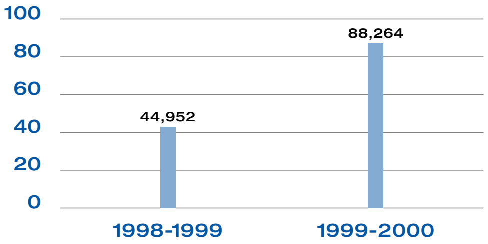
net AG

e your business.

Corporate Report 1999/2000

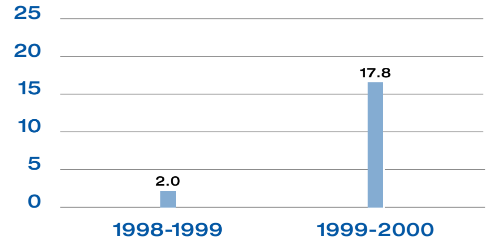
net AG infrastructure, software and solutions

Turnover (DM'000)



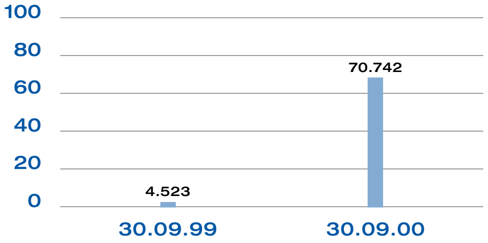
	DM'000
01.01.99 - 09.30.99	44,952
10.01.99 - 09.30.00	88,264

Ebitda (DM million)



	DM million
01.01.99 - 09.30.99	2.0
01.10.99 - 09.30.00	17.8

Liquid funds (DM'000)
(incl. securities)



	DM'000
09.30.99	4,523
09.30.00	70,742

Balance-sheet indicators

	09.30.00 DM'000	09.30.99 DM'000
Liquid funds (incl. securities)	70,742	4,523
Current assets	99,557	28,445
Fixed assets	67,832	44,780
Short-term liabilities	26,687	28,889
Long-term liabilities	32,038	22,849
Capital and reserves	109,091	21,965
Balance-sheet total	168,262	74,384

extend

economize

enlarge

enhance

expand

enable

energize

express

encourage

enforce

ease

your business

e your business

eBusiness is more than the presentation of products and services in an eShop. In our view, eBusiness means seamlessly interconnecting the business processes of many companies, from the suppliers of raw materials to the final customer. eBusiness is, in short, the uncompromising integration of back office and front end.

"e your business" embodies this new understanding of eBusiness: the ability to link all information flows between companies and clients within a supply chain using internet technology. Making all information available within supply chains is the only way to precisely control and direct comprehensive global value-added processes - via the internet and via the mobile internet. As a result, stationary internet technologies open up new sources of productivity and mobile internet applications allow work to be more personalized and independent of place and time.

Individual solutions with a maximum "e-Effect" - simple, efficient and easily expandable. We have already proven our abilities in hundreds of projects. We define solutions, deliver the appropriate technology for each added-value stage together with our partners and integrate these in the existing IT environment of our customer.

"e your business"- it is what net AG stands for.

e nable

"eBusiness is much more than merely conducting business via virtual market places by presenting products and services in an eShop. eBusiness is also integrating companies, with the goal of seamlessly linking companies' comprehensive business transactions. Ours is an attractive growth market and net AG is well positioned in it."

Contents

>Theodor Niehues
Chief Operating Officer (COO),
>Dr. Stefan Immes
Board Chairman and CEO
>Frank Hartmann
Chief Financial Officer (CFO)

Introduction by the Board of Directors

Dear Shareholders, Customers,
Business Partners and Employees:

>>> The past year was marked by a number of extraordinary challenges which we consciously sought and mastered with great success.

Group sales rose as planned from DM 45 million to DM 88.3 million in the 1998/1999 9-month abbreviated fiscal year. We simultaneously achieved strong earnings growth, with earnings before interest, taxes, and appreciation (EBITDA) increasing to DM 17.8 million from DM 2 million in the same time frame. As a result, net AG has once again proven itself profitable.

net AG took over the Dutch software distributor Top Systems mid-year and took a stake in the software distributor interNetwork. We expanded our presence in the domestic and foreign markets considerably and in spite of the continued scarcity of personnel in the IT industry, we were able to increase our staff from 134 to 237 through new hires and acquisitions. We are therefore excellently equipped to face future challenges. Revenues from our business activities and cash reserves from the net AG IPO make it possible for us to strongly implement our future plans.

Our success is even more significant in light of worsened stock exchange conditions in the second half of the year. The economic difficulties of dot.com companies have resulted in a new and fundamental assessment of the internet industry as a whole. Despite our outstanding figures, net AG could not dissociate itself from this development. >>>

"Regardless of how the oft-quoted competition between Old and New Economy turns out, it is clear who the winners of the internet revolution are: companies like net AG, who develop and provide the tools for the digital economy."

>>> We are heartened by the prognoses emanating from research institutes in our sector which, without exception, predict strong growth in electronic business. In a current study, the renowned Gartner Group predicts total sales for electronic business between companies to be in excess of $ 1 billion over the next four years in Europe alone.

The explanation for this perhaps confusing situation is actually quite simple: eBusiness is much more than conducting business via virtual marketplaces and presenting products and services through and eShop. Rather, eBusiness is integrating companies with the goal of linking companies' comprehensive business practices in lock-step with each others. As such, communications with customers are improved, customer relations streamlined and costs reduced, thereby making a company more competitive internationally. This is an attractive market in Europe and net AG is already exceptionally positioned within it.

Regardless of how the oft-quoted competition between Old and New Economy turns out, it is clear who the winners of the internet revolution are: companies like net AG, who develop and provide the tools for the digital economy."

The current situation can best be explained through the industry's maturation process, which is currently experiencing a painful, but necessary return to fundamental rules of the market economy, rules which hold true even in the new economy age. Vision alone is not enough, and rightly so.

Far more important is being able to turn visionary ideas into visionary products and services in a profitable way. Ultimately, it is the customer who is the proving ground for the validity of a vision.

We at net AG have successfully provided this proof through our consistently high growth as well as the company's high liquidity. We have created the conditions for a sustained increase in business value through our uncompromising orientation to net AG's core competence of software and multi-service networks, the sale of strategically irrelevant business activities, and our intensive preparation and successful entry into the mobile value-added services growth market at the end of the financial year.

We are confident that this will have a positive effect on our share price, provided the capital market returns to a realistic perception of the New Economy. <<<

We thank you for your trust!
Kindest regards

Dr. Stefan Immes (CEO)

Theodor Niehues (COO)

Frank Hartmann (CFO)

>Theo Reichert, Supervisory Board

>Dirk Niebergall, Chairman of the Supervisory Board

>Udo Zimmer, Supervisory Board

Report from the Supervisory Board

>>> The first half of the expired fiscal year was influenced by preparing for and implementing the net AG initial public offering. IPO-related tasks and decisions were the main focal point of the work done with the board of directors. In addition, the supervisory board consulted the board of directors in questions regarding management personnel, organization and strategy.

The following relevant decisions were made:

- The approval of net AG's annual financial statements for 1999/2000
- Appointment of Mr. Hartmann as CFO
- Appointment of Mr. Niehues as COO
- Acquisition of H.C. Top Systems B.V., Holland
- Investment (25.1%) in interNetwork AG
- Merging of net Basal/Basal pro Dia and net stemmer into net stemmer GmbH
- Founding of the Mobile B2B business division
- Acquisition of net Schweiz

The net AG annual financial statement of September 30, 2000 and the annual report prepared by the board of directors were examined by the auditor Oppenhoff & Raedler GmbH Wirtschaftspruefungsgesellschaft (auditing company) Hanover and were subsequently granted an unqualified certification.

The Supervisory Board raised no objections after its own examination of the annual financial statement and in turn approved the annual financial statement and the annual report. The supervisory board acknowledged the consolidated financial statement, the consolidated annual report and the consolidated audit report.

The supervisory board would like to thank the board of directors and all the employees for their exceptional work and performance in the past fiscal year. <<<

Cologne, January 11, 2001
The Supervisory Board

Supervisory board
Dirk Niebergall

Theo Reichert

Udo Zimmer

Highlights of the 1999/2000 Fiscal Year

17 March 2000

Listing of the net AG share on the Neuer Markt

The net AG IPO generated a great deal of interest not only from private investors but also from domestic and European institutional investors-the shares' oversubscription by 58 times is proof. Including the Greenshoe, a total of 3.896 million shares were successfully floated at an issue price of € 14, the upper end of the price spread. The initial market price of the share was € 37.

23 May 2000

Sales cooperation with Mannesmann o.tel.o

net AG and Mannesmann o.tel.o negotiated a cooperation contract for the joint marketing of high-performance internet services for companies. Since June 2000, net AG has marketed the internet-by-Call-Access "o.tel.o 01011" under the name net@G-online."

9 June 2000

Takeover of the software distributor H.C. Top Systems B.V.

Just three months after our successful start on the trading floor of the Frankfurter Wertpapierbörse, net AG took over the Dutch software distributor H.C. Top Systems B.V. The takeover of this distributor – who specializes in the marketing of eBusiness standard software – was an important milestone in the internationalization strategy of net AG.

12 July 2000

Sales cooperation with the IP provider UUNET

net AG negotiated a contract with UUNET, one of the worldwide leading internet service providers. The agreement with the WorldCom subsidiary calls for net AG to market UUNET's top-end interconnections.

23 August 2000

Investment in the Load Testing provider interNetwork AG

net AG acquired a stake of 25.1% in interNetwork AG with and option to purchase an additional 50%. Located in Wiesbaden, interNetwork AG specializes in the development and marketing of software which enables the checking of network resources and applications for compatibility and availability. The 'load testing applications' represent an ideal complement of the service portfolio in the area of IP Networks and affect a substantial upward valuation of this division.

30 Sept. 2000

Disposal of the weak-margined low-end hardware business

net AG disposed of the strategically irrelevant low-end hardware business in the course of a management buyout which took effect on October 1, 2000. The disposal of this low-end hardware business took place earlier than was planned at the time of our IPO and is consistent with net AG's plan to strengthen the valuation if the IP Networks Division, a plan initiated with the investment in interNetwork AG.

e nlarge

"The future belongs to net-liberated organizations - companies which virtually organize their business in value creation partnerships. Such company alliances are faster, more flexible and more effective than very diversified conglomerates. net AG delivers the tools for the construction, control and direction of such virtual alliances."

Market opportunities

>>> The price collapse in technology markets and the economic difficulties of dot.com companies prove that the fundamental rules of the market economy still hold true even in the age of the New Economy. No longer are pure visions what count, but rather the very real prospect of obtainable profit.

And while the stock market climate has clearly cooled off, respected market research institutes still continue to stick to their growth prognoses for electronic business. Market researchers for the Gartner Group estimated in a September 2000 research report that market volume in electronic business between companies (business-to-business) will be over $ 1 billion in Europe over the next four years.

The explanation for this perhaps somewhat confusing scenario is quite simple: eBusiness is much more than merely doing business via virtual marketplaces. Rather, eBusiness involves transmitting and improving the comprehensive delivery relations of a company - from primary producer to the end consumer - with the help of internet technology. The Gartner Group associates this approach with "net liberated organizations" which results in a network of companies who work together within an added-value virtual alliance. Such company alliances are faster, more flexible and more effective than very diversified conglomerates.

The trend to virtual companies is driven by the increasing internationalization of competition. Cost reduction potential, a result of a company's internal work processes, has already been extensively exhausted. Enhancing productivity often can only be achieved by optimizing inter-company delivery relations. The internet creates the opportunity for the many small-to-medium size companies, who are the backbone of the German "Mittelstand," to conduct business globally with calculable costs and manageable risks. Such opportunities were, in the past, only reserved for large companies. >>>

>>> The largest cost reduction potential lies in the areas of purchasing, logistics and sales. Purchasing costs can be reduced by up to 50 % through the company's electronic interconnection or through the bundling of buyer concentration with the help of internet purchase portals. Logistics costs can be reduced by interconnecting customers to the producer's ordering system and by establishing a so-called "build to order process," by which the customer has direct access to the production process. The interconnection of the producer to the ordering system of the supplier results in a reduction of inventory costs.

