.33**		1,452,344.04	
Financial assets	12	**200,000.00**		2,163,000.00	
Investments in associates	14	**19,076.00**		3,345,955.00	
Deferred tax assets	17	**87,200.00**		0.00	
Prepaid pension assets	18	**62,000.00**		1,742,000.00	
Total Non-current assets		**22,972,458.88**	**27.5**	10,629,916.50	17.1
Total A S S E T S		**83,621,671.17**	**100.0**	62,263,352.66	100.0
L I A B I L I T I E S A N D S H A R E H O L D E R S' E Q U I T Y					
Current liabilities					
Trade and other payables	15	**11,013,799.87**		3,420,861.40	
Current income tax liabilities		**830,503.90**		2,000.00	
Total Current liabilities		**11,844,303.77**	**14.2**	3,422,861.40	5.5
Non-current liabilities					
Loans	16	**678,103.37**		0.00	
Suspended obligation of purchase price	28	**8,304,000.00**		0.00	
Deferred tax liabilities	17	**1,235,489.00**		685,000.00	
Total non-current liabilities		**10,217,592.37**	**12.2**	685,000.00	1.1
Total liabilities		**22,061,896.14**	**26.4**	4,107,861.40	6.6
Shareholders' equity					
Share capital	19	**10,700,000.00**		10,700,000.00	
Share premium		**39,694,424.68**		39,694,424.68	
Treasury shares		**-2,536,548.40**		-2,315,219.95	
Other reserves		**-35,169.35**		-130,969.83	
Retained earnings		**13,517,164.44**		10,207,256.36	
Minority interest		**61,339,871.37**	**73.3**	58,155,491.26	93.4
Total equity	20	**219,903.66**	**0.3**	0.00	0.0
Total Shareholders' equity		**61,559,775.03**	**73.6**	58,155,491.26	93.4
Total L I A B I L I T I E S A N D S H A R E H O L D E R S' E Q U I T Y		**83,621,671.17**	**100.0**	62,263,352.66	100.0

The notes on pages 7 to 37 are an integral part of these consolidated financial statements.

All amounts in CHF

Consolidated Income Statement

CREALOGIX Group

	Notes	July–June 2004/2005	in %	July–June 2003/2004	in %
Revenue	5	**51,014,353.45**	**100.0**	18,500,414.30	100.0
Goods and services purchased		**-11,091,659.29**	**-21.8**	-1,895,881.45	-10.2
Personnel expenses	21	**-28,176,958.41**	**-55.2**	-12,328,549.96	-66.6
Depreciation, amortization expense	10/11	**-3,177,065.16**	**-6.2**	-1,304,911.77	-7.1
Advertising costs		**-1,048,069.06**	**-2.1**	-549,265.46	-3.0
Rent, maintenance and replacements		**-1,683,422.28**	**-3.3**	-859,465.52	-4.6
General and administration expenses		**-3,017,692.32**	**-5.9**	-1,221,971.06	-6.6
Operating profit		**2,819,486.93**	**5.5**	340,369.08	1.8
Financial income	22	**1,005,306.25**	**2.0**	494,145.31	2.7
Share of loss of associates	14	**151,259.98**	**0.3**	-154,345.00	-0.8
Profit before income tax		**3,976,053.16**	**7.8**	680,169.39	3.7
Income tax expense	23	**-566,793.96**	**-1.1**	99,125.86	0.5
Net profit before minority shareholdings		**3,409,259.20**	**6.7**	779,295.25	4.2
Share of profit attributable to minority shareholdings	20	**-99,351.12**	**-0.2**	-0.00	-0.0
Net profit after minority shareholdings		**3,309,908.08**	**6.5**	779,295.25	4.2
Earnings per share (basic)	24	**3.226**		0.759	
Earnings per share (diluted)	24	**3.085**		0.758	

The notes on pages 7 to 37 are an integral part of these consolidated financial statements.

All amounts in CHF

Consolidated Statement of Changes in Shareholders' Equity

CREALOGIX Group

	Number of shares	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	**Minority interests**	**Total Share-holders' equity**
Per 1 July 2003	1,070,000	10,700,000.00	39,692,924.68	-2,027,443.45	-128,930.53	9,427,961.11		57,666,011.81
Translation differences					-2,039.30			-2,039.30
Net profit						779,295.25		779,295.25
Purchase	(-4,845)			-287,776.50				-287,776.50
Per 30 June 2004	**1,070,000**	**10,700,000.00**	**39,694,424.68**	**-2,315,219.95**	**-130,969.83**	**10,207,256.36**	**0.00**	**58,155,491.26**
Addition resulting from change to scope of consolidation							120,552.54	120,552.54
Revaluation of reserve					85,355.18			85,355.18
Translation differences					10,445.30			10,445.30
Net profit						3,309,908.08	99,351.12	3,409,259.20
Purchase net	(-1,530)			-221,328.45				-221,328,45
Purchase of interest in subsidiaries								
Per 30 June 2005	**1,070,000**	**10,700,000.00**	**39,694,424.68**	**-2,536,548.40**	**-35,169.35**	**13,517,164.44**	**219,903.66**	**61,559,775.03**
Treasury shares	*43,703 = 4.08 %*							

The notes on pages 7 to 37 are an integral part of these consolidated financial statements.

	Retained earnings	
	Statutory reserves	Free reserves
Per 30 June 2004	4,040,956.80	6,166,299.56
Per 30 June 2005	4,417,706.17	9,099,458.27

All amounts in CHF

Consolidated Cash Flow Statement

CREALOGIX Group

	Notes	**July–June 2004/2005**	July–June 2003/2004
Operating activities			
Cash generated from operations	26	-2,114,631.54	-9,842,277.80
Interest paid	22	-426,244.10	-85,480.92
Tax received		259,567.60	146,184.50
Tax paid		-99,755.21	-223.00
Translation differences		10,445.30	-2,039.30
Net cash flow from operating activities		**-2,370,617.95**	-9,783,836.52
Net cash flow from investing activities			
Purchase of property and equipment	10	-801,853.58	-769,329.09
Disposals of property and equipment		23,266.64	63,596.59
Purchase of intangible assets	11	-772,359.40	-49,638.22
Loans	12	200,000.00	-1,742,500.00
Purchases of investments in associated undertakings	28	0.00	-3,500,300.00
Acquisition of subsidiaries, net of cash acquired	28	-5,644,895.94	0.00
Prepayment of pension assets	18	102,000.00	-687,000.00
Interest received	22	953,069.99	504,830.11
Net cash used in investing activities		**-5,940,772.29**	-6,180,340.61
Net cash used in financing activities			
Guarantee/Repayment of loans	12	-690,628.63	-220,500.00
Purchase/sale of treasury shares – net		-221,328.45	-287,776.50
Net cash used in financing activities		**-911,957.08**	-508,276.50
Net decrease in cash and cash equivalents		**-9,223,347.32**	-16,472,453.63
Cash and cash equivalents at beginning of period		**29,031,355.54**	45,457,245.67
Decrease in cash and cash equivalents		-9,223,347.32	-16,472,453.63
Exchange gains on cash and cash equivalents		12,350.94	46,563.50
Cash and cash equivalents at end of period		**19,820,359.16**	29,031,355.54

The notes on pages 7 to 37 are an integral part of these consolidated financial statements.

All amounts in CHF

1 General information

CREALOGIX Holding AG (the Company) and its subsidiaries (together the Group) are one of the leading software service providers and software product manufacturers in Switzerland. It focuses on the two segements e-business and ERP (Enterprise Resource Planning). The Company is a joint stock company incorporated and domiciled in Switzerland. The address of its registered office is Thurgauerstrasse 39, 8050 Zurich.

The Company's registered shares are traded on the SWX Swiss Exchange under Swiss security number 1111570. These consolidated financial statements have been approved for issue by the Board of Directors on 12 September 2005.

All figures in the consolidated annual financial statements are in Swiss francs (CHF).