Regardless of whether it is purchasing, logistics or sales, the outsourcing of strategically irrelevant work processes to specialized providers makes companies from traditional industries more flexible, faster and therefore more profitable. According to experts' estimates, companies can outsource up to half of their more minor value-added work processes to business partners.

With the outsourcing of sub-processes to the supplier, the organization of the company's comprehensive delivery relations becomes one of the central tasks of management but an essential criterion of differentiation. The opportunity presents itself precisely to companies from traditional industries to concentrate on those work processes which can best control and which most benefit the market.

The challenge facing company management is to completely integrate the internet into business transactions. net AG is part of only a few companies who have a technological platform which enables the optimization of the entire business transaction chain. Our software tools make controlling business transactions possible by extracting critical information from data processing systems and preparing them for management decisions in a media-neutral fashion - "personalized, anytime, anywhere."

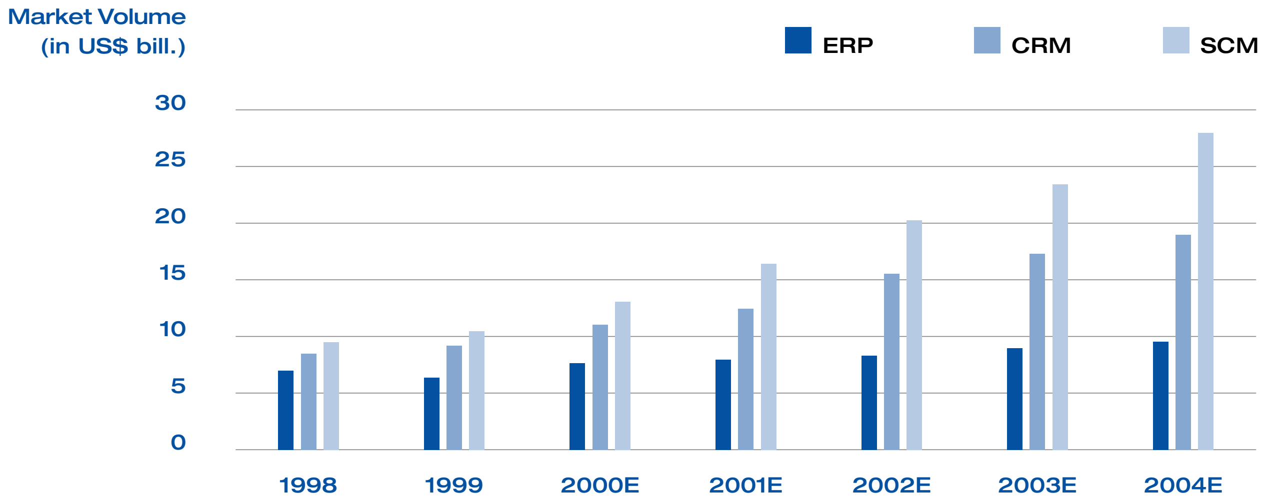
Access to the internet today occurs primarily through cabled networks although this will change in the near future. The 16 % average annual growth in mobile telephony orders shows no signs of slowing down while expanded bandwidths in the mobile telephony networks pave the way for new applications and value-added services.

Experts from the Forrester Research institute predict that by the year 2004 mobile terminals such as mobile telephones and personal digital assistants will have already replaced the personal computer as the preferred access channel to the internet, with mobile terminals the dominant technological platform for electronic business between companies.

Global inter-company purchasing, logistics, production and sales processes have in the recent past been successfully managed through cabled networks but will include mobile telephony networks in the future. The result: considerable increases in productivity with the help of the internet. <<<

Development of software licensing revenues (worldwide)

Licensing revenues involving software for Customer Relationship Management and Supply Chain Management far exceed licensing income for conventional Enterprise Resource Planning Software.



Source: UBS Warburg, October 2000

As a provider of internet-based software solutions for the optimization of Customer Relationship Management (CRM) and company comprehensive supply chain relationships (Supply Chain Management, SCM), net AG is moving into markets which are characterized by especially strong growth.

e ase

"It is our goal to make our clients faster, more flexible and therefore more profitable. We define the solutions, deliver the applicable technologies, integrate these into our clients' present IT environment and offer complete support for successful eBusiness."

net in Profile

>>> net AG stands for an uncompromising linking of the back office to the front end. We develop and market software, mobile value-added services and high-grade networks for companies' electronic business transactions, for optimizing comprehensive business processes, and for improving customer relations.

It is our goal to make our clients faster, more flexible and therefore more profitable. We define the solutions, deliver the applicable technology, integrate these into our clients' present IT world and offer complete support for successful eBusiness.

Our strategic focus is on solutions which enable strengthening of customer loyalty, reducing procurement and logistics costs and optimizing the delivery relations in companies' comprehensive value-enhancing partnerships.

net AG bundles its activities in two business divisions: Our Software & Mobility Division develops and markets the internet-based software netC4, mobile applications and value-added services. The IP Networks Division supports companies in the development, implementation and operation of networks for the transmission of language and data (especially with the help of Voice-over internet Protocols) - for secure and productive eBusiness. >>>

>>> We differentiate ourselves from our competition through our comprehensive services: a net AG-developed technological platform for eBusiness, which grows with the client's growing requirements; consulting; and IT services from a single source. For net AG, the benefits our applications offer to our customer are more important than our striving for technological perfection.

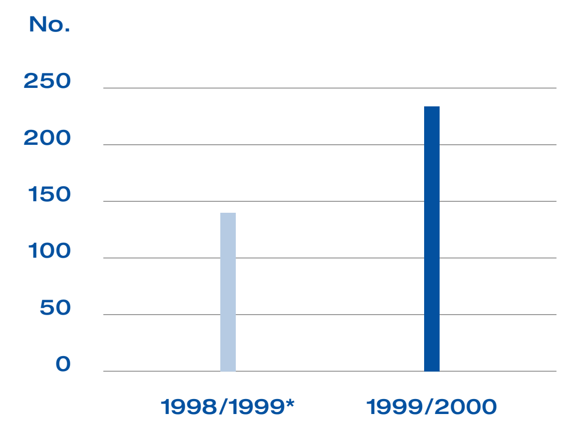
Our strength lies in transmitting business transaction over the internet in order to build substantial competitive advantages for our clients, thereby creating the conditions for economic success in the digital world. Our proof lies in the success of hundreds of projects.

Our strategy's success has made us one of the leading European providers for eBusiness solutions whose clients include companies from industries that are exposed to intensive international competition. Due to the pressure for continuous innovation and cost reduction, we foresee excellent prospects for net AG in this industry. Several companies from the media and telecommunications industry are on our reference list.

net AG is currently serving more that 300 clients including Jil Sander, Nike, adidas salomon, Puma, Gabor, ProSieben, DSF, Fielmann, Honda, S. Oliver, Mexx, Schiesser, Tom Hilfinger, H.I.S., Kaufhof, Karstadt Quelle, DASA, Bosch, BASF, esso, Ford, Miele, Kolbenschmide; Otto-Versand, Sony Deutschland, Tchibo, Ranensburger Spiele, Boehringer Mannheim and UHU.

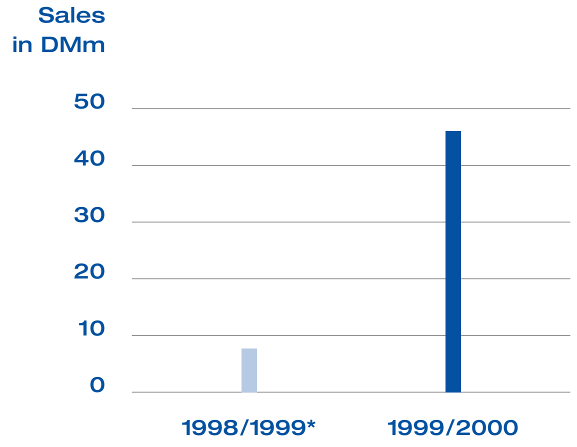
Today, net AG is located in Germany, Holland, Switzerland and the United States. Our headquarters are in Cologne, Germany with offices in Bonn, Siegen, Ludwigshafen, Stuttgart, Pforzheim, Munich and Dresden (Germany). As of September 30, 2000 net AG had 237 employees, 20 of whom work in foreign countries. <<<

Number of Employees



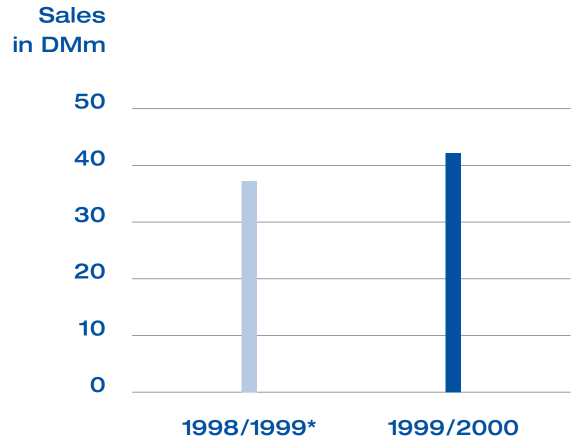
* nine month abbreviated fiscal year

Sales in Software Mobility Division



* nine month abbreviated fiscal year

Sales in IP Networks



* nine month abbreviated fiscal year

Software & Mobility

>>> In its Software & Mobility Division, net AG develops and markets internet-based software, mobile applications and value-added services and offers solutions which help critical business information be transmitted within and between companies, prepare that information for management decisions and make it available anytime, to run companies globally. "Anytime, anywhere, personalized" - the idea is as old as the internet itself and net AG has the technical know-how to make this vision an uncompromising reality.

One of the central tasks of the Software & Mobility Division is further developing our eBusiness software netC4. netC4 allows transmission and optimization of core business processes: Customer Relationship Management and Supply Chain Management.

The solutions which have been available on the market until now only transmit standard processes. Our product philosophy consists of adapting the internet to the needs of the customer by offering them a uniform, technological platform that is optimally suited to their needs, for secure and profitable eBusiness. Because netC4 is established on pre-existing IT infrastructure, the existing IT resources and the present IT know-how of our client remain completely intact.

With the takeover of the Dutch software distributor H.C. Top System B.V. on June 9, 2000 and the development of standard software products (so-called 'out of the box' solutions), net AG has created the conditions for strong market penetration. Top Systems specializes in the marketing of eBusiness standard software for small and medium sized companies, as well as for retailers. The takeover opened new distribution channels for net AG and created access to a valuable client base as well as to domestic and European sales partners - an important milestone in our internationalization strategy.

Since the end of the previous fiscal year, net AG has also been active in the area of Software & Mobility as an intermediary between providers and buyers of personalized contents for mobile terminals. Our strategic focus here is on applications which enable the improvement of customer relations as well as the purchasing and logistics processes. The technological basis of our mobile telephony activities is a carrier-independent platform for mobile communications, which has been developed in cooperation with Ericsson. <<<

enforce

"Information anytime, anywhere, personalized" - the idea is as old as the internet itself and net AG has the technological know-how needed to make this vision an uncompromising reality.

The internet goes mobile

>>> net AG has positioned itself as the first mover in one of the most attractive growth markets with its entry into the mobile applications and value-added services business. In order to build on our competitive advantage, we are entering strategic partnerships with content providers and technology companies.

We were able to win Ericsson, one of the leading technology companies in the telecommunications market, as a technology and sales partner. Ericsson is not only one of the three largest producers of mobile telephones in the world but is also an international leader in mobile infrastructure components.

As the worldwide leading provider of mobile network technology, Ericsson contributes its technical know-how in the construction of the mobility platform of net mobile. In addition, Ericsson is significantly involved in the development and sale of mobile applications and added value services for the European market.

Activities surrounding the mobile telephony area are bundled into the newly founded subsidiary net mobile AG. The net AG subsidiary has an excellent top management team in Theodor Niehues, Dr. Hubert Weid, Kai Kulas and Dieter Plassmann, who have direct access to all important European mobile tele phony companies due to their prior management activities at companies in the industry. Dr. Karl Otto Poehl, President of the Deutsche Bundesbank a.D., has taken over the chairmanship of the three-member Advisory Board.

Our strategic goal is to establish net AG as one of Europe's top three providers for mobile value-added services. In order to achieve this goal, in the next three years we are investing DM 72 million in research and development as well as marketing and sales. These investments are completely financed by operating cash flows of the two divisions Software & Mobility and IP Networks. Thus, the resources from our initial public offering are still fully available for financing strategic acquisitions and for pushing ahead with our internationalization process. <<<

expand

"What has long been reality in cabled networks – the organization of companies' comprehensive business processes with the help of the internet – will be replaced in the near future by mobile telephony networks."

enhance

"Outsourcing sub-processes to suppliers makes forming inter-company supply relationships not only a central management task but also an essential differentiation criterion in competition.