The following subsidiaries exist and are fully consolidated:

Company	Activity	Capital	Interest hold	Proportion of voting rights
CREALOGIX AG Bubikon, Switzerland	Consultancy and services in information technology and data communcation	CHF 100,000	100 %	100 %
CREALOGIX Corp. Toronto, Canada	Consultancy and services in information technology and data communcation	CAD 100,000	100 %	100 %
CREALOGIX AG Frankfurt, Germany	Consultancy and services in information technology and data communcation	EUR 100,000	100 %	100 %
CREALOGIX E-Banking Solutions AG Zurich, Switzerland	Consultancy and services in information technology and data communcation	CHF 100,000	100 %	100 %
CIRCON Circle Consulting AG Glattbrugg, Switzerland	Development/trade of/ with software and IT-systems	CHF 1,000,000	100 %	70 %
CIRCON Development AG Glattbrugg, Switzerland	Development/trade of/ with software and IT-systems	CHF 100,000	62 %	43.4 %
CIRCON Business Solutions SA Lyss, Switzerland	Development/trade of/ with software and IT-systems	CHF 150,000	60 %	42 %
CIRCON Circle Consulting AG Villingen, Germany	Development/trade of/ with software and IT-systems	EUR 200,000	60 %	42 %
CIRCON Circle Consulting AG Thalheim, Austria	Development/trade of/ with software and IT-systems	EUR 150,000	80 %	56 %
CIRCON Circle Consulting GmbH Dornbirn, Austria	Development/trade of/ with software and IT-systems	EUR 75,000	74 %	51.8 %
CSB Holding AG Zug, Switzerland	Management of investments	CHF 100,000	100 %	70 %
Balzano Informatik AG Zürich, Switzerland	Services in information technology and trading in hardware and software	CHF 200,000	100 %	80 %

All amounts in CHF

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Disclosure has been modified and the prior-year figures consistently reclassified.

2.1 Basis of preparation

The consolidated financial statements of CREALOGIX Group have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared under the historical cost convention, as modified by the financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

The new and revised standards IFRS 3 Business Combinations, IAS 36 Impairment of Assets and IAS 38 Intangible Assets were adopted as of 1 July 2004. Adoption of these standards has resulted in an adjustment to accounting policies as they relate to the amortisation of goodwill. Up to 30 June 2004, goodwill was amortised on a straight-line basis over a period of five years. Goodwill impairment tests were performed annually. In accordance with IFRS 3 (Note 2.9)

- goodwill will no longer be amortised as of 1 July 2004;
- the accumulated amortisation on goodwill, amounting to CHF 1,075,000, will be set off against the acquisition value of CHF 2,275,000 as of 30 June 2004.
- as of the annual financial statements of 30 June 2004, goodwill will be tested for impairment annually, or as soon as there are indications of impairment. Goodwill amortisation for the last full financial year 2003/2004 totalled CHF 475,000, which was booked to the income statement under „Depreciation and amortisation". In the 2004/2005 financial year, there would theoretically have been an amortisation of CHF 456,000 on the total goodwill of CHF 1,200,000 attached to Acadia Communications & Training AG, Stäfa and M.I.T. AG, Baar.

The Group has once more reviewed the useful life of its intangible assets, in compliance with the basic principles of IAS 38. This review did not lead to any adjustments. This review did not lead to any adjustments.

There was no impact on opening retained earnings at 1 July 2004 from the adoption of IFRS 3.

The CREALOGIX Group will apply the new standard IFRS 2, in addition to the revised standards IAS 1, IAS 2, IAS 8, IAS 10, IAS 16, IAS 17, IAS 21, IAS 27, IAS 28, IAS 32, IAS 33 and IAS 39 as of 1 July 2005.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 percent and 50 percent of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 2.9).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Swiss francs, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rate ruling in the month of transaction. Foreign currency gains and losses from the execution of such transactions as well as those from the conversion of monetary assets and liabilities reported in foreign currencies are included on the income statement at the exchange rate ruling at year-end.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i)) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity. On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, post office and bank accounts, or short-term, highly-liquid investments with an original maturity of no more than three months, as well as bank overdrafts. Overdraft facilities are disclosed on the balance sheet as current liabilities under borrowings.

2.6 Trade and other current receivables

Trade receivables are stated at fair value (nominal value) less an appropriate impairment charge. An impairment is charged against trade receivables whenever the Group has objective evidence that it is not in a position to realise the full amount of the claim in accordance with the original contract conditions. Bad debts are written off in the year in which they are identified as being irrecoverable.

2.7 Work in progress, inventories

Work in progress (projects) is recognized using the valuation methods outlined in Note 2.7 Inventories (training materials) are entered in the balance sheet at production costs. Should these costs be higher than the generally prevailing market price as of the balance sheet date, then the prevailing market price shall be applied. The cost of work in progress and inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

2.8 Property and equipment

Property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Years
Furniture and fittings	10
Office equipment, computer equipment, communication equipment	2
Other office equipment	5
Vehicles	5

The net carrying value and the value-in-use of property and equipment are reviewed and, if necessary, adjusted at each balance sheet date.

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

Gains or losses on retirement or disposal are the difference between the net proceeds and the carrying amount and are recognised in the income statement.

Property and equipment withdrawn from active use and earmarked for disposal is stated at the carrying amount as of the date of retirement from active use.

2.9 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of the acquisition as of the acquisition date over the fair value of the Group's share in the net identifiable assets of the acquired subsidiary/associate. Goodwill arising from the acquisition of subsidiaries is treated as an intangible fixed asset. Goodwill arising from the acquisition of associates is recognized as an investment in associates. Goodwill is tested for impairment annually. On the consolidated balance sheet the carrying value is disclosed at cost less accumulated impairment losses.

Goodwill is assigned to the cash-generating units to enable continual impairment tests to be conducted.

(b) Computer software

Licences acquired for computer software are recognised as an asset on the basis of the purchase costs and the costs arising in connection with putting the software into production. These costs are amortised over an estimated useful life of four years.

Costs arising from the development and maintenance of computer software are posted as expenditure; costs for internally-developed software are capitalised, provided the following conditions are met:

a. the costs can be clearly and unequivocally allocated to the precisely identifiable and clearly delineable software product
b. the costs can be, and are, controlled by the Group, and
c. there is a certain probability that the product will generate an economic benefit in excess of the costs over a lengthy period of time.

Costs include salary costs for the software developers and a reasonable portion of the relevant overheads.

The software development costs reported as assets are amortised over an estimated useful life of five years.

(c) Trademarks and licences

Trademarks and licences are disclosed at cost. Trademarks and licences have a clearly defined useful life and are valued at cost less accumulated depreciation. They are amortised on a straight-line basis over an estimated useful life of five years.

2.10 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.11 Investments

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

In respect of financial instruments which are listed on active markets, the fair value is based on the prevailing market price on the balance sheet day. The current bid price is applied in respect of the Group's financial assets, and the current selling price in respect of its financial liabilities.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year, the Group did not hold any investments in this category.

2.12 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.13 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The leasing of property and equipment for which Crealogix essentially assumes all of the ownership-related risks and opportunities is classified as financing leasing.

2.14 Employee benefit plans

Crealogix operates a number of pension plans, which qualify as defined benefit plans and whose assets are held and managed autonomously by separate, legally independent foundations.

The employee benefit plans in Switzerland are designed in line with the Swiss defined contribution system. However, they fail to meet all the criteria for a defined contribution plan under IAS 19. For this reason, the employee benefit plans are disclosed as defined benefit plans.

These plans are financed by means of contributions from both employees and the affiliated Group companies, taking account of the recommendations of independent qualified actuaries.

The costs for future pension obligations under defined benefit plans are calculated on the basis of future entitlements („projected unit credit" method). Under this method, the expenses accruing to secure future pension entitlements are charged to income so as to spread them across the expected working lives of employees. The amounts recognised and their attribution to years of service are based on the recommendations of independent actuaries. The pension obligation is measured as the present value of the estimated future outflows, using the interest rates applicable to corporate bonds with a maturity approximating that of the liability in question.

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

a) 10 percent of the present value of the defined benefit obligation at that date (before deduction of the plan assets); and

b) 10 percent 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 the actuarial gains or losses to be recognised for each defined benefit plan is the excess determined as outlined above divided by the expected average remaining working lives of the participating employees.

Details of the employee stock option plans are disclosed in Note 19.

Stock options were granted to Members of the Board of Directors and employees. No compensation costs are recorded if the current share price on the date the option is issued is exactly the same as the issue price. Net proceeds are taken to equity (nominal value) as share premium on the date the option is exercised, following deduction of transaction costs. No accruals/deferrals were posted to the income statement in connection with the employee stock option plans.

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (Treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes,) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.17 Revenue recognition

Crealogix generated income primarily from services and from licences. The company focuses on the design and production of highly sophisticated applications in the e-business and enterprise resource planning segments. These applications are developed and supported according to the „plan, build and run" principle.

Revenue is recognised on delivery of the goods and acceptance by the buyer, where the latter is contractually stipulated. For services, revenue is recognised by the percentage-of-completion. Revenue is normally recognised in the income statement upon delivery, with the exception of major projects not completed until after the balance sheet date, in which case revenue is recognised by the percentage-of-completion method as of the balance sheet date.

Revenues are only realised if the client is deemed „creditworthy".