IP Networks

>>> The IP Networks Division bundles net AG's know-how in the speech-data-integration (especially Voice over internet Protocol) market and offers companies the network infrastructure for secure and profitable eBusiness. This business comprises planning, implementing and operating highly secure and highly available networks.

In the previous fiscal year, net AG management undertook several actions to increase the value of this division, including focusing more clearly on speech-data-integration (multi-service networking) and the integration of software companies which optimally complement our service portfolio.

On August 23, 2000, net AG took a 25.1 % stake in interNetwork AG (Wiesbaden) with an option to purchase a further 50 %. interNetwork AG specializes in the development of so-called "load testing applications," applications which allow to check network resources and software for capacity and availability at the activation (pre-deployment) stage as well as during operation (in-service monitoring). interNetwork has a high-caliber international client pool and has access to all key players in the telecommunication industry. Its clients include Deutsche Telekom AG and Mannesmann Arcor AG & Co.

Through net AG's investment in interNetwork AG, the IP Networks Division has experienced a substantial increase in value and now has propriatary software at its disposal. As a result, net AG obtaines a considerable technological competitive advantage in the market for multi-service networking technologies.

net AG sold strategically irrelevant business areas of the IP Networks Division during the course of a management buyout which took effect on October 1, 2000. The low-end hardware components business increasingly lagged behind expectations due to a constant weakness in demand within the market segment. Therefore, management decided to give up the low-end hardware components business earlier than planned. The revenue and earnings effects resulting from the sale will be offset by the expansion of the IP network solutions division. <<<

Strategy

>>> net AG sees itself as a company which develops and markets internet based technologies for the optimization of global delivery chains and customer relations. Our continous orientation towards customer needs and our know-how in the entire spectrum of eBusiness solutions is what distinguishes us from other competitors.

net AG's strength is transmitting business-critical information – information which is vital for management decisions and which is independent from output devices (e.g. personal computer, mobile telephone, or personal digital assistant) – within and between companies, with the help of internet technologies.

Therefore, net AG's entry into mobile applications and value-added services is a logical further step of our current business strategy, bringing a substantially stronger dynamic to our business model. While net AG has reaped healthy earnings from software licensing and through consulting in the past, in the future we will profit directly from the information transactions which are handled by our platform for mobile communication. Each use of an added value service, each information retrieval, returns a direct sale, and therefore earnings. The higher scaleability in our business model leads to increase in sales with a digressive growth in costs.

The initial investment required for building the technical platform as well as developing and marketing mobile applications and value-added services is the foundation for dynamic growth in sales and revenues which, according to current estimates, will materialize after an 18-month period. We predict that the scalable nature of our business model will lead to markedly improved revenue and profit relations.

It is the strategic goal of the Software Solutions division to establish net AG in the next five years as the leading European point of contact for running companies using internet and mobile technology.

extend

"net AG's strength: identifying and processing critical business information and making it available to management - anytime, anywhere, for the decision making process."

Our technological and sales partnership with Ericsson was the first successful step, by assembling an excellent management team and by investing in the production of a carrier-independent platform for mobile communication.

In the future, we will push ahead with increasing the value of the IP Networks business division. Our goal is to become one of the top three European companies in the area of speech-data-integration within the next three years and, through the investment in interNetwork AG and the sale of our hardware business, we have already laid the first important building blocks of this plan.

net AG is an innovative growth company - growth which is sustained by above-average organic growth in our core businesses and targeted strategic acquisitions. We will continue to push ahead with the internationalization begun in the previous fiscal year, using capital resources from the net AG IPO. <<<

Questions to the Board of Directors

>>> Internet companies have had to deal with considerable stock price decreases on international stock exchanges recently. Is this the end of the internet economy?

Dr. Immes: I do not think that consolidation on the growth exchanges signals an end of the internet economy. In fact, just the opposite: I think that we are at the beginning of profound changes in our economy as a whole. When we speak today of eBusiness, we mostly think business transactions over the internet, whereas the actual explosive force of the internet is that companies can better synchronize their entire chain of business transactions with suppliers, enhance customer relationship management, reduce costs and therefore improve their competitive position. This is the market of the future and we are exceptionally well positioned in it.

Attractive growth prospects and falling stock prices - how can they co-exist?

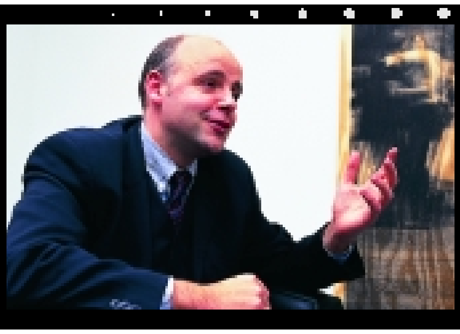
Dr. Immes: The financial difficulties of numerous dot.com companies have led to a fundamentally new assessment of the entire internet industry. In spite of our outstanding figures, net AG could not disassociate itself from this development. Part of investors' trust was squandered on the Neuer Markt recently. Spectacular cases of violations of insider regulations and balance sheet manipulation have adversely affected the entire segment. I think that it will take some time before the market has come to terms with this. And although we have done nothing wrong, we still have to win back the trust that was squandered - with reliable prognoses and strong results. We are working on this.

Let us turn our attention to net AG for a moment. Quite simply, what does net AG do exactly?

Niehues: We provide eBusiness technology. We deliver, in a manner of speaking, "pick and shovel," the tools that companies need for secure and profitable eBusiness. Concretely, that means that we develop and market software, mobile value-added services and high-grade networks for the electronic business transactions between companies and for improving inter-company business transactions with the help of the internet.

What are your strengths and what makes you so successful?

Niehues: There are two things that distinguished us from our competitors: First, at the center of our business is always the customer as he uses our application and, i.e. we are not primarily striving for technological perfection. Our goal is to make our customer faster, more flexible and thereby more profitable. Second, we offer solutions for all essential business transactions all from a single source, unlike numerous other providers who have various partial solutions cross-linked with each other. Our success proves that this concept meets the needs of our customers. >>>



With the takeovers of Dutch software distributor Top Systems and the software company interNetwork, net AG was able to report two acquisitions in the past fiscal year. What business areas will net AG concentrate on strengthening in the future?

Dr. Immes: We will stick to the path we are on now. We are interested in companies like Top Systems which help to improve sales structure and in companies like interNetwork, who enable us to further develop our technological platform with manageable integration expenditure. Technology and sales are the dominant themes for us.

On October 23, 2000, net AG announced its entry into the mobile value-added services business. Is this step the expression of a new strategic direction and how do these activities fit within the existing net AG strategy?

Niehues: Our entry into the mobile value-added services business is not a strategically new direction, but rather a logical next step in our current present business strategy. Our strengths are to transmit information within and between companies with the assistance of internet technologies, to prepare that information for management decisions and to make it available anytime, anyplace - irrespective of hardware (eg. personal computer, handheld assistant or mobile phone). It is decisive that we fully exploit our process know-how and our technological competence in this business and in the area of mobile applications and value-added services.

What consequences does this step have for your business model and for net AG's growth rate?

Hartmann: Our entry into the mobile value-added services business brings an essential new dynamic to our business model. Until now, our earnings have been from the sale of software licenses and consulting services. The difficulties were apparent: an increase in sales was only possible with an increase in personnel and thus only with a proportional increase in personnel expenditures. This will change in the future when we will also profit directly from the information transactions which are executed over our mobility platform. Each use of a value-added service, each information retrieval, will contribute to additional sales and earnings.

net AG's entry into the mobile applications and value-added services business not only opens considerable opportunities, but also poses some risks, as other providers are also entering this attractive growth market. Why are you so certain that net AG will be able to stay ahead of the pack?

Hartmann: True, we are moving into the area of mobility, which represents a market for which sufficient statistical figures do not yet exist. In order to keep risks at a minimum, we are entering into cooperative partnerships with leading companies in the areas of technology, content and sales. We have a strong technology and sales partner at our side in Ericsson and have the benefit of a broad customer pool, which is something new entrants into our core business cannot boast. Numerous customers have already signaled an interest in our service offers. And last but not least, we have assembled an experienced management team. Based on these facts, we feel well prepared for what lies ahead.

Last question: many companies in the IT industry complain about the lack of qualified personnel. The strained personnel situation could also lead to a slow down in net AG's growth. How does net AG tackle this challenge?

Dr. Immes: It is no secret that there is a strained job market situation for qualified IT personnel. To that extent your statement is correct. Whether we can continue our growth or not critically depends on to what extent we are successful in recruiting the right people and keeping them committed to the company in the long-term. But this is a challenge facing every company. What makes net AG interesting is the fact that we offer a unique perspective – a healthy mixture of vision and substance and we have proven this by gaining qualified, new personnel.

Investor Relations

Successful Stock Exchange Listing

>>> One of the highlights of the 1999/2000 fiscal year was net AG's successful initial public offering on March 17 on the Frankfurter Wertpapierbörse. net AG shares are also traded on exchanges in Berlin, Bremen, Düsseldorf, Hamburg, Munich and Stuttgart, as well as on Xetra, the electronic trading system of the Deutsche Börse AG.

Headed by HSBC Trinkaus & Burkhart KgaA with the participation of Sal. Oppenheim Cie. jr. & KGaA, WGZ-Bank Westdeutsche Genossenschafts-Zentralbank and net.IPO AG, 3,296,000 non-nominal shares were sold in a capital increase. A further 600,000 shares from existing shareholders were allocated as part of the Greenshoe. net AG management itself did not dispose of any shares. All pre-existing shareholders voluntarily committed themselves to extending the original 6-month lock-up period (as prescribed by Neuer Markt rules) to 24 months.

Overwhelming domestic and international interest in the net AG IPO: stock 52 times oversubscribed

The net AG initial public offering generated a great deal of interest from retail and institutional investors, both domestically and throughout Europe, with demand for our shares far outstripping supply. Our stock was 58 times oversubscribed, with 70 % of shares assigned to institutional investors and the remaining 30 % for retail investors.

The float volume amounted to DM 90 million. After deducting IPO costs, net AG had DM 81 million for financing our organic and external growth. On September 30, 20000, net AG had cash assets in the amount of DM 70.7 million resulting from the company's stock exchange listing still available.

The net AG share subscription price was pegged at € 14, at the upper end of the price spread determined by the bank syndicate lead manager. The first traded price was € 37, or 160 % above the subscription price, with the price settling to € 38.50 at the close of the first trading day. >>>

Share Price

>>> Until the middle of last year, net AG enjoyed outstanding share price performance. In a difficult market environment characterized by consolidations, our stock price was clearly able to hold steady against the Neuer Markt Internet Index and the Euro Neuer Markt Index. But we could not continue this trend indefinitely.

The reason: sharp price corrections experienced on worldwide growth markets in the middle of last year, characterized by a fundamental reassessment of new economy companies. This reassessment came on the heels of dot.com companies experiencing financial difficulties which, in turn, led to a new perception of internet-industry companies in general.

However, the weakness of the U.S. technology stock index Nasdaq also contributed to our unfortunate share price development. In the United States as well as on the Neuer Market, many companies reported disappointing quarterly results which were below expectations. It was also revealed that certain companies on the Neuer Markt were guilty of insider trading violations and balance sheet irregularities, both of which caused an already tense stock exchange situation to further deteriorate.