Each project is recognised individually. Crealogix distinguishes between two different types of contract:

a) fixed-price contracts

b) contracts on the basis of hours worked at agreed fee rates

a) Recognition of revenue in respect of fixed-price contracts

As soon as reliable estimates can be made regarding the outcome of the order, the revenue arising from the transaction is recognised by the percentage-of-completion method as of the balance sheet date. The percentage of completion is measured as the ratio of the number of hours of work performed to date to the total number of hours of work in accordance with the contract. The result of the transaction can be reliably estimated when all the following criteria are met:

- the amount of revenue from the order can be measured reliably;
- it is probable that the economic benefits associated with the transaction will accrue to the seller;
- the percentage of completion 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.

If no reliable estimates can be made regarding the outcome of a project:

- revenue is recognised only to the extent of the expenses incurred that are recognised as recoverable.
- these expenses are posted as an expense in the period in which they were incurred.

For those individual contracts not yet completed at year-end, future estimated expenses are compared with future revenues.

If expenses exceed revenues, the expected loss is posted as a value adjustment to work-in-progress.

b) Recognition of revenue for contracts on the basis of hours worked at agreed fee rates

With this type of contract, Crealogix receives an agreed fixed fee per hour of work performed. Ideally, this fee should cover overall costs.

Revenue from such transactions is posted with reference to the number of hours of work performed as of the balance sheet date. The total number of hours of work performed is charged on a monthly basis.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest-rate risk. Management is constantly monitoring these risks. To manage the risks related to these fluctuations, the Group is allowed to use derivative financial instruments, if appropriate. Contracts have been placed with top financial institutions only. The Group will not conduct any financial transaction that at the date of the transaction contains an incalculable risk, i.e., it will not conduct speculative transactions.

(a) Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro.

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Financial instruments may be used to limit the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is responsible for managing the net position in each foreign currency.

(b)) Credit risk

The Group has no significant concentrations of credit risk. The group observes basic principles which ensure that transactions are only conducted with such customers as have an appropriate credit history.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and other financial assets at fair value.

(d) Cash flow and fair value interest rate risk

As the Group has significant interest-bearing assets, the Group's incomes operating cash flows are substantially dependent of the changes in market interest rates whereas.

4 Accounting estimates and assumptions

Estimates and assumptions are made on an ongoing basis and are based on past experience as well as other factors, including the expectation of future events that are deemed probable under the given circumstances.

The Group makes assumptions and estimates in respect of future developments. In accounting terms, the resulting estimates can, by definition, differ from the actual events which occur at a later date. The estimates and assumptions which can lead to significant adjustments to the carrying value of assets and liabilities in the following financial year are discussed below.

Estimated goodwill impairment

Each year, the Group analyses potential goodwill impairments in accordance with the accounting principles outlined in Note 2.9. The recoverable amount of the cash-generating units is determined on the basis of value-in-use calculations. Estimates must be applied for the purposes of these value-in-use calculations (Note 11).

5 Segment information

Crealogix was previously only active in the e-business sector in Switzerland and thus reported as a single segment company. The acquisition of Circon and Balzano has now given rise to a second division (ERP/Enterprise Resource Planning), leading to significant changes in the segment reporting. Circon also operates in the eurozone as well as other countries.

5.1 Primary reporting format – business segments

At 30 June 2005, the Group is organised on a worldwide basis into two main business segments:

1) E-Business (Electronic Business)

This includes IT services and products which support company internal and external processes of communication, co-operation, service delivery, trading and information by using web technology in decentralized systems and locations. The main fields are E-Finance, E-Learning, and Mobile Business.

2) ERP (Enterprise Resource Planning)

IT solutions that include an entire company's complex and standardized application software. Enterprise Resource Planning (ERP) systems are used to manage goods and means of production, and to integrate the business processes of different company units in one shared system. ERP systems are often the administration backbone of large companies. The main fields in which they have been implemented are the textile/fashion sector, and the beverage, transport industries and for schools.

The segment results for the year ended 30 June 2005 are as follows:

July–June 2004/2005	E-Business	ERP	Unallocated	Total Group
Revenue	**26,354,389.64**	**24,659,963.81**	**0.00**	**51,014,353.45**
Operating profit	**2,181,147.09**	**714,028.44**	**-75,688.60**	**2,819,486.93**
Finance costs				1,005,306.25
Share of profit of associates				151,259.98
Profit before income tax				**3,976,053.16**
Income tax expense				-566,793.96
Net profit				**3,409,259.20**
Of which share in subsidiaries				99,351.12

The segment results for the year ended 30 June 2004 are as follows:

July–June 2003/2004	E-Business	ERP	Unallocated	Total Group
Revenue	18,500,414.30	0.00	0.00	18,500,414.30
Operating profit	487,031.50	0.00	-146,662.42	340,369.08
Finance costs				494,145.31
Share of profit of associates				-154,345.00
Profit before income tax				680,169.39
Income tax expense				99,125.86
Net profit				779,295.25
Of which share in subsidiaries				0.00

Other segment items included in the income statement are as follows:

July–June 2004/2005	E-Business	ERP	Unallocated	Total Group
Depreciation (Note 10)	1,244,117.06	367,045.52	0.00	1,611,162.58
Amortisation (Note 11)	408,887.24	1,157,015.34	0.00	1,565,902.58

July–June 2003/2004	E-Business	ERP	Unallocated	Total Group
Depreciation (Note 10)	540,352.06	0.00	0.00	540,352.06
Amortisation (Note 11)	764,559.71	0.00	0.00	764,559.71

Management and administration expenses incurred at Group level are stated under „other". Intersegment transfers and transactions are conducted subject to normal terms and conditions, such as would also apply to commercial transactions with third parties.

The segment assets and liabilities at 30 June 2005 and capital expenditure for the year then ended are as follows:

30 June 2005	E-Business	ERP	Unallocated	Total Group
Assets without associated undertakings	25,744,918.32	29,216,800.42	28,640,876.43	83,602,595.17
Associates	0.00	19,076.00	0.00	19,076.00
Total assets	25,744,918.32	29,235,876.42	28,640,876.43	83,621,671.17
Liabilities	7,364,237.74	13,919,454.58	778,203.82	22,061,896.14
Capital expenditure (Notes 10 and 11)	475,094.77	1,232,316.89	0.00	1,707,411.66

All amounts in CHF

30 June 2004	E-Business	ERP	Unallocated	Total Group
Assets without associated undertakings	17,550,932.79	0.00	41,366,464.87	58,917,397.66
Associates	0.00	0.00	3,345,955.00	3,345,955.00
Total assets	17,550,932.79	0.00	44,712,419.87	62,263,352.66
Liabilities	3,700,785.16	0.00	407,076.24	4,107,861.40
Capital expenditure (Notes 10 and 11)	818,967.31	0.00	0.00	818,967.31

Segment assets consist primarily of operating cash, receivables, inventories, property and equipment and intangible assets. Assets include deferred taxes and pension prepayments but not investments. The segment-specific liabilites include liabilities arising from operating services. Capital expenditure comprises additions to property and equipment (Note 10) and intangible assets (Note 11), including additions resulting from acquisitions through business combinations (Notes 10, 11 and 28).

5.2 Secondary reporting format – geographical segments

The Group's two business segments operate in two main geographical areas, even though they are managed on a worldwide basis. The home country of the Company – which is also the main operating country – is Switzerland.
The Group's other sales are mainly in countries within the eurozone and other countries.

Revenue	July–June 2004/2005	July–June 2003/2004
Switzerland	**41,900,114.72**	18,500,335.38
Eurozone	**8,816,744.46**	78.92
Other countries	**297,494.27**	0.00
Total Group	**51,014,353.45**	18,500,414.30

Sales are assigned on the basis of the country of origin of the client

Total Aktiven	30 June 2005	30 June 2004
Switzerland	**80,051,258.69**	62,204,990.33
Eurozone	**3,495,134.23**	13,874.29
Other countries	**56,202.25**	44,488.04
Associates (Note 14)	**19,076.00**	0.00
Total Group	**83,621,671.17**	62,263,352.66

Total assets are allocated based on where the assets are located.

Investing	**July–June 2004/2005**	July–June 2003/2004
Switzerland	**1,637,117.51**	818,967.31
Eurozone	**70,294.15**	0.00
Other countries	**0.00**	0.00
Total Group	**1,707,411.66**	818,967.31

Investments (Note 10 and 11) are allocated on the basis of the relevant location.

Analysis of revenue by category	**July–June 2004/2005**	July–June 2003/2004
Net sales of services	**40,141,810.58**	16,162,631.41
Net sales of goods	**2,215,473.62**	1,003,321.21
Net sales from licence fees	**8,657,069.25**	1,334,461.68
Total net revenue	**51,014,353.45**	18,500,414.30

6 Cash and cash equivalents

	30 June 2005	30 June 2004
Cash and cash equivalents (Cash in hand and at bank)	**12,485,929.16**	29,002,447.04
Short-term bank deposits	**7,334,430.00**	28,908.50
Total Cash and cash equivalents	**19,820,359.16**	29,031,355.54

The actual rate of interest for short-term bank deposits stood at 0.4 percent (2003/2004: 0.125 percent). The average maturity is 48 hours.