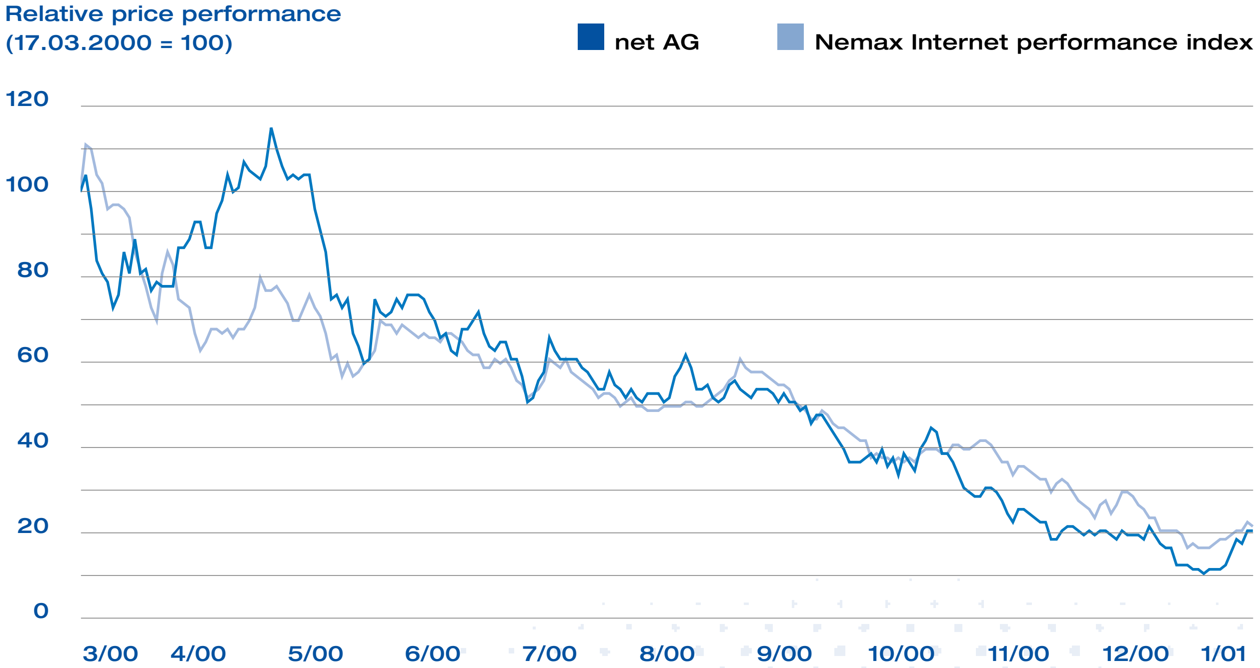
net AG shares are listed under the internet segment of the Neuer Markt and are therefore perceived by the capital market to be internet stocks. As a result, our price performance primarily followed the Neuer Markt Internet Index's downward trend, while our shares clearly lost against the Euro Neuer Markt Index. Thus, the stock could benefit neither from purchase recommendations nor from positive analyst estimations. Taken altogether, the net stock could not disassociate itself from these unfavorable market developments, even when we achieved our demanding sales and earnings plans or even slightly exceeded them.

High trading volumes over the entire time period are particularly noteworthy, with average daily volume of net AG shares traded totalling 36,873 on the Frankfurt Wertpapierbörse (floor trading) and 28,954 in electronic trading on Xetra. Altogether an average of 73,500 net shares were traded daily at all trading centers. Thus, it can be clearly seen that the market has been highly receptive to net shares.

The share's highest price was €39.50, with an average overall price of €18.90 for the time period from the IPO to September 30, 2000. The lowest price for net AG stock before results were made public on September 30, 2000 was €4.10. At the current share price, we see great upside potential. >>>

Relative price performance of net AG shares (17.03.2000–31.12.2000)

in relation to Nemax Internet performance index



Despite outstanding figures, net AG shares were unable to decouple from the unfavorable market trend.

33.49 % of stock in diversified share holdings

>>> 12,196,229 shares were in circulation on September 30, 2000, reflecting 33.49 % of net AG stock in diversified share holding since the March 17, 2000 IPO. 9.96 % of the shares are owned by organs of the company (board of directors and supervisory board), with the remaining 56.55 % held by private investors. All existing shareholders have committed themselves to a 24-month lock-up period.

Shareholder structure

	No. of shares	Share of equity capital (%)*
Held by management	**1.218.771**	**9,96**
of which **Board of Directors**	**715.488**	**5,83**
Dr. Stefan Immes	683.238	5,60
Theodor Niehues	25.000	0,21
Frank Hartmann	2.500	0,02
of which **Supervisory Board**	**503.283**	**4,13**
Dirk Niebergall	289.192	2,37
Theo Reichert	182.821	1,50
Udo Zimmer	31.270	0,26
Private investors	**6.897.229**	**56,55**
of which free float	**4.084.979**	**33,49**
	12.196.229	**100,00**

* Rounding off of tenth percents can lead to inaccuracies.

Dialogue with investors, analysts and financial journalists

We consider it absolutely vital to continually inform investors, analysts and journalists about current developments concerning net AG, which is why we want to further improve our dialogue with the capital market through transparent reporting.

Even at the time of our IPO, we were actively engaged in investor relations to a considerable extent. The focal point of our activities was a Roadshow for European institutional investors and DVFA Analysts Conference for the IPO. In June 2000, net AG management again went before institutional investors as part of a two day Roadshow in Munich and Luxemburg and at the end of the fiscal year in mid-October, we organized an analysts' conference in Frankfurt. Two investor Roadshows followed in Germany in October and November 2000, as well as a number of one-on-ones with German and European investors and analysts. On November 30, 2000, net AG went before selected industry analysts at the IPOC Analysts conference of the DFVA in Frankfurt.

All of our IR activities were accompanied by extensive press activities as well as appearances of the board of directors in internet chats like Platow Online and Wall Street Online. We will continue to build up our Investor Relations website in order to further strengthen the trust of our investors. In the future, we will provide even more information about company developments within the framework of a newsletter. <<<

net AG Share Grades

11.08.2000	Promising	Wirtschaftswoche heute
10.30.2000	Hold, Upside target 14	HSBC Trinkaus & Burkhardt
10.30.2000	Wait and see	Neue Aktien Weekly
10.26.2000	Buy	Börse Online
10.16.2000	Speculative	Platow-Brief
10.02.2000	Buy	Sal. Oppenheim
09.27.2000	Interesting	Platow-Brief
08.25.2000	Neutral	Neuer Markt Inside
08.23.2000	Buy	Sal.Oppenheim
08.11.2000	Hold	Platow-Brief
06.26.2000	Buy	Platow-Brief
06.13.2000	Buy	Sal. Oppenheim
06.08.2000	Upside target 27	Sal. Oppenheim
05.29.2000	Buy	Sal. Oppenheim
04.27.2000	Upside target 60	Der Aktionär
04.25.2000	Buy	Platow-Brief
03.22.2000	Promising	HSBC Trinkaus & Burkhardt

Investor Relations Fact Sheet

net stock information

Stock Class	Owner Individual share certificate
Stock Code	786 740
ISIN:	DE0007867400
Acronym for Neuer Markt	NET
Bloomberg Acronym	NET GR
Reuters Acronym	NETG.F
Trade Segment	Neuer Markt
NM Industry code	internet
CDAX Industry Code	Software

Index Weights 12.31.2000

NEMAX ALL SHARE	0.04%
NEMAX ALL SHARE INTERNET	0.20%
CDAX TOTAL INDEX	0.004%
CDAX SOFTWARE	0.07%

Price information concerning net stock

Issue Price as of 03.17.2000 in €	14.00
First Quotation Price as of 03.17.2000 in €	37.00
as of 12.31.2000 in €	4.10
Number of shares in millions*	12.196
Stock Exchange Capitalization in million €*	50.00
52-Week High in €*	39.50
52-Week Low in €*	4.10
Price on 09.30.2000 (End of fiscal year)	13.30
Average Share Price in since IPO*	18.90
Average Trading Volume per day since IPO*	70,530

*as of 31 December 2000

Designated Sponsors

Sal. Oppenheim jr. & Cie. KGaA
HSBC Trinkaus & Burkhardt KGaA

Consolidated Financial Statement and Consolidated Annual Report

of net AG infrastructure, software and solutions
from September 30, 2000

A doubling of sales and clear triple-digit growth in operating income marked the 1999/2000 fiscal year for net AG. Sales rose by 96%, from approximately DM 88 million. Earnings before interest, taxes and depreciation (Ebitda) rose 790%, from DM 2 million to approximately DM 17.8 million. In the past fiscal year, net AG took over the European software distributor H.C. Top Systems B.V., the Swiss software developing company Novacom AG and also acquired a 25.1% investment in the software company interNetwork AG. Novacom was renamed net Schweiz AG. net AG considerably built up its market presence in the domestic and foreign arenas, as well. In spite of the strained personnel situation in the IT industry, net AG increased its staff from 94 to 237 (as of September 30, 2000).

Therefore, we are well prepared for the future. Operative business revenues and the financial resources still available from the initial public offering allow us to consistently implement our plans for the next fiscal year.

FAVORABLE ECONOMIC CONDITIONS

According to a November 2000 Commerzbank study, the economic environment in the reporting period is shown to have been stable, with a 3,0% growth rate in gross domestic product (GDP). The weak Euro and the resulting expansion in the export sector had a positive effect on the overall economy. However, the continuous increase in oil prices had a negative effect on the economic growth in the reporting period.

The information and communication technology sectors were important engines for growth for the entire economy in the past fiscal year. According to estimates from the European Technology Observatory (EITO) from November 2000, sales in Western Europe in 2000 grew by approximately 11.3%, to about DM 1000 billion in the year 2000.

The EITO identified four market driving factors for the reporting period:
(1) The targeted promotion for the public spread of the Internet
(2) Investments related to the 'Year 2000 Problem'
(3) A large number of new application possibilities
(4) Investments related to the spread of mobile telephony

Two factors posed limitations to growth in this reporting period:
(1) 13% of vacancies in the information and communication technology sector remained unfilled due to an IT worker shortage
(2) the so-called 'Year 2000 Problem' led many companies to curtail investment, slowing the growth in the industry in the first six months of the reporting period.

DOUBLE-DIGIT SALES GROWTH

Sales development in 1999/2000 was shaped by sustainable growth as well as the initial momentum from acquisitions and investments. The consolidated sales from the continued activities of net AG Group climbed to DM 88.3 million, an increase of 96% over last year's sales of DM 45 million. The newly-acquired software distributor H.C. Top Systems B.V. and net Schweiz AG are both included in the sales for the same period on a pro rata basis; an investment in the interNetwork AG (at equity) is included in the consolidated financial statement and has no effect on sales.

Sales growth was driven by positive developments in the Software & Mobility Division, whose sales revenues increased 599% to DM 46.1 million compared to DM 7.7 million the previous year. Thus, the division developed better than originally expected. A particularly positive development was the ability of the net AG subsidiary net Solutions GmbH to achieve OEM licensing revenues – in addition to continuous licensing revenues – in markets which had never before been targeted. An increase in foreign sales to DM 6.5 million (DM 1.3 million the previous year) is a further positive development.

Demand in the IP Networks Division developed erratically. Through our strategic partnership with Cisco Systems, the world market leader for network systems technology, net AG achieved strong sales growth in our core areas of planning, implementation and operation of multi-service networks. Our low-end hardware business (personal computer, printer and accessories) lagged behind expectations. General investment restraint stemmed in large part from the uncertainty that the Year 2000 problem caused. As a whole, sales growth in the IP Networks division rose 16% less than expectations.

The positive development of the Software & Mobility Division improved the sales structure clearly in favor of know-how intensive activities. For the first time, the Software & Mobility Division, with a sales share of 51%, contributed to over half of the Group's sales. Management will further press ahead with this direction. For this reason, net AG disposed of parts of the strategically irrelevant IP networks business area through sale to a former general manager, effective October 1, 2000.

net AG's order situation is very satisfactory and personnel capacity will be fully employed into the second quarter of 2000/2001. This owes to the increased visibility which the net AG IPO provided the company as well as to our expanded sales activities. In addition, our participation in the CeBit and IMB, where net AG could present our technology and solutions platform to a broader professional audience for the first time, proved advantageous.

CLIENTS AND PARTNERS

net AG's deepening of our relationship to such customers as ProSieben and Nike has led to an increase in sales and an expansion of our client base. This approach helped us win such well-known clients as Wacker Chemie, Elefantenschuhe and Fielmann, while additionally opening new client sectors to us. Our active client base is currently made up of approximately 300 companies.

net AG develops and markets basis technology for electronic trade between companies and the improvement of their inter-company supplier relations. Our proprietary netC4 software plays a key role in this respect. Should our customers demand additional solutions, net AG offers them from leading suppliers in the information and communications technology sector, such as Cisco Systems, UUNET, o.tel.o, Hewlett Packard and IBM.