7 Marketable securities

Listed securities	**30 June 2005**	30 June 2004
Switzerland	**10,937,084.12**	9,872,026.28
Eurozone	**1,415,932.00**	1,212,910.00
Mixed	**9,496,401.00**	4,862,082.00
Total Marketable securities	**21,849,417.12**	15,947,018.28

Sundry financial assets stated at fair value are disclosed in the section on operating activities as part of the changes in net working capital in the cash flow statement (Note 26). Changes in the stated fair value of other financial assets are recognised in the income statement under financial income (Note 22).

8 Trade and other receivables

	30 June 2005	30 June 2004
Trade receivables	**13,591,387.12**	3,436,864.31
Less: provision for impairment of receivables	**-468,088.63**	-185,297.46
Trade receivables – net	**13,123,298.49**	3,251,566.85
Tax assets	**10,153.22**	250,640.58
Other short-term third-party receivables	**909,266.00**	821,875.87
Other short-term receivables from associates	**100,166.11**	0.00
Prepaid expenses	**250,750.36**	0.00
Accrued income	**793,179.13**	39,773.79
Other short-term receivables	**2,063,514.82**	1,112,290.24
Total trade and other short-term receivables	**15,186,813.31**	4,363,857.09

As the company has a broad international client base, there is no increased credit risk to the Group in respect of trade receivables.

For the financial year ending 30 June 2005, the Group has disclosed an impairment loss totalling CHF 468,088.63 on its trade receivables. This loss item was subsumed under „administration expenses" in the income statement.

9 Work in progress/inventories

	30 June 2005	30 June 2004
Work in progress (projects)	**3,595,037.70**	2,179,345.25
Inventories (training materials)	**197,585.00**	111,860.00
Total work in progress /inventories	**3,792,622.70**	2,291,205.25

Work in progress (projects) is accounted for according to one of the valuation methods described in note 2.17. Inventory (training materials) is valued at the lower of cost or net realizable value.

The increase in work in progress is due in large part to the fact that major individual projects or sub-projects were close to final or interim acceptance and thus still had to be reported under work in progress.

10 Property and equipment

July–June 2004/2005	Furniture	Fittings	Office Equipment	Vehicles	Total
Opening net book amount	796,648.42	275,200.04	533,099.15	321,669.85	1,926,617.46
Acquisition of subsidiary	236,508.55	34,249.22	402,801.30	123,503.02	797,062.09
Translation differences at opening	255.61	74.42	779.62	0.00	1,109.65
Retirement of property and equipment no longer in use	-470,100.34	-414,198.29	-27,996.27	0.00	-912,294.90
Additions	80,756.30	35,558.57	538,725.59	145,610.81	800,651.27
Disposals	0.00	0.00	0.00	0.00	0.00
Depreciation charge	-406,593.54	-268,285.62	-775,804.38	-160,479.04	-1,611,162.58
Retirement of property and equipment no longer in use	470,100.34	414,198.29	27,996.27	0.00	912,294.90
Translation differences at movement	90.23	-1.26	3.69	0.00	92.66
Closing net book amount	**707,665.57**	**76,795.37**	**699,604.97**	**430,304.64**	**1,914,370.55**
30 June 2005					
Cost	1,155,850.26	105,687.53	1,909,591.69	808,131.11	3,979,260.59
Accumulated depreciation	-448,184.69	-28,892.16	-1,209,986.72	-377,826.47	-2,064,890.04
Net book amount	**707,665.57**	**76,795.37**	**699,604.97**	**430,304.64**	**1,914,370.55**
Fire insurance value of fixed assets					
30 June 2005					8,336,000.00
30 June 2004					4,800,000.00

A leasing expense for vehicles amounting to CHF 208,879.60 (2003/2004: CHF 0.00) is recognised in the income statement under administration expenses.

July–June 2003/2004	Furniture	Fittings	Office Equipment	Vehicles	Total
Opening net book amount	927,482.38	307,845.08	185,273.09	311,539.88	1,732,140.43
Additions	0.00	11,318.03	596,290.82	161,720.24	769,329.09
Disposals	0.00	0.00	0.00	-34,500.00	-34,500.00
Depreciation charge	-130,833.96	-43,963.07	-248,464.76	-117,090.27	-540,352.06
Closing net book amount	796,648.42	275,200.04	533,099.15	321,669.85	1,926,617.46
30 June 2004					
Cost	1,308,339.91	450,004.87	995,277.76	539,017.28	3,292,639.82
Accumulated depreciation	-511,691.49	-174,804.83	-462,178.61	-217,347.43	-1,366,022.36
Net book amount	796,648.42	275,200.04	533,099.15	321,669.85	1,926,617.46

11 Intangible assets

July–June 2004/2005	Goodwill	Computer software acquired	Capitaliced software development costs	Total Group
Opening net book amount	1,200,000.00	252,344.04	0.00	1,452,344.04
Acquisition of subsidiary	0.00	28,573.09	3,954,000.00	3,982,573.09
Translation differences at opening	0.00	98.55	0.00	98.55
Additions (Note 2.9)	12,469,369.27	170,560.39	736,200.00	13,376,129.66
Disposals	0.00	0.00	0.00	0.00
Reclassified from investments in associates	3,444,581.42	0.00	0.00	3,444,581.42
Amortisation charge	0.00	-336,075.58	-1,229,827.00	-1,565,902.58
Translation differences at movement	0.00	-11.85	0.00	-11.85
Closing net book amount	**17,113,950.69**	**115,488.64**	**3,460,373.00**	**20,689,812.33**
30 June 2005				
Cost	17,113,950.69	1,384,595.14	4,690,200.00	23,188,745.83
Accumulated amortisation and impairment	0.00	-1,269,106.50	-1,229,827.00	-2,498,933.50
Net book amount	**17,113,950.69**	**115,488.64**	**3,460,373.00**	**20,689,812.33**

There was no need for value adjustments in the financial year in question.

July–June 2003/2004	Goodwill	Computer software acquired	Capitaliced software development costs	Total Group
Opening net book amount	1,675 088.34	492,177.19	0.00	2,167,265.53
Additions	0.00	49,638.22	0.00	49,638.22
Disposals	0.00	0.00	0.00	0.00
Amortisation charge	-475,088.34	-289,471.37	0.00	-764,559.71
Closing net book amount	1,200,000.00	252,344.04	0.00	1 452,344.04
30 June 2004				
Cost	2,275,088.34	1,185,363.11	0.00	3,460,451.45
Accumulated amortisation and impairment	-1,075,088.34	-933,019.07	0.00	-2,008,107.41
Net book amount	1,200,000.00	252,344.04	0.00	1,452,344.04

Testing goodwill impairment

Goodwill is assigned to the cash-generating units, i.e. to e-learning and e-banking in the e-business segment as well as to Circon and Balzano in the ERP segment.

	E-Business		ERP		
30 June 2005	**E-Learning**	**E-Banking**	**Circon**	**Balzano**	**Total**
Goodwill	1,200,000.00*	2,200,405.15	11,968,452.68	1,745,092.86	**17,113,950.69**

* Please refer 2.1

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

Key assumptions used for value-in-use calculations:

July–June 2004/2005	**Balzano**	**Circon**	**EBS**
Gross margin [1]	98.4 %	70.9 %	90.7 %
Growth rate [2]	6.8 %	9.1 %	5.1 %
Discount rate [3]	12.6 %	12.4 %	12.6 %

[1] Budgeted gross margin
[2] Weighted average growth rate used to extrapolate cash flows beyond the budget period
[3] Pre-tax discount rate applied to the cash flow projections

These assumptions have been used for the analysis of each CGU. Management determined budgeted gross margin based on past performance and its expectations for the market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant subisdiaries.

12 Financial assets

	30 June 2005	30 June 2004
At beginning of period	**2,163,000.00**	420,500.00
Loans originated during the financial year	**0.00**	1,943,000.00
Loan repayments	**-200,000.00**	-200,500.00
Elimination owing to changes in the scope of consolidation	**-1,763,000.00**	0.00
At end of period	**200,000.00**	2,163,000.00

The loans have the following terms and condition:

Name	Maturity	Interest rate	Security	30 June 2005	30 June 2004
Loan employee	unlimited	2.5%	no	**200,000.00**	200,000.00
Loan related party	01.10.07	4.5%	yes	**0.00**	200,000.00
Loan associate company A	unlimited	4.5%	yes	**0.00**	200,000.00
Loan associate company B	unlimited	4.0%	yes	**0.00**	1,400,000.00
Loan associate company C	unlimited	0.0%	no	**0.00**	163,000.00
Total financial assets				**200,000.00**	2,163,000.00

13 Financial instruments

Financial instruments have been marked to market in accordance with the rules laid down in IAS 39. The market values of financial assets where valued as follows on the balance sheet date:

	30 June 2005	30 June 2004
Sale, value date 31.12.2005 (2004)	N/A	USD 400,000 z.K. 1.2360 = 494,400
Forward rate on 30.06.2005 for 31.12.2005 (2004)	N/A	USD 400,000 z.K. 1.2440 = 497,600
Non-realized currency loss	N/A	3,200

The contract value shows the volume of open foreign exchange contracts as of the balance sheet date. A negative market value represents the potential that further costs will be incurred in order to close the open contracts on the balance sheet date. A positive market value represents unrealised gains from hedging transactions on the balance sheet date, and thus the maximum risk in the event of non-performance by the counterparty.

14 Investments in associates

	30 June 2005	30 June 2004
At beginning of period	**3,345,955.00**	0.00
Acquisition of subsidiary (Note 28)	**884,037.50**	3,500,300.00
Share of profit (loss)	**151,259.98**	-154,345.00
Reclassification to „other assets“	**-4,362,176.48**	0.00
At end of period	**19,076.00**	3,345,955.00

A 40 percent stake was acquired in Balzano for 879,267.50, effective 1 July 2004.
Following acquisition of a further 40 percent as of 7 January 2005, Balzano will be fully consolidated (Note 28).
19,076.00 corresponds to Circon's holding in CIRCON Circle Consulting s.r.o., Prague, calculated in accordance with the equity method.

Assets, liabilities, sales and profit plus the Group's share in the associates are as follows:

30 June 2005	Country of incorporation	**Assets**	**Liabilities**	**Revenues**	**Profit**	**Interest held**
Circon	Prague, Czech Republic	58,512.88	23,662.62	0.00	28,612.00	50%
30 June 2004						
Circon/CSB	Rümlang, Switzerland, and Zug, Switzerland	10,297,221.37	8,908,717.42	18,616,956.83	306,869.54	35%

15 Trade and other current payables

	30 June 2005	30 June 2004
Trade payables	**1,996,318.91**	724,399.35
Other short-term third-party receivables	**1,540,107.92**	25,535.20
Other short-term receivables from associates	**28,767.00**	0.00
Prepayments from customers	**125,550.95**	0.00
Accrued expences	**3,812,296.92**	747,791.26
Income received in advance	**1,404,054.42**	1,228,135.59
Provisions for annual leave/overtime, bonuses	**2,106,703.75**	695,000.00
Total trade and other payables	**11,013,799.87**	3,420,861.40

16 Loans

Name	**Amount of loan**	**Interest rate**	**Security**	**30 June 2005**	30 June 2004
Loan employees	unlimited	4%	no	**678,103.37**	0.00

17 Deferred tax liabilites

Deferred taxes are recognised on all temporary differences in accordance with the liability method, applying the effective tax rate of 21.0 percent (2003/2004: 20.0 percent).

Movements on the account for deferred tax liabilities are as follows:

Deferred tax liabilities net	**30 June 2005**	30 June 2004
At beginning of period	**685,000.00**	612,000.00
Acquisition of subsidiary	**540,133.77**	0.00
Charged to income (Note 23)	**-76,844.77**	73,000.00
At end of period	**1,148,289.00**	685,000.00

Deferred tax assets and tax liabilities are offset to the extent that the taxes are associated with the same tax authorities. The following amounts feature on the consolidated balance sheet:

	30 June 2005	30 June 2004
Deferred tax assets	**87,200.00**	0.00
Deferred tax liabilities	**1,235,489.00**	685,000.00
Deferred tax liabilities net	**1,148,289.00**	685,000.00

Deferred tax assets from tax-loss carryforwards are only booked to the extent that their future realisation is probable. Crealogix has deferred tax-loss carryforwards amounting to 1,018,376, which can be offset against future taxable income that has not yet been recognised in these financial statements due to existing uncertainty.
Potential tax credits amount to 213,858 (2003/2004: 197,780).

e.g. expiry of tax loss carry-forwards	**30 June 2005**	30 June 2004
next 3 years	**20,693**	19,658
4 – 7 years	**320,328**	302,603
after 7 years	**677,355**	666,637
Total	**1,018,376**	988,898

The movements in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) are as follows:

Deferred tax liabilites	**30 June 2003**	**Charged/(credited) to income statement 2003/2004**	**30 June 2004**	**Change to scope of consolidation**	**Charged/(credited) to income statement 2003/2004**	**30 June 2005**
Receivables	131,016	-66,075	64,941	39,461	84,860	**189,262**
Work in progress/ inventories	17,987	-10,535	7,452	0	6,000	**13,452**
Prepaid pension assets	211,000	137,000	348,000	-329,180	-6,300	**12,520**
Property and equipment	162,029	55,511	217,540	12,456	-117,308	**112,616**
Intangible assets	89,968	-42,901	47,067	695,091	-60,494	**681,664**
Non-current liabilities	0	0	0	122,306	16,469	138,775
Net deferred tax liabilities	612,000	73,000	685,000	540,134	-76,845	**1,148,289**

18 Retirement benefit obligations

The amounts recognised in the balance sheet are determined as follows:

	30 June 2005	30 June 2004
Fair value of plan assets	**20,168,000**	11,148,000
Present value of funded obligations	**-21,198,000**	-10,655,000
Funded status	**(-1,030,000)**	(493,000)
Unrecognised actuarial gains	**1,092,000**	1,249,000
Asset in the balance sheet	**62,000**	1,742,000

The amounts recognised in the income statement are as follows:

	July – June 2004/2005	July – June 2003/2004
Current service cost	**-1,977,000**	-1,055,000
Interest cost	**-645,000**	-302,000
Expected return on plan assets	**690,000**	313,000
Amortisation of actuarial losses	**-90,000**	-48,000
Adjustment in respect of IAS 19.58	**0**	87,000
Net pension cost for the period	**-2,022,000**	-1,005,000
Employee contributions	**900,000**	481,000
Net present service cost	**-1,122,000**	-524,000

The total charge of 1,122,000 (2003/2004: 524,000) was factored into employee compensation and fringe benefits.

The yield generated on plan assets came to 2.375 percent (2003/2004: 2.375 percent).

The actual return on plan assets stood at 582,000 (2003/2004: 496,000).

The change in the pension assets stated on the balance sheet are as follows:

	July – June 2004/2005	July – June 2003/2004
At beginning of period	**1,742,000**	1,055,000
Net present service cost	**-1,122,000**	-524,000
Employer contributions	**1,020,000**	1,211,000
Prepaid/accrued benefit costs	**-102,000**	687,000
Actuarial losses from change in scope of consolidation	**-1,578,000**	0
At end of period	**62,000**	1,742,000

The most important actuarial assumptions are listed below:

	30 June 2005	30 June 2004
Discount rate	**3.00 %**	3.75 %
Expected net return	**4.00 %**	4.00 %
Future salary increases	**1.50 %**	2.00 %
Future pension increases	**0.25 %**	0.25 %

All amounts in CHF

19 Share capital

July–June 2004/2005	Number of shares		Ordinary shares	Treasury shares	Total
	Ordinary shares	Treasury shares			
At beginning of period	1,070,000	42,173	10,700,000.00	-2,315,219.95	8,384,780.05
Treasury shares purchased		65,421		-3,901,806.35	-3,901,806.35
Treasury shares sold		-55,471		3,175,872.65	3,175,872.65
Treasury shares used for share options		-8,420		504,605.25	504,605.25
At end of period	1,070,000	43,703	10,700,000.00	-2,536,548.40	**8,163,451.60**

Since 5 September 2000 there have been 1,070,000 issue registered shares in the company. Each of these has a par value of CHF 10 and is fully paid in.
Since 5 September 2000 conditional capital of 2.5 million related to the staff share option scheme has been in place.
Authorized capital in an amount of 3.0 million was created effective 30 September 2003.
The Company acquired net 1,530 of its own shares through purchases on the SWX Swiss Exchange in 2004/2005. The total amount net, net of income tax, was 221,328.45 and has been deducted from shareholders' equity. The shares are held as 'treasury shares'.

Share options
Crealogix has three employee stock option plans (I, Ia,II).
Stock options can normally be granted to employees and members of the Board of Directors once a year. As a rule, options are always allotted on the first trading day of the calendar quarter. Each option entitles the holder to buy one share in CREALOGIX Holding AG (CLXN) 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 the SWX Swiss Exchange on the issue date. For options under option plan II, the exercise price increased by 20 percent from that for options under option plan I.