3COM'S decision to begin sales of so-called "business line" network components was a financial burden for net AG in 1999/2000, as net AG had been 3COM's most important partner in Germany for such solutions. However, in the meantime, we have been able to compensate for this burden through expanding our relationship with Cisco Systems.

A STRONG IMPROVEMENT IN RESULTS

It must be taken into account when considering net AG's results development that the comparative values reflect both an abbreviated fiscal year (01.01.1999 to 09.30.1999) and acquired subsidiaries whose results should be seen on a pro rata basis in the profit and loss statement.

net AG'S Ebidta climbed by 790%, from DM 2 million to DM 17.8 million, in spite of planned increases in sales expenses, proving net AG's operative productivity and financial strength.

Research and development expenditures were approximately DM 1.8 million, slightly over the level of last year (DM 1.6 million). A DM 3.3 million increase in sales and marketing expenditures (to DM 7.5 million) is predominantly a result of sales organization expansion. The number of sales employees in Munich, Stuttgart and Siegen was increased and two sales offices were opened in the United States, one of which was opened through interNetwork. In addition, net AG increased its participation in important trade fairs.

Income before tax on earnings totals DM 3.8 million, factoring in remaining expense items as well as depreciation on differential amounts from capital consolidation. Depreciation of differential amounts from capital consolidation includes depreciation of software, licenses and goodwill depreciation. An extremely short depreciation period, 4-7 years, was employed. Depreciation increases stem in part from the fact that acquisitions (and their corresponding depreciations) made at the end of the previous year are not taken into account, and therefore do not reflect earnings, until the 1999/2000 reporting year. During the fiscal year, the stake in GVA Gesellschaft fuer Verfahren der Abwassertechnick mbH & Co. KG was sold for a price of DM 10.2 million. The company specializes in sewage treatment technology. Because this investment was not in net AG's core business and the sale has been decided upon the last fiscal year, a consolidation was made in the prior year on the basis of the equity method.

net AG posted DM .2 million in interest income resulting both from operating income and capital from the IPO. A DM 8.9 million stock exchange listing fee was deducted from capital reserves (after the deduction of the tax effect of DM 4.6 million, in accordance with US GAAP) and has no income effect. Income from discontinued activities (DM 0.2 million) was a result of the sale of strategically irrelevant business areas.

Income per share, factoring in account depreciation of differential amounts from capital consolidation, rose to DM .07 (compared with DM -.38 the previous year period). Income per share was DM 1.34, compared to DM .15 in the prior year period, before depreciation of differential amounts from capital consolidation.

FOCUSING ON OUR CORE BUSINESS

At the beginning of the fiscal year, net AG acquired a 100% share in the Swiss-based software developer Novacom AG. After the takeover, Novacom's name was changed to net Schweiz AG.

In the middle of the fiscal year, net AG took over the software distributor H.C. Top Systems B.V.. The Dutch company specializes in marketing eBusiness standard software to small and medium size businesses and retailers. The takeover gave net AG access to a valuable client pool of software distributors and also made an important contribution to the improvement of net AG's international sales structure.

At the end of the fiscal year, net AG acquired a 25.1% stake in interNetwork AG (Wiesbaden) with an option to buy an additional 50%. interNetwork specializes in the development and marketing of load testing applications. The company boasts an international client base and has access to all important telecommunication companies.

In consolidating its core activities, net AG disposed of strategically irrelevant business areas in the 1999/2000 fiscal year. In January 2000, the company GVA Gesellschaft fuer Verfahren der Abwassertechnik was sold.

In addition, the Application Service Provider business for small and medium size companies was disposed of in April 2000. The expenses and income resulting from this sale is listed separately as income from discontinued operations. The 'SAP' area was finally discontinued in the fiscal year.

PLANNED INCREASE IN INVESTMENTS

A pivotal event in the last fiscal year was net AG's successful IPO. The float volume amounted to DM 90 million --- with a remaining sum of DM 82 million after the deduction of all listing fees (DM 86 million, in light of tax effects) --- which will be used for financing organic and external growth. Investments were financed predominantly from operating income, capital from the IPO and from long-term bank loans. A portion of the float revenue was placed in mutual fund shares. On the balance sheet date of September 30, 2000, net AG had a balance of cash items from operating income and the IPO in the amount of DM 70.7 million. The net financial position (cash items minus financial liabilities) is DM 43.8 million, with 65% of the balance sheet sum covered by equity capital.

CONSISTENT INCREASE IN STAFF

Despite the continued strained personnel situation in the IT industry, the net AG Group was able to consistently increase its number of qualified and motivated employees. On September 30, 2000, net AG had 237 employees, with the number of employees in foreign countries increasing fivefold over the previous year to 20. net AG instituted a stock option plan before our IPO in an effort to promote long-term employee motivation and company loyalty.

INCREASING R&D ACTIVITIES

Research and development investments increased to DM 1.8 million in the reporting period, including investments to expand our eBusiness netC4 software family. An additional focal point is developing software applications for client relations management and supply chain management using mobile access media (mobile telephone and personal digital assistants). R&D expenditures additionally contain start-up investments for development of the mobility platform of the newly-founded subsidiary net mobile AG.

CALCULATED RISKS

net AG will invest considerable resources over the next three years to expand our mobile services business area, with investments predominantly aimed at establishing a technological platform, developing mobile value-added services and in building an effective sales organization.

As is the case with any investment, this investment decision carries the risk of a miscalculated assessment of future expenses and income, particularly because net AG is operative in a market in which insufficient statistical information is available. In order to minimize the business risks associated with this situation, net AG is working to form cooperations with leading companies in technology, content and sales and already counts Ericsson as a sales and technology partner. In addition, net AG can resort to its already broad client base from its core business for marketing mobile value-added services. net AG and its subsidiary net mobile AG both have an experienced management team with in-depth market knowledge and excellent access to all key companies in the European telecommunications industry.

Software licenses will make up a considerable portion of net AG's future sales and revenues. We expect an increasing willingness to invest in internet-based technologies but the risk remains acceptance of our proprietary software. We are planning a wide spread image campaign to position net AG as a leading supplier of technology to decision makers.

net AG will strengthen the growth of its acquisitions in the next three years. The risks here are no adequate assessment of a suitable partner is available or that some new companies in the Group will not develop as well as expected. As is net AG's practice, the company will only invest in companies who can be easily integrated into the Group. Thorough examinations of companies and management teams are conducted in advance.

net AG's goal over the next three years is to keep pace with the dynamic development of the information technology sector and to invest considerably in research and development. A common market risk is the failure to quickly developing one's proprietary products further. In order to minimize this risk, we develop new products in close collaboration with our own clients and in cooperation with leading companies such as Cisco Systems and Ericsson, who influence international industry standards.

net AG's growth in the next three years will depend decisively on its success in hiring qualified employees and keeping them long-term. The strained job market situation affecting the IT industry could well lead to a slow down in growth. However, our past success in hiring qualified personnel and our low fluctuation rate is reason for tempered optimism.

In accordance with the Law for Control and Transparence in Business Areas regulations (KonTraG), net AG's board of directors has introduced a strategic risk management warning system which fulfills the conditions for transparent company management and early recognition of risks.

A SUCCESSFUL START TO THE NEW FISCAL YEAR

With its announced entry into mobile applications and value-added services on October 23, 2000, net AG has positioned itself as the "first mover" in one of the most attractive growth markets. The entry is a logical development of our business and adds a new dynamic to our business model. In the past, net AG aimed exclusively for cash flows from software licensing and consulting fees whereas, in the future, we will be actively involved in transferring information.

The Software & Mobility division's strategic goal is to make net AG the European leader for company transactions via stationary and mobile internet technologies within the next five years. Our first steps in this direction were with our technological and sales partnership with Ericsson, building an excellent management team and investing in the construction of a carrier- independent communications platform.

We will be moving forward with improvements in our IP Networks division with the goal of becoming the leader in the area of speech data integration within the next three years.

In November 2000, net AG participated for the first time at SYSTEMS, the Munich-based international IT trade fair. There, net AG presented our entire service spectrum, winning several well-known companies as new clients. One of the dominant themes of the trade fair was the future market of mobile business-to-business (B2B), proving that net AG's October 2000 entry into mobile applications and value added services was a well-timed strategic move.

net AG's advertising campaign, planned for the first half of 2000, is expected to offer an additional positive momentum for the company. net AG altered its company logo (in agreement with a competitor) at minimal expense. Our campaign is aimed at increasing net AG's brand awareness among key decision makers.

POSITIVE FUTURE PERSPECTIVE

We expect sales of DM 108.6 million in 2000/2001, with 52% stemming from the Software and Mobility Division and 48% stemming from the IP Networks division.

Our growth will be based on considerable investment over the next three years. Investments will be focused on marketing and sales, the development of mobile services and the further development of a mobile communications platform.

Large investments will cut into short-term profitability. In 2000/2001, we predict a negative earnings result before interest, taxes and depreciation (Ebitda) of DM 4.6 million, but a positive Ebitda again in 2001/2002.

Our advertising campaign in the first half of 2001 will roll out net AG's new image and will prove a vital step in increasing our visibility and brand awareness among key decisions makers. In order to avoid legal action, we have made changes to our company logo for a moderate cost. We expect our business to grow further through our U.S. activities: since the end of the fourth quarter of 1999/2000, our subsidiary internetwork AG in the United States has had its own sales and development team, which will increase to 20 by September 30, 2000.

net AG infrastructure, software and solutions , Cologne
Cologne, December 2000

Board of Directors

Dr. Stefan Immes (CEO) Theodor Niehues (COO) Frank Hartmann (CFO)

ASSETS

	Notes	09.30.2000 TDM	09.30.1999 TDM
Current Assets			
Cash items		39,313	4,523
Securities	(1)	31,429	0
Trade receivables , minus valuation from TDM 559 in 2000 and TDM 475 in 1999		11,359	10,560
Receivables from affiliated companies		0	2,499
Stock in hand	(2)	3,326	3,840
Deferred taxes	(16)	0	1,320
Investments (at equity)	(3)	0	1,571
Other assets and prepaid expenses	(4)	14,130	4,132
Sum current assets		**99,557**	**28,445**
Tangible Assets	(5)	6,621	2,127
Intangible Assets	(5)	57,274	42,550
Investments (at equity)	(6)	2,098	0
Financial assets	(7)	1,840	103
Other long term assets		872	1,159
		168,262	**74,384**

Consolidated Balance Sheet from September 30, 2000

LIABILITIES

	Notes	09.30.2000 TDM	09.30.1999 TDM
Short-term liabilities			
Short-term financial liabilities	(8)	1,513	2,873
Short term payable share of long-term financial liabilities	(9)	600	4,178
Short term payable share of long-term financial liabilities	(8)	4,421	6,445
Accounts payable	(9)	6,503	5,890
Accruals for income tax	(16)	4,925	5,247
Other short-term accruals and liabilities	(8)	7,212	3,327
Deferred income		1,513	929
Sum short-term liabilities		**26,687**	**28,889**
Long-term financial liabilities, without short-term payable share	(8)	21,006	13,904
Deferred taxes	(16)	9,875	7,255
Other accruals and liabilities	(10)	1,157	1,690
Sum long-term liabilities		**32,038**	**22,849**
Shares in outside ownership		**446**	**681**
Equity	(11)		
Subscribed capital 12,196,229 non-par individual share certificates as bearer stock (30.09.1999 share 8,704,000) all issued and outstanding		23,854	17,024
Capital reserve		87,327	7,800
Revenue reserve		- 2,089	- 2,859
Remaining changes in equity not affecting the operating result		- 1	0
Sum Equity Share Capital		**109,091**	**21,965**
		168,262	**74,384**

Consolidated Profit and Loss Statement 2000

	Notes	10.01.1999 - 30.09.2000 TDM	01.01.1999 - 30.09.1999 TDM
Sales			
Products		68,846	35,499
Services		19,418	9,453
		88.264	**44,952**
Costs of sales	(12)	-65,452	-34,179
Gross operating result from sales		**22,812**	**10,773**
Sales		-7,539	-3,345
Research and Development		-1,802	-1,607
General Management		-8,545	-4,682
Depreciation of differentials from the consolidation of funds	(5)	-13,301	-3,042
Results from ordinary activities		**-8.375**	**-1,903**
Resulting share from equity investment	(3)	656	0
Income from the sale of equity investment	(3)	10,244	0
Other income / Other expenses		1,657	306
Expenses from the deduction of accounts receivables		-446	0
Net interest income	(14)	245	-668
Shares of investors		-137	-159
Earnings before taxes		**3,844**	**-2.424**
Taxes	(15)	-2,891	360
Consolidated net income from continued activities		**953**	**-2,064**
Earnings from discontinued activities	(16)	**-183**	**-118**
Consolidated net income		**770**	**-2,182**
Consolidated net income per share in DM (without dilution)	(17)	**0.07**	**-0.38**
Consolidated net income per share in DM (with dilution)		**0.04**	**-0.38**