Options under option plan I expire five years after the issue date. Options under option plan II expire ten years and six months after the date of issue.

All allotments are subject to a vesting period of one year, during which they cannot be exercised. The vesting period for one quarter of the respective allotment expires at the end of one year. A further quarter is released at the end of two years, and so on, until, at the end of four years, all options from a single grant are available for exercise.
From 2003, the taxation of option plan I was changed at the behest of the tax authorities of Canton Zurich, so that options granted under option plan I only become taxable when exercised. To take account of these changes, the former option plan I is now being run as option plan Ia. From 2003 onwards allotments have been made under option plan Ia only.

Plan-No.	Allotment date	Exercise price	Expiry date	Total allotted
1	03.01.01	86.00	03.01.06	424
1	02.07.01	64.00	03.07.06	3,288
1	02.01.02	47.00	02.01.07	84
1	01.07.02	32.80	02.07.07	11,316
2	07.09.00	240.00	07.03.11	35,104
2	03.01.01	103.00	04.07.11	2,184
2	02.04.01	75.00	03.10.11	3,648
2	02.07.01	76.80	03.01.12	37,832
2	01.10.01	48.00	02.04.12	808
2	02.01.02	56.40	02.07.12	2,000
2	01.07.02	39.35	03.01.13	45,628
1A	03.01.03	30.00	03.01.08	1,000
1A	03.07.03	46.00	03.07.08	28,172
1A	01.07.04	50.90	30.06.09	20,370
1A	03.01.05	47.00	31.12.09	48,172
Total plan 1				15,112
Total plan 2				127,204
Total plan 1A				97,714
Total all plans				**240,030**

Plan-No.	Allotment date	outstanding per 30.06.2004	Allotted in FY 04/05	Exercised in FY 04/05	Expired in FY 04/05	outstanding per 30.06.2005	Of which exercisable	Of which exercisable for cash
1	03.01.01	224		0	0	224	224	0
1	02.07.01	2,820		0	0	2,820	2,115	2,115
1	02.01.02	84		0	0	84	63	63
1	01.07.02	10,089		-128	0	9,961	4,303	4,303
2	07.09.00	20,056		0	-1,856	18,200	18,200	0
2	03.01.01	516		0	-100	416	416	0
2	02.04.01	1,376		0	-224	1,152	1,152	0
2	02.07.01	26,992		0	-2,748	24,244	18,183	0
2	01.10.01	374		-155	0	219	90	90
2	02.01.02	2,000		-1,300	0	700	200	200
2	01.07.02	37,492		-4,687	-3,148	29,657	11,007	11,007
1A	03.01.03	750		-250	0	500	0	0
1A	03.07.03	28,048		-1,900	-2,665	23,483	4,945	4,945
1A	01.07.04	0	20,370	0	-300	20,070	0	0
1A	03.01.05	0	48,172	0	-260	47,912	0	0
Plan 1		13,217	0	-128	0	13,089	6,705	6,481
Plan 2		88,806	0	-6,142	-8,076	74,588	49,248	11,297
Plan 1A		28,798	68,542	-2,150	-3,225	91,965	4,945	4,945
All plans		**130,821**	**68,542**	**-8,420**	**-11,301**	**179,642**	**60,898**	**22,723**

20 Minority interests

	July–June 2004/2005	July–June 2003/2004
At beginning of period	**0.00**	0.00
Purchase of interest in subsidiaries (Note 28)	**120,552.54**	0.00
Share in result	**99,351.12**	0.00
At end of period	**219,903.66**	0.00

21 Personnel expenses

	July–June 2004/2005	July–June 2003/2004
Wages and salaries	**-23,859,600.23**	-10,404,131.84
Social security costs	**-1,993,606.25**	-916,664.02
Pension costs – defined benefit plans (Note 18)	**-1,122,000.00**	-524,000.00
Other employee benefits	**-1,937,951.93**	-483,754.10
Capitalised software development costs	**736,200.00**	0.00
Total employee benefit expense	**28,176,958.41**	-12,328,549.96
Full-time equivalents	**222.9**	100.00
Headcount per 30 June	**250**	107

22 Financial income

	July–June 2004/2005	July–June 2003/2004
Interest income	**93,290.72**	350,259.98
Income on marketable securities	**398,153.26**	60,923.55
Other financial interest	**6,254.13**	0.00
Profits in current value to be attributed (realised)	**455,371.58**	104,786.58
Profits in current value to be attributed (unrealised)	**480,307.83**	152,774,61
Total financial interest	**1,433,377.52**	668,744.72
Interest cost	**-83,074.38**	-1,086.26
Interest expenses	**-43,326.08**	0.00
Other financial expense	**-1,977.00**	-38,348.31
Losses on fair value (realised)	**-297,866.64**	-49,546.35
Losses on fair value (unrealised)	**-1,827.17**	-85,618.49
Total financial expenses	**-428,071.27**	-174,599.41
Total financial income	**1,005,306.25**	494,145.31

23 Income tax

	July–June 2004/2005	July–June 2003/2004
Current tax	**-643,638.73**	172,125.86
Deferred tax (Note 17)	**76,844.77**	-73,000.00
Total	**-566,793.96**	99,125.86

The tax on consolidated pre-tax profit differs from the theoretical amount arrived at if the weighted average tax rate applicable to the profits of the consolidated companies is used. This is set out in the following table.

	July–June 2004/2005	July–June 2003/2004
Profit before tax	**3,976,053.16**	680,169.39
Tax expense (weighted average tax rate) 21 % (2003/2004: 20 %)	**-834,971.16**	-136,033.88
Prior-year adjustments	**30,899.40**	180,979.40
Non tax-deductible expenses	**-95,760.00**	-125,886.67
Utilisation of previously unrecognised tax losses	**336,477.23**	0.00
Tax losses for which no deferred income tax is provided	**23,570.00**	0.00
Prior-year adjustments	**-27,009.43**	180,067.01
Total Income tax expense	**-566,793.96**	99,125.86

The weighted average applicable tax rate was 21 percent (2003/2004: 20 percent).

24 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares (Note 19).

	July–June 2004/2005	July–June 2003/2004
Profit attributable to equity holders of the Company	**3,309,908.08**	779,295.25
Weighted average number of ordinary shares in issue	**1,025,998**	1,026,332
Basic earnings per share	**3.226**	0.759

Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options as dilutive potential ordinary shares. The calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	July–June 2004/2005	July–June 2003/2004
Profit attributable to equity holders of the Company	**3,309,908.08**	779,295.25
Weighted average number of ordinary shares in issue	**1,025,998**	1,026,332
Adjustments for share options	**47,047**	2,049
Weighted average number of ordinary shares for diluted earnings per share	**1,073,045**	1,028,381
Diluted earnings per share	**3.085**	0.758

25 Dividends per share

The Board of Directors will propose to the Annual General Meeting on 25 October 2005, that no dividends be paid for the annual year 2004/2005. The general strategy is for profits to be reinvested in the company's expansions plans.

26 Cash flow from operating activities

	Notes	July–June 2004/2005	July–June 2003/2004
Net profit (before minority shareholdings)		**3,409,259.20**	779,295.25
Adjustment for:			
- Tax	**23**	**566,793.96**	-99,125.86
- Depreciation	**10**	**1,611,162.58**	540,352.06
- Amortisation	**11**	**1,565,902.58**	764,559.71
- Loss on sale of property and equipment		**-23,266.64**	-29,096.59
- Interest income	**22**	**-1,433,377.52**	-668,744.72
- Interest expense	**22**	**428,071.27**	174,599.41
- Share in results of associates	**14**	**-151,532.00**	154,345.00
- Increase/decrease in provisions		**-100,000.00**	0.00
Changes in working capital (net of acquisition effects and foreign exchange differences arising on consolidation)			
- Other financial assets stated at fair value		**-5,443,853.78**	-12,529,492.78
- Trade and other receivables		**-2,111,189.88**	3,501,681.59
- Work in progress/Inventories		**-1,501,417.45**	-916,162.25
- Trade and other payables		**1,068,816.14**	-1,514,488.62
Net cash flow from operating activities		**-2,114,631.54**	-9,842,277.80

27 Future Payments und non-cancellable agreements

Liabilities arising from operating leases – with a group company as lessee

The Group rents office space and vehicles through operating leases. The minimum payments under operating leases as of 30 June fall due as follows:

	30 June 2005	30 June 2004
Not later than 1 year	**1,560,553.58**	714,456.00
Later than 1 year and not later than 5 years	**696,898.23**	365,511.00
Total future payments	**2,257,451.81**	1,079,967.00

28 Business combinations

28.1 CIRCON Circle Consulting AG

On 1 July 2004 in a second stage of the takeover, CREALOGIX Holding AG directly and indirectly acquired a further 28.622 percent of the share capital of CIRCON Circle Consulting AG, Glattbrugg and 35 percent of the share capital of CSB Holding AG, Zug, which indirectly gives CREALOGIX Holding AG a further 6.378 percent of CIRCON Consulting AG. The first stage of the take-over took place on 15 March 2004, with the purchase of the first 35 percent. The existing call option on the part of the buyer as well as the put option on the part of the seller mean that Crealogix gained complete control of the company as of 1 July. The future purchase price obligation resulting from the put/call arrangement has been factored into the purchase price.