Consolidated Statement of Cash Flow 2000

	01.10.1999 - 30.09.2000 TDM	01.01.1999 - 30.09.1999 TDM
Cash flow from business activities		
Consolidated net income	770	-2,182
Adaptation for the transfer of the consolidated net income out of the cash flow from business activities		
Depreciation of tangible assets an intangible fixed assets	15,042	3,414
Provisions for pension accruals	22	0
Profit from the sale of investment (at equity)	-10,244	0
Surplus received dividends over equity-investment	359	0
(Profit)Loss from the sale of tangible assets	-115	0
(Increase)Decrease Trade receivables	742	-1,291
(Increase)Decrease Inventories	574	-622
(Increase)Decrease active deferred taxes	-1,320	-1,764
(Increase)Decrease active RAP and other assets	-11,043	6,953
Increase(Decrease) Trade payables	285	-169
Increase(Decrease) other accruals and liabilities	1,057	-678
Other	70	142
= Cash flow from business activities	**-3,801**	**3,803**
Cash flow from investment activities		
Proceeds from the sale of tangible assets and intangible fixed assets	415	16
Proceeds from the sale of investments (at equity)	10,000	0
Payments received for dividends from investments (at equity)	3,955	0
Purchase of tangible assets and intangible fixed assets	-7,206	-844
Purchase of investments (at equity)	-2,098	0
Purchase of remaining financial assets	-1,781	5,500
Purchase of subsidiaries, minus purchased cash items	-24,823	-12,685
= Cash flow from Investment activities	**-21,538**	**-8,013**
Cash flow from Financing activities		
Change short-term financial liabilities		
minus limited available cash items	-3,383	1,952
Assumption of long-term financial liabilities	7,102	-7,750
Amortization purchase price payments	1,722	0
Inflow from capital stock increase	90,250	11,700
Cost for stock exchange listing	-4,377	0
Paid dividends	0	-917
Dividends to other undertakings minus contributions	0	245
= Cash flow from financial activities	**91,314**	**5,230**
Increase/Decrease of cash items	65,975	1,020
Influence of exchange rate fluctuations on cash items	244	0
Cash items at the beginning of the fiscal year	4,523	3,503
Cash items at the end of the fiscal year	**70,742**	**4,523**

Development of the Consolidated Assets 2000

	Initial- / Production Costs							Depreciation					Residual Value	
	Standing 01.10.1999 TDM	Change Consol.Group TDM	Accruals TDM	Losses TDM	Transfer TDM	Currency-changes TDM	Standing 09.30.00 TDM	Standing 10.01.99 TDM	Change Consol.Group TDM	Accruals[1)] TDM	Losses TDM	Standing 09.30.00 TDM	09.30.00 TDM	30.09.99 TDM
I. Intangible Assets														
1. Concessions, trademark rights and similar rights and values as well as licenses	1,363	0	1,690	16	0	0	3,037	503	0	549	13	1,039	1,998	860
2. Software from capital consolidation	19,646	0	7,483	0	0	0	27,129	937	0	6,585	0	7,522	19,607	18,709
3. Rights of license from capital consolidation	0	0	14,675	0	0	0	14,675	0	0	1,834	0	1,834	12,841	0
4. Goodwill from capital consolidation	25,805	0	4,755	26	0	0	30,534	2824	0	4,882	0	7,706	22,828	22,981
	46,814	**0**	**28,603**	**42**	**0**	**0**	**75,375**	**4,264**	**0**	**13,850**	**13**	**18,101**	**57,274**	**42,550**
II. Tangible Assets														
1. Land, land rights and buildings, including buildings on third party land	45	88	14	21	0	0	126	1	2	7	1	11	115	44
2. Technical equipment and machines	0	71	244	0	0	3	318	0	7	38	0	45	273	0
3. Other equipment ,factory and officeequipment	4,583	295	2,011	1,501	0	2	5,390	2,500	52	1,147	1,294	2,405	2,985	2,083
4. Prepayments on tangible assets and construction in progress	0	0	3,247	0	0	0	3,247	0	0	0	0	0	3,247	0
	4,628	**454**	**5,516**	**1,522**	**0**	**5**	**9,081**	**2,501**	**61**	**1,192**	**1,295**	**2,461**	**6,620**	**2,127**
III. Financial Assets														
1. Investments at equity	0	0	2,098	0	0	0	2,098	0	0	0	0	0	2,098	0
2. Other financial assets	103	0	1,781	44	0	0	1,840	0	0	0	0	0	1,840	103
	103	**0**	**3,879**	**44**	**0**	**0**	**3,938**	**0**	**0**	**0**	**0**	**0**	**3,938**	**103**
	51,545	**454**	**37,998**	**1,608**	**0**	**5**	**88,394**	**6,765**	**61**	**15,042**	**1,308**	**20,562**	**67,832**	**44,780**

Statement of changes in Equity

	Subscribed Capital Number of units*	Value TDM	Capital-reserve TDM	Revenue-reserve TDM	Remaining changes in equity not affecting operating result TDM	Sum Equity TDM
Equity from 1. January 1998	**1,738,392**	**3,400**	**-**	**(32)**	**-**	**3,368**
Increase in capital stock	4,959,531	9,700	-	-	-	9,700
Net income			-	296	-	296
Equity from 31. December 1998	**6,697,923**	**13,100**	**-**	**264**	**-**	**13,364**
Increase in capital stock	1,994,038	3,900	7,800	-	-	11,700
Conversion into Euro	12,039	24	-	(24)	-	-
Dividend			-	(917)	-	(917)
Net loss				(2,182)		(2,182)
Equity from 30. September 1999	8,704,000	17,024	7,800	(2,859)	-	21,965
Increase in capital stock from stock exchange listing	3,296,000	6,446	83,804	-	-	90,250
Cost of stock exchange listing			(4,337)	-	-	(4,337)
Increase in capital stock tangible assets	196,229	384	60	-	-	444
Net income			-	770	-	770
Currency effect			-	-	(1)	(1)
Equity from 30. September 2000	**12,196,229**	**23,854**	**87,327**	**(2,089)**	**(1)**	**109,091**

* The quantity for the total time period is assumed at ¤1 per share.

I. Description of Business Activities

net AG infrastructure, software and solutions develops and markets eBusiness technologies in two of its business divisions for strengthening client relationships, improving the logistics chain and optimizing procurement operations in two divisions.

net AG's Software & Mobility Division develops and markets internet-based software and mobile services for controlling company processes along the entire delivery chain. net AG solutions ascertain information, prepare it and make it available anytime, anyplace, making worldwide business processes faster and more efficient. The IP Networks division offers companies the technical infrastructure for conducting secure and high-performance eBusiness. IP Networks specializes in planning, implementation and operations of highly- secure and innovative multi-service networks. net AG also offers its globally unique proprietary software solution for analyzing the availability of these networks.

net AG headquarters are in Cologne, with additional offices in Bonn, Duesseldorf, Koblenz, Ludwigshafen, Munich, Siegen, Stuttgart and Wiesbaden. net AG also has foreign locations in Switzerland, Holland and in the United States.

As of September 30, 2000, net AG has an employee force of 237.

II. Applied Accounting and Valuation Principles

(a) Consolidation Scope and Policies

The consolidated financial statement was drawn up in accordance with U.S. Accounting Principles (US GAAP) in Deutsch Marks (DM).

In addition to net AG infrastructure, software and solutions, 13 domestic and two foreign companies are included in the consolidated financial statement. net AG has a controlling financial interest in these companies, i.e. directly or indirectly more than 50% of the voting rights. The investment in interNetwork AG for 25.1% was included at equity in the consolidated financial statement. The disclosed participation at equity in GVA Gesellschaft fuer Verfahren der Abwassertechnik mbH & Co. KG in the fiscal year ending September 30, 1999 was sold effective January 1, 2000. Six companies were consolidated for the first time. The date of share acquisition or the founding of the company was chosen as the first consolidation date. At the beginning of the fiscal year, an additional 44% share of net W+P Solutions GmbH & Co. KG was acquired. The complete stock ownership is registered with the Registrar of Companies of the Cologne district office under the number HRB 29981.

Company	Location	Share of capital %	Investment held by
net Stemmer GmbH	Olching	100.00	net AG, infrastructure, software and solutions and Zweite net Verwaltungs GmbH
net W+P Solutions GmbH & Co. KG	Filderstadt	95.00	net AG, infrastructure, software and solutions
net solutions GmbH	Freudenberg	100.00	net AG, infrastructure, software and solutions
Erste net Verwaltungs GmbH	Filderstadt	51.00	net AG, infrastructure, software and solutions
Zweite net Verwaltungs GmbH	Munich	100.00	net AG, infrastructure, software and solutions
Dritte net Verwaltungs GmbH	Cologne	100.00	net AG, infrastructure, software and solutions
Vierte net Verwaltungs GmbH	Cologne	100.00	net AG, infrastructure, software and solutions
INFOMEDIAR GmbH [1)]	Cologne	100.00	net AG, infrastructure, software and solutions
Avatar GmbH [1)]	Cologne	100.00	net AG, infrastructure, software and solutions
H. C. Top Systems B.V. [1)]	Amsterdam	100.00	net AG, infrastructure, software and solutions
net mobile AG [1)]	Duesseldorf	85.00	net AG, infrastructure, software and solutions
net Schweiz AG [1)]	Faellanden	100.00	net solutions GmbH
HD-PLAN Planungssysteme GmbH & Co. KG	Rottenburg	80.80	net Stemmer GmbH
TIA-Unternehmens-beratungs-Gesellschaft mit beschränkter Haftung	Munich	100.00	net W+P Solutions GmbH & Co. KG
net Vertriebs GmbH [1)]	Cologne	100.00	net Schweiz AG

1) First consolidation in the 1999/2000 fiscal year

The financial statements of the individual companies have been drawn up for inclusion in the consolidated financial statement in accordance with uniform accounting and valuation principles. All the companies included have the same closing date. The capital consolidation follows the book value method of offsetting the acquisition cost with the current market value of acquired assets and debts. A residual differential is reported as business value or goodwill and written off over the expected useful life.

Loans and other receivables, liabilities, sales and expenses and income between the included companies have been eliminated. Interim results were not eliminated because the deliveries and performances were made at normal market prices and the determination of this value would have required a disproportionately high expense. The inventory from Group internal deliveries are unessential as of September 30, 2000. interNetwork AG, acquired at the end of the fiscal year, is consolidated at equity using the book value method. The difference between book value and pro-rata equity amounts to TDM 1,1671.

(b) Accounting and Valuation Principles

• Fixed Capital Assets

Intangible assets acquired against payment and tangible assets are put at acquisition cost or production costs – minus possible suppliers discounts – and depreciated over the expected useful life of the assets using the normal straight line method. The depreciation of fixtures are made over the expected useful life. Simplification regulations were applied.

The following useful life is
based on scheduled depreciation:

Business value and goodwill	5 to 7 years
Acquired Software / Licenses	up to 4 years
Fixtures	up to 10 years
Vehicles	5 years
Business equipment	3 to 20 years

Financial assets are calculated as acquisition costs plus incidental acquisition costs. Low-interest or interest-free loans are discounted at actual cash value.

Investments in associated companies are balanced according to the equity method. The value shown corresponds to the last company financial statement taking into account the differentials continued from the first consolidation.

• Current Assets

Inventories are valued according to the minimum value principle. The valuation of acquisition costs is based on the individual valuation or on the standard value method.

Accounts receivable and other assets are calculated at nominal value. Recognizable individual risks and general credit risks are assumed by appropriate valuation accounts.

• Derivatives

The company assumes the risk of an interest rate change, as major loans exist with variable interest rates. Several interest cap arrangements, were made in order to reduce these risks and through these arrangements, the highest interest rate for the credit term was effectively reduced 5% per year over the term of the loans. The balance sheet value of the interest cap agreements amount to TDM 118 as of September 30, 2000, therefore corresponding to fair market value.