CREALOGIX Holding AG now holds a total of 100 percent – both directly and indirectly – in CIRCON Circle Consulting AG. Circon is the Swiss and Austrian market leader for ERP solutions based on the standard Axapta product from Microsoft Business Solutions. Circon designs and implements industry solutions for major medium-sized companies.

28.2 CREALOGIX E-Banking Solutions AG

As of 1 July 2004, CREALOGIX Holding AG also acquired 100 percent of the share capital of hmi Informatik AG (hmi), Zurich. hmi will continue to operate as „CREALOGIX E-Banking Solutions AG" (EBS). CREALOGIX E-Banking Solutions AG focuses on turnkey e-banking systems for retail and private banking. The present management will retain operational responsibility in the future.

In addition to the basic purchase price of 3,934,376 already paid for 100 percent of the shares of CREALOGIX E-Banking Solutions AG, further variable purchase price tranches are payable, the amount of which will depend on the net revenues generated and on EBIT.

There is a limit to the minimum sum of the variable purchase price tranches.

28.3 Balzano Informatik AG

Also with effect from 1 July 2004, CREALOGIX Holding AG acquired a 40 percent stake in Zurich-based Balzano Informatik AG. In a second step, a further 60 percent was acquired on 7 January 2005, of which 20 percent resulted from the put/call arrangement. Due to the terms of this arrangement, Crealogix gained complete control of the company and the costs were factored into the deferred purchase price obligation. Balzano Informatik AG will continue to operate as an independent joint-stock company. Balzano is the developer of Evento, the specialist ERP system for the education sector. Evento is the leading school and course administration, event and resource management solution in Switzerland. The present management will continue to hold responsibility for day-to-day operations.

In addition to the basic purchase price of 1,758,535 already paid for 80 percent of the shares of Balzano Informatik AG, a further two variable purchase price tranches are payable, the amount of which will depend on the net revenues generated and on EBIT, as well as on the future purchase price obligation under the put/call arrangement.

There is a limit to the total purchase price for a 100 percent holding in Balzano Informatik AG.

From acquisition of 1st tranche of 35 percent in Circon/CBS

Investments in associates	**Circon/CSB**
At beginning of period	3,345,955.00
Purchase of interest in subsidiaries	4,770.00
Share in result	14,306.00
Reclassification as „other assets“	-3,345,955.00
At end of period	19,076.00

CHF 19,076,00 corresponds to Circon's holding in CIRCON Circle Consulting s.r.o., Prague, calculated in accordance with the equity method.

Acquisition of majority holdings in subsidiaries/details of net assets and goodwill acquired

	CIRCON/CSB consolidated 2nd 65 % tranche	**EBS 100%**
Purchase price paid (cash)	5,123,545.06	3,934,376.00
Estimate of future purchase price payment	4,800,000.00	2,280,000.00
Direct acquisition costs	933,047.38	4,013,970.85
Goodwill	**8,990,497.68**	**2,200,405.15**

	Fair Value	**Acquiree's Carrying amount**	**Fair Value**	**Acquiree's Carrying amount**
Cash and cash equivalents	843,064.90	843,064.90	4,154,834.34	4,154,834.34
Other current assets	7,328,191.68	7,328,191.67	713,062.50	713,062.50
Property and equipment	495,062.09	495,062.09	42,000.00	42,000.00
Intangible assets	1,625,860.70	75,860.70	450,000.00	0.00
Financial assets	5,042.00	5,042.00	0.00	0.00
Total A S S E T S	10,297,221.37	8,747,221.36	5,359,896.84	4,909,896.84
Current liabilities	-4,577,299.64	-4,577,299.64	-917,525.99	-917,525.99
Deferred taxes	-97,687.76	-71,087.76	-132,400.00	-100,000.00
Provisions for employee benefits	-1,008,000.00		-296,000.00	0.00
Other current liabilities	-3,104,895.02	-3,104,895.02	0.00	0.00
Minority interests	-120,835.00	-120,835.00	0.00	0.00
Total N E T A S S E T S	1,388,503.95	873,103.94	4,013,970.85	3,892,370.85
Change in retained earnings	-455,456.57			
Market value of net assets acquired	**933,047.38**		**4,013,970.85**	
Purchase price (cash)		5,123,545.06		3,934,376.00
Cash and cash equivalents of acquired subsids.		-843,064.90		-4,154,834.34
Net cash out flow on acquisition		4,280,480.16		-220,458.34

All amounts in CHF

Acquisition of 1st tranche of 40 percent holding in Balzano

	Balzano 1. Tranche 40 %
Net assets acquired	412,641.08
Goodwill acquired	466,626.42
Share of pre-tax profit	204,285.98
Share of taxes	-67,060.00
Valuation adjustment (impairment)	0.00
Carrying amount at end of period	**1,016,493.48**

Acquisition of 2nd tranche of 40 percent holding in Balzano

	Balzano 2. Tranche 60 %
Purchase price paid (cash)	879,267.50
Estimate of future purchase price payment	1,224,000.00
Fair value of acquired net assets	824,801.06
Goodwill	**1,278,466.44**

	Fair Value	Acquiree's Carrying amount
Cash and cash equivalents	173,660.88	173,660.88
Other current assets	662,655.80	662,655.80
Property and equipment	260,000.00	260,000.00
Intangible assets	1,954,000.00	1,954,000.00
Total A S S E T S	3,050,316.68	3,050,316.68
Current liabilities	-788,142.30	-788,142.30
Deferred taxes	-219,325.00	-276,825.00
Provisions for employee benefits	-274,000.00	
Other current liabilities	-394,181.73	-394,181.73
Total N E T A S S E T S	1,374,667.65	1,591,167.65
Change in retained earnings	-549,866.59	
Market value of net assets acquired	**824,801.06**	

	Balzano
Purchase price (cash)	1,758,535.00
Cash and cash equivalents of acquired subsids.	-173,660.88
Net cash out flow on acquisition	1,584,874.12

All amounts in CHF

29 Related-party transactions

The Group is controlled by Bruno Richle, Richard Dratva, Daniel Hiltebrand and Peter Süsstrunk, who together have a 67.7 percent shareholding in the company. The remaining 33 percent is in free float.

The Board of Directors and the Management Board are composed as follows:

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

Please refer to Note 12 for details of loans to related parties.

Key management compensation	**July–June 2004/2005**	July–June 2003/2004
Salaries and other short-term employee benefits (4 persons)	**-1,454,386**	-983,303
Share based payments	**0**	0
(Highest remuneration)*	**-482,531**	-292,800

* Additionally, this person received 10'516 CLXN-options.

30 Events after the balance sheet date

No events occurred after the balance sheet date of 30 June 2005 that would have a material impact on the annual financial statements as approved by the Board of Directors on 12 September 2005.

Report of the Group Auditors

to the General Meeting of CREALOGIX Holding AG, Zurich

As auditors of the group, we have reviewed the consolidated financial statements (balance sheet, income statement, statement of cash flows, statement of changes in equity and notes as set out on pages 3 to 37) of CREALOGIX Holding AG for the year ended 30 June 2005.

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 review. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our review was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Auditing, which require that a review 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 Swiss law.

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

PricewaterhouseCoopers AG

R. Willborn **C. Benz**

Zurich, September 2005

Financial Report CREALOGIX Holding AG

	30 June 2005	in %	30 June 2004	in %
ASSETS				
Cash and marketable securities	28,636,289.92		39,375,784.12	
Other receivables	3,685.01		16,540.75	
Accounts receivable from subsidiaries	5,077,459.06		1,471,341.98	
Treasury shares	3,015,507.00		2,171,909.50	
Prepaid expenses	901.50		11,140.00	
Total current assets	**36,733,842.49**	**64.6**	**43,046,716.35**	**82.0**
Investments	18,332,712.86		7,516,256.80	
Loan related party	0.00		200,000.00	
Long-term loans to subsidiaries	1,763,000.00		1,763,000.00	
Non-current assets	**20,095,712.86**	**35.4**	**9,479,256.80**	**18.0**
Total ASSETS	**56,829,555.35**	**100.0**	**52,525,973.15**	**100.0**

LIABILITIES AND SHAREHOLDERS' EQUITY				
Trade accounts payable	10,803.90		357,516.24	
Other current liabilities and accruals	767,399.92		49,560.00	
Total current liabilities	**778,203.82**	**1.4**	**407,076.24**	**0.8**
Share capital	10,700,000.00		10,700,000.00	
Share premium	41,164,951.60		41,386,280.05	
Legal reserves	75,000.00		75,000.00	
Reserve for treasury shares	2,536,548.40		2,315,219.95	
Accumulated profit/deficit	1,574,851.53		-2,357,603.09	
Shareholders' equity	**56,051,351.53**	**98.6**	**52,118,896.91**	**99.2**
Total LIABILITIES AND SHAREHOLDERS' EQUITY	**56,829,555.35**	**100.0**	**52,525,973.15**	**100.0**

	July–June 2004/2005	July–June 2003/2004
Other revenue Group	**24,960.00**	**0.00**
Personnel expenses	-20,910.60	-32,880.30
Advertising costs	0.00	-39.92
Insurance, fees	0.00	-6,509.00
Consulting expenses	-61,938.00	-71,633.20
Other operating expenses third	-17,800.00	-35,600.00
Other operating expenses Group	-12,320.00	27.92
Other operating expenses	**-112,968.60**	**-146,634.50**
Operating loss (EBIT)	**-88,008.60**	**-146,634.50**
Financial income	4,342,645.51	659,680.39
Financial expense	-322,182.29	-149,522.30
Financial result	**4,020,463.22**	**510,158.09**
Profit before taxes	**3,932,454.62**	**363,523.59**
Income tax expense	0.00	0.00
Net profit	**3,932,454.62**	**363,523.59**

Joint and several liability

The Crealogix subsidiaries in Switzerland are treated as a single taxable entity for VAT purposes (group taxation, Art. 22 VAT Law). If one of the Group companies is unable to meet its payment obligations to the Federal tax authorities, the other group companies are jointly and severally liable.

Investments

Company	Activity	Capital	Interest hold
CREALOGIX AG Bubikon, Switzerland	Consultancy and services in information technology and data communcation	CHF 100,000	100 %
CREALOGIX Corp. Toronto, Canada	Consultancy and services in information technology and data communcation	CAD 100,000	100 %
CREALOGIX AG Frankfurt, Germany	Consultancy and services in information technology and data communcation	EUR 100,000	100 %
CREALOGIX E-Banking Solutions AG, Zurich, Switzerland	Consultancy and services in information technology and data communcation	CHF 100,000	100 %
CIRCON Circle Consulting AG Glattbrugg, Switzerland	Development/trade of/ with software and IT-systems	CHF 1,000,000	57.239 %
CSB Holding AG Zug, Switzerland	Management of investments	CHF 100,000	70 %
Balzano Informatik AG, Zurich, Switzerland	Services in information technology and trading in hardware and software	CHF 200,000	80 %

Treasury shares	**Number of shares**	**Average price**	**Value**
Per 1 July 2004	42,173	51.50	2,171,909.50
Purchases 2004/2005	65,421	59.64	3,901,806.35
Sales 2004/2005	-63,891	57.61	-3,680,477.90
Unrealised profit			622,269.05
Per 30 June 2005	**43,703**	**69.00**	**3,015,507.00**

As at 30 June 2005 the reserve for treasury shares was 2,536,548.40 and is recorded at cost.

Share capital

Since 5 September 2000 there have been 1,070,000 issue registered shares in the company. Each of these has a par value of CHF 10 and is fully paid in.

Since 5 September 2000 conditional capital of 2.5 million related to the staff share option scheme has been in place.

Authorized capital in an amount of 3.0 million was created effective 30 September 2003.

Significant shareholders

As at June 2005, the following shareholders each held more than 5 percent of voting rights:

Shareholder	Share of votes	No. of Shares
Bruno Richle	22.63%	242,168
Richard Dratva	22.30%	238,567
Daniel Hiltebrand	15.56%	166,477
Peter Süsstrunk	7.20%	77,000
Chase Nominees Ltd.	5.21%	55,764

Proposal of the Board of Directors for appropriation of the accumulated profit

	July–June 2004/2005	July–June 2003/2004
Accumulated deficit at the beginning of the financial year	**-2,357,603.09**	-2,721,126.68
Net profit for the year	**3,932,454.62**	363,523.59
Total accumulated profit/deficit	**1,574,851.53**	-2,357,603.09
Transfer to reserves	**79,000.00**	0.00
Accumulated deficit at the end of the financial year	**1,495,851.53**	-2,357,603.09

Report of the Statutory Auditors

to the General Meeting of CREALOGIX Holding AG, Zurich

As statutory auditors, we have reviewed the accounting records and the financial statements (balance sheet, income statement and notes) of CREALOGIX Holding AG, presented on pages 41 to 44 of the annual report, for the business year ended 30 June 2005.

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 review. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our review was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that a review 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 annual financial statements and the proposed appropriation of available earnings comply with Swiss law and the Company's articles of association.

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

PricewaterhouseCoopers AG

R. Willborn **C. Benz**

Zurich, 12 September 2005


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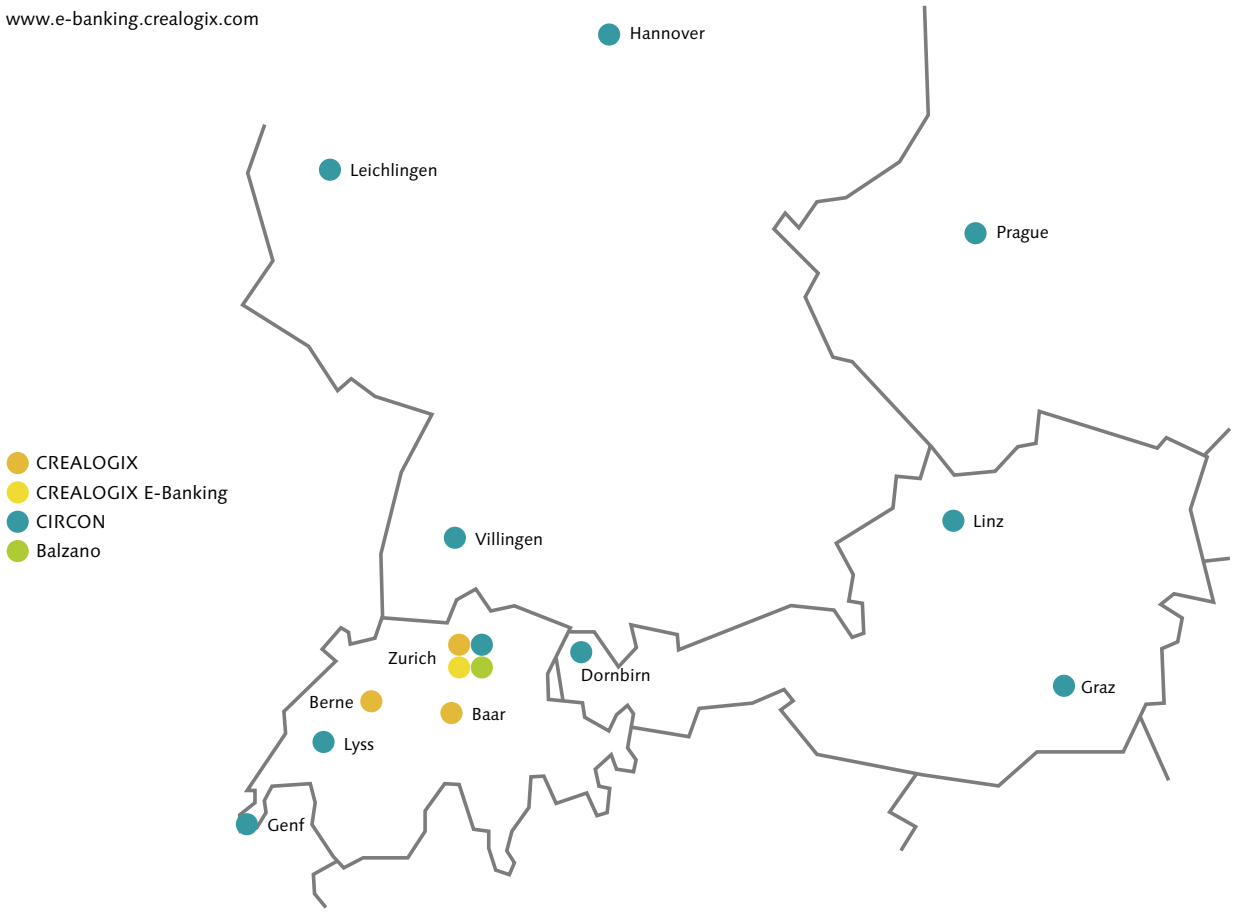

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