The company does not have a position in derivatives for the purpose of trading or speculation.

• Reserves and Liabilities

Retirement plans (TDM 1,157) are calculated at their reduced current value according to regulation § 6 a EstG. The basis of the actuarial report was the "benchmark tables" from Dr. Klaus Heubeck with an assumed 6% rate of interest. Due to the Group's insubstantial pension obligations, a revaluation according to SFAS 87 (reversionary present value method) was not undertaken.

Reserves exist for unanticipated obligations or threatened losses when it is probable that an obligation will exist and the amount of recourse or loss can be estimated with a degree of accuracy.

Liabilities are normally set with their amount repayable. Contingent liabilities correspond to the extent of liability at the balance sheet date.

• Purchase Price Payments

The purchase price for company acquisitions are often of a fixed and a variable component, whereby the variable share depends on future results of the acquired company. While the fixed purchase price component and a variable purchase price rate are directly apportioned in the acquisition cost, net AG refrains from the capitalization of other variable prices until these can be conclusively determined. Subsequent acquisition costs generally increase the business value and goodwill in the year of the acquisition and depreciate over the remaining useful life.

• Sales Achievement

The company generates revenues from software licensing fees and providing services involving the essential modification and client-tailored adaptation of software solutions. In addition, sales are generated from customer services, network technology consultancy and infrastructure component sales.

Sales revenue is in accordance with the AICPA Statement of Position (SOP) 97-2, Software Revenue Recognition. According to this statement, the following criteria must be fulfilled in the collection of sales revenue from product licensing fees: proof of a finalized contract, completed service delivery and no substantial liabilities on the part of the provider. Pre-payments which are more than the actual amount are calculated as deferred earnings. As long as the payment conditions call for an interest free term of payment of over 360 days, these are discounted with an interest rate of 5%.

Sales revenue from software solutions are generated provided the services rendered correspond to the conditions stipulated in the contract. In general, contracts are based on one-year time increments. Expenses in connection with these contracts are treated as contractual costs.

Sales revenue from licensing fees are generated proportionately over the term of the licensing contract and on the basis of corresponding product sales.

Sales revenue from customer and maintenance services are generated proportionately over the term of the customer service, which is usually for a period of up to 12 months. Service and maintenance fees earned beyond the balance sheet date from existing contracts are de-limited.

Sales revenue from consulting services and training is listed as revenue at the time the services were provided.

Sales revenue from the sale of hardware and software from third party suppliers is listed as revenue at the time the products were delivered to the customer.

• Research and Development Costs
Expenses for developing new products and methods, including the improvement and refinement of existing products, are calculated as expenses when they arise, as long as no capitalization is necessary. Capitalization for the cost of software development is necessary when there is proof for the technical viability of the product , beginning with the completion of a comprehensive product design or working model of the product up to general market introduction. The date of the technical viability and the general market introduction have coincided up to this point. As a result, the development costs between technical viability and general product introduction are classified as irrelevant and have not been capitalized.

Additionally, in the context of the first consolidation of acquisitions, there is a valuation of the acquired software products, the current research and development products and a corresponding assignment of the purchase price at the date of acquisition.

• Accounting of Taxes from Income and Revenue
Taxes from income and revenue are determined in agreement with SFAS 109 according to the liabilities method. Deferred taxes are derived from the expected future tax implications from the differing valuation of assets and debts in the consolidated balance sheet against the tax balance sheet as well as from taxable accumulated losses. The taxation is derived from the tax rates which were valid at the date of closing. The effect of a change in tax rates is captured in the period in which the effective date of the changed tax rate occurs.

(c) Currency Conversion
Assets and liabilities of foreign subsidiaries, the functional currency of which is the national currency, are recalculated in DM at market rates on the reporting date. The profit and loss statement has been included at the average market price of the fiscal year.

Accounts receivable and liabilities in foreign currency are valued with their acquisition costs, r with the lowest bid or with the highest ask price on the balance sheet date.

(d) Use of Estimates
The creation of the consolidated financial statement in accordance with US GAAP requires company management to make estimates and assumptions which have an influence on the asset and debt figures, as well as on sales revenues and expenditures entered in the consolidated financial statement within the reporting period. Actual figures can deviate from these estimations.

(e) Concentration of Risks
net AG conducted a comprehensive risk analysis for all essential subsidiaries in 1999/2000 and, on the basis of the resulting information, developed an opportunity/risk management system which was introduced and implemented in the new fiscal year. The risks are laid out in the annual report.

(f) Most Recent Announcement of Relevant Accounting Principles

In March 1998, the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants (ACIPA) published its Statement of Position 98-1, Accounting for the Cost of Computer Software Developed or Obtained for Internal Use (SOP 98-1). According to SOP 98-1, capitalization is required for certain internal costs in connection with the implementation of computer software which was bought for use within the company. The first application of SOP 98-1 at the beginning of 1999 had no effect on the company’s operating result.

In April 1998, the AcSEC published its Statement of Position 98-5, Reporting Costs of Start Up Activities (SOP 98-5). According to SOP 98-5, the costs for start-up activities are to be booked as expenditures as they arise. In general, the following one-time activities fall under the category of start-up activities: opening a new facility; introducing a new product or service; business activities in a new region; initiating business with a new client group; starting a new operation; and organizing a new unit. SOP 98-5 is used for the company reports for the 1999 fiscal year. The first application of SOP 98-5 at the start of 1999 had no effect on the company’s operating result.

In June 1998, the Financial Accounting Standards Board published its SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS 133). In SFAS 133, accounting and balance sheet standards were established for derivatives, including certain derivatives which are the subject matter of other contracts (together with derivatives) as well as hedging. According to SFAS 133, all derivatives are to be shown in the asset or liability side of the balance sheet and their market value is to be determined. In June 1999, the Financial Accounting Standards Board published SFAS 137, Accounting for Derivative Instruments and Hedging Activities – Deferral of the Effective Date of FASB Statement No. 133, an Amendment of FASB Statement No. 133. This Statement postponed the enforcement of SFAS 133. SFAS 133, in its valid version, is now only valid for calendar quarters of all fiscal years, which begin after June 15, 2000. The initial application of SFAS 133 had no effect on the operating result of the company.

III. Company Acquisition

In 1999/2000, net AG made two investments and increased its shares of an existing investment. Four new companies were founded. The acquired companies are operative in the software and mobility segment, developing and marketing internet-based software and distributing standard software.

The purchase price amounted to approximately DM 26 million (including incidental acquisition costs of DM 2 million) and was partially paid for in shares. In addition, variable purchase price payments for two acquisitions were agreed upon depending on future profit for the next four fiscal years. Outstanding variable purchase price payments have a maximum amount of DM 28.5 million. Future purchase price payments are dependent on the validity of a purchase contract for other acquired investments. If the contract is funded until December 2001, further payments of DM 8 million will be due. Shares paid in the course of the acquisition remain in an escrow account. Voting rights and claims on profit are still held by the seller. Regardless of the existing sales contract, 186,417 shares will nonetheless be released from escrow by the end of 2003. These variable purchase prices are not capitalized in the consolidated financial statement 1999/2000, as payments cannot be determined with sufficient accuracy.

Earn-out agreements were also used in part for acquired investments in the previous year. Payments were made in the approximate amount of DM 2 million. An additional DM 3.3 million was paid to the seller of GVA Gesellschaft für Verfahren der Abwassertechnik GmbH & Co. KG. DM .6 million was listed as liabilities from a variable purchase price agreement in the annual report of September 30, 2000. A maximum price of DM 19.6 million can still result from acquired investments from the previous year. This does not warrant capitalization, as payments cannot be determined with sufficient accuracy.

The inclusion of acquisitions in the consolidated financial report is done using the acquisition method. Correspondingly, the purchase price of the acquired assets and the incurred liabilities were assigned on the basis of their market value at the time of this particular acquisition. The portion which was listed under business value or goodwill will be depreciated over five years using the straight-line method. The acquired companies are included in the consolidated financial statement from the date of their acquisition.

The subsequent "as if" financial information shows the consolidated business operations of the company on the basis of the scope of consolidation used in the previous year's annual report. Essential acquisitions which occurred in the reporting period are not captured in this way. All expenses and revenues of these companies are reported, including the depreciation of differentials from the consolidation incurred from the acquisitions.

The "as if" financial information is meant only to provide information and should not give the impression that the company's earnings picture is presented in such a way as to portray these acquisitions as not having occurred.

	10.01.1999 - 09.30.2000 TDM	01.01.1999 - 09.30.1999 TDM
Sales revenue	79,458	44,952
Sales costs	-62,407	-34,179
Gross operating results	**17,051**	**10,773**
Sales	-6,735	-3,345
Research and development	-1,285	-1,607
General Administration	-7,297	-4,682
Depreciation of differentials from the consolidation	-10,805	-3,042
Results from ordinary activities	**-9,071**	**-1,903**

When comparing the figures, it should be taken into account that companies were also acquired in 1999.

IV. Explanatory Notes to the Consolidated Balance Sheet

(1) Securities

A portion of cash items were invested in short-term convertible securities: fixed interest bearing securities, floating rate notes, money market funds and commercial papers. The company attempts to optimize its revenue through the combination of securities investment and fixed deposits. The securities are classified as trading securities according to U.S. GAAAP. Revenue from the market assessment is shown as other operating revenue and amounts to TDM 244 in the reporting period.

(2) Inventories

	09.30.2000 TDM	09.30.1999 TDM
Work in progress	182	280
Finished goods and merchandise	3,144	3,560
	3,326	**3,840**

Inventories comprise first and foremost merchandise which is used in the IP Networks segment.

(3) Investment (at equity) (Current Assets)

The investment in GVA Gesellschaft fuer Verfahren der Abwassertechnik GmbH & Co. KG, Wuelfrath, was listed here for the previous year. The company was not active in net AG's core area, leading to the decision in 1999 to sell the company. The sale was effective January 1, 2000. The sales return was approximately DM 10 million.

(4) Other Assets and Accruals and Deferrals

	09.30.2000 Mio. DM	09.30.1999 Mio. DM
Tax revenue / municipalities	6.5	1.9
Other short-term assets	6.9	2.0
Accruals and deferrals	0.7	0.2
	14.1	**4.1**

(5) Tangible and Intangible Assets

Changes in fixed assets can be found in the statement of asset additions and disposals.

(6) Investment (at equity) (Fixed assets)

On August 18, 2000, net AG took a 25.1% stake in interNetwork AG, Wiesbaden, via a 100% net AG subsidiary. The investment took the form of a capital increase stock of DM 67,023 under exclusion of the former shareholders. DM 2 million was paid.   Acquisition costs were DM 0.1 million.

In addition, the subsidiary agreed under the terms of a shareholders' agreement to provide loans to the company in the sum of DM 2 million over the investment capital, which will be used for growing sales activities in Germany and the United States. After achieving the contractually agreed upon milestones, the subsidiary committed itself to providing an additional DM 1.7 million for financing further expansion. Within the scope of the company agreement, senior partners of interNetwork AG conceded to a unilateral call option – exercisable until September 30, 2000 – for an additional 50% of company shares at the purchase price of DM 11 million. If the option is not exercised, the guaranteed loans from interNetwork AG must not be repaid up to that point.

According to a KPMG examined interim balance statement from September 30, 2000, interNetwork AG assets and debts are as follows:

	TDM
Trade receivables	1
Intangible assets	2,165
Tangible assets	148
Other assets	130
Cash items/Securities	1,641
Assets	**4,085**
Accruals for pensions	235
Other accruals	35
Trade payables	97
Payable to stockholders	1,956
Other short-term liabilities	62
Accruals and liabilities	**2,385**
Net assets	**1,700**

The earnings position of interNetwork AG in the first 9 months of the fiscal year from September 30 , 2000 is shown as follows:

	TDM
Sales revenue	357
Other operational revenue	14
Expenses	792
Net loss	**-421**

(7) Financial Assets

The loan to interNetwork AG (TDM 1,780) is shown here. 5.5% was deducted because the loan was interest-free.

(8) Financial Liabilities

	09.30.2000 TDM	09.30.1999 TDM
Long –term financial liabilities	25,427	20,349
those with a residual term up to 1 year	4,421	6,445
those with a residual term from 1 to 5 years	20,160	12,389
those with a residual term over 5 years	846	1,515
Short-term financial liabilities		
Residual term up to 1 year	1,513	2,873

Financial liabilities particularly include loans which were guaranteed by three credit institutions in connection with the financing of company acquisitions. The variable interest rate complies with the 3 or 6-month LIBOR/EURIBOR plus a margin of 1%.

Loan agreements are subject to normal contractual bank conditions including financial conditions which obligate net AG or its subsidiary to maintain certain equity standards, a ratio of external capital to equity and debt service or payments in relation to sales revenue of the acquired companies.

Bills and notes in the sum of TDM 9,978 are found in the long-term financial liabilities. These are used as short-term financing instruments and are covered by a long-term loan agreement

(9) Short-term Liabilities and Accruals

Short-term liabilities and accruals all have a term of less than 1 year. Liabilities from taxes of TDM 3,378 (prior year: TDM 1,103) and social security of TDM 430 (prior year TDM 392) are included in other liabilities.

The accruals entail provisions for personnel expenses for warranties and risks.

(10) Other Long-term Accruals and Liabilities
Pension obligations up to September 30, 2000 are shown here.

(11) Equity
Subscribed Capital
net AG's subscribed capital as of September 30, 2000 amounts to € 12,196,229 and is divided into 12,196,229 individual share certificates with a value of € 1 per share. From this authorized capital, 196,229 shares were subscribed for in the fiscal year and were put toward purchasing a company. 186,417 are in escrow and will be released sometime between 2001 and 2003 depending on certain target figures. The right of ownership is held by the company seller. If the target figures are not reached, the remaining shares return to net AG. 9,812 shares were released. The counter value of TDM 444 was allotted to equity. Distribution occurred such that that the increase of capital stock (TDM 384) in the register of companies was allotted to the subscribed capital, while the remaining amount of TDM 60 was allotted to capital reserves. When other shares are released from escrow in the future, these values will also be allotted to capital reserves.

During net AG's March17, 2000 IPO, 3,296,000 new shares were floated on the Neuer Markt of the Frankfurt Securities Exchange which were drawn from the authorized capital increase at the annual general meeting on January 14, 2000. The bank syndicate lead manager was HSBC Trinkaus & Burkart and the issue price was € 14 per share.

Authorized Capital
The board of directors is authorized (with the approval of the supervisory board) until December 31, 2004 to increase capital once or in partial amounts up to a total of € 3,800,000 through the issue of new shares in exchange for cash or assets (authorized capital I) or under the same terms and conditions, up to a total of € 500,000 (authorized capital II). Based on this authorization, the board of directors (with the approval of the supervisory board from June 8, 2000) increased the capital stock from € 196,229 to € 12,196,229. As a result, authorized capital I was reduced to € 3,603,771. The board of directors (with the approval of the supervisory board) can nullify shareholders' subscription privileges if the placing price of new shares does not substantially exceed market price of the listed shares. The board of directors is authorized to adapt the statutes accordingly for carrying out the capital increase from the authorized capital.

Authorized but Unissued Capital
a) Capital is conditionally increased up to € 500,000 Euro, distributed in 500,000 shares (unissued capital). The conditional capital increase is only carried out if stock option holders exercise these options (authorized at the annual general meeting on January 24, 2000, through the board of directors or through the supervisory board) by December 31, 2004. The new stocks are entitled to a profit share beginning in the year in which they come into being.

b) The board of directors is authorized (with the agreement of the supervisory board) to determine additional details of, and carry out, conditional capital increases; the supervisory board is likewise authorized, if the stock options are given to members of the company's board of directors.

c) The supervisory board is likewise authorized to adapt the version of the statutes to the particular demands of the unissued capital.

d) The board of directors and the supervisory board are authorized to issue share options until December 31, 2004. The plan has a scope of 500,000 options. Previously, 83,000 options were issued in a first tranche.

Company Stock
According to § 71 Abs. 1 Nr. 8 AktG, the company is authorized to purchase up to 870,000 of its own shares until June 30, 2001.

The shares acquired according to § 71 Abs. 1 Nr. 8 AktG and any other company shares which the company owns from § 71 Abs. 1 Nr. 1 to 7 AktG and still owns may not make up more than 10% of capital stock. Authorization can be exercised totally or in part. Company stock may be purchased with the intent of buying a company, investments or other assets, as well as controlling a liquidity position.

The purchase price per share paid by the company may not exceed the average price for the company's share on the Frankfurt Securities Exchange by more than 10%, or be lower than 10%, during the last five trading days before the purchase of the stock (excluding incidental purchase costs).

This authorization empowers the board of directors (with the approval of the supervisory board) to recall the acquired shares on account, an action which does not require an annual general meeting. The authorization to recall can be exercised completely or in part.

The board of directors may (with the approval of the supervisory board) sell its own acquired shares to third parties, excluding shareholder stock rights -- provided they are not sold over a stock exchange or sold as the result of a buy offer to all shareholders to purchase shares in relation to the size of their investment -- if the acquired stocks are sold at a price commensurate with the market price at the time of sale. Exceeding the average closing price by over 5% during the last ten market days is unessential.

The board of directors may (with the approval of the supervisory board) offer its own acquired shares to third parties -- especially strategic partners -- in the course of company acquisitions or investments, excluding shareholder stock rights, provided they are not sold over a stock exchange or sold as the result of a buy offer to all shareholders to purchase shares in relation to the size of their investment.

The board of directors may (with the approval of the supervisory board) transfer ownership of its own acquired shares to company employees or to company management as well as to offer a stock option plan for employees of associated companies. In addition, the supervisory board is authorized to transfer share ownership to members of the company's board of directors and to offer the stock option plan.

Stock Exchange Listing

On March 17 2000, company shares began trading on the Neuer Markt of the Frankfurt Stock Exchange. Listing costs of TDM 8,851 minus income tax reduction (TDM 4,514) were charged against capital reserves.

V. Explanatory Notes to the Consolidated Profit and Loss Statement

(12) Cost of Materials

	10.01.1999 - 09.30.2000 TDM	01.01.1999 - 09.30.1999 TDM
Cost of raw materials, consumables and supplies and of purchased merchandise	43,566	28,941
Cost of purchased service	2,680	394
	46,246	**29,335**

(13) Personnel Expenses / Employee

	10.01.1999 - 09.30.2000 TDM	01.01.1999 - 09.30.1999 TDM
Wages and salaries	20,865	8,530
Social security and pension expenses	3,364	1,803
- thereof pension expenses	264	103
	24,229	**10,333**

Staff members on an annual average	**1999/2000**	**1999**
Employees	184	94
Commercial	0	0
Trainees	26	0
	210	**94**

(14) Net Interest Income

	10.01.1999 - 09.30.2000 TDM	01.01.1999 - 09.30.1999 TDM
Interest expenditures	1,383	-805
Interest revenue	1,620	137
	237	**- 668**

(15) Tax on Earnings

Income before tax on earnings from the consolidated subsidiaries amounts to TDM 3,844 and TDM – 2,424 in 1999. Income is subject to taxation in Germany, Holland and Switzerland.

Tax on earnings expenses is composed of current and deferred taxes.

	10.01.1999 - 09.30.2000 TDM	01.01.1999 - 09.30.1999 TDM
Current	- 8,218	- 1,175
Deferred	5,327	1,535
Tax expenses (-income)	**- 2,891**	**360**

The reporting of deferred taxes (on the asset side and liabilities side in the consolidated financial statement) with regard to their due date conforms to the kind of balance sheet item. The deferred taxes components on the assts and liabilities side are composed as follows:

	09.30.2000 TDM	09.30.1999 TDM
Deferred taxes on the assets side:		
Intangible assets	907	215
Current assets	0	1,170
Accumulated loss	2,115	150
Minus securities deduction	0	0
Total deferred taxes on the assets side Minus securities deduction	**3,022**	**1,535**
long-term	**907**	**215**
short-term	**2,115**	**1,320**
Deferred taxes on the liabilities side:		
Intangible assets	10,782	7,470
Current assets	77	0
Cash items	150	0
Sale shares GVA Gesellschaft für Verfahren der Abwassertechnik GmbH & Co, KG	2,573	0
Total deferred taxes on the liabilities side	**13,582**	**7,470**
long-term	**10,782**	**7,470**
short-term	**2,800**	**0**
Balanced identification		
long-term	**9,875** (adverse)	**7,255** (adverse)
short-term	**685** (adverse)	**1,320** (adverse)

Short-term deferred taxes on the liabilities side from September 30, 2000 are shown under the accruals for taxes on earnings.

Shares of GVA Gesellschaft für Verfahren der Abwassertechnik GmbH & Co. KG were sold at the beginning of 2000. The company used the business year as its calendar year; therefore, taxation on sales profit occurs in the assessment for 2000. Thus, tax on sales profit was captured as deferred tax from September 30, 2000.

In German corporate income tax law, the imputation system with splitting rates is used in the taxation of corporations and shareholders. When collecting earnings reserves, tax-liable shareholders in Germany receive a tax credit on their income tax in the amount of the corporate income tax paid previously by the company from the distributed profit. In addition, the company receives a tax refund over the surplus that arises from the initial taxation of the distributed profit with a distributed earnings tax rate of over 30%. The tax refund is also to be distributed to the shareholder. The profit of a German company is taxed with a corporate income tax of 40% plus a solidarity surcharge of 5.5% on the corporation tax liability, resulting in an effective corporation tax rate of 42.2%. The distributed earnings tax rate is 31.65%.

The company is subject to business tax which is deducted when profit subject to corporation tax is calculated. The effective business tax amounts to 8.8%. The total combined tax rate amounts to 51%.

The following chart explains the essential differences between the expected tax expenditure from the corporate income tax plus solidarity surcharge, business tax and actual tax expenditure.

	01.01.1999 - 09.30.2000 TDM	01.01.1999 - 09.30.1999 TDM
Expected (tax expenditure (-income)	- 1,960	1,306
Non deductible depreciations on the business value or goodwill	-1,223	- 641
No business tax on sales (shares) Profit share GVA GmbH & Co. KG	959	0
Tax expenditure previous year	- 452	0
Remaining	- 215	- 305
	- 2,891	**360**

(16) Discontinued Operations

Effective April 1, 2000, the ASP Application Service Provider division has been operational for small to medium sized businesses. Activities were bundled to the former subsidiary Pro Dia GmbH. After relinquishing this business area, net Pro Dia merged with the current net Stemmer GmbH on May 18, 2000.

From the Group's point of view, this step involves relinquishing an essential business area, listed as discontinued operations. Payment for software after use is growing in importance among small to medium size businesses, leading net AG to found a company for this purpose and equip it with highly-qualified personnel. net Pro Dia represents an important part of net AG's original growth plan. It is assumed that the related losses incurred by giving up this area would be offset through growth in other business areas.

Attributable sales revenue, expenses and earning positions of the company were eliminated from the consolidated profit and loss statement according to APB 30 and separated from income of the continued business area and are shown as income from discontinued operations. The profit situation of the discontinued business is shown as follows:

	10.01.1999 - 09.30.2000 TDM	01.01.1999 - 09.30.1999 TDM
Sales	297	310
Cost of sales	- 456	-126
Distribution costs	-131	-104
Research and development	0	0
Administrative costs	-99	-92
Other expenses and income	48	-97
Net interest income	-32	-9
Tax advantage	190	0
Net income	**-183**	**-118**

Existing assets are further used on a small scale by other companies in the Group. Bank debts are also repaid by Group companies.

(17) Consolidate Net Income per Share

Capital increases are considered on a pro rata basis when calculating the average number of shares.

TDM 380 in fictive personnel costs flowed into the diluted results from the stock option pan. The dilative effect of exercised options amounted to 33,095 shares.

VI. Other Explanatory Notes

Stock Options

A decision of the extraordinary annual meeting on January 24, 2000 conditionally increased capital to € 5000,000 through the issuance of 500,000 new non-nominal shares.

The capital increase is in connection with option rights of members of the board of directors, net AG employees, management as well as employees of associate companies (a total of 500,000 options). One option entitles the purchase of a share of net AG according to the conditions of net AG's stock option plan.

83,000 stock options had been granted as of September 30, 2000 --- 10,000 of which went to members of the board of directors. These options may be exercised as follows:

	maximum % of the stock options	Option price Euro
on March 17, 2002	up to 20 %	16.80
in March 2003	up to 40 %	18.20
in March 2004	up to 60 %	19.60
in March 2005	up to 80 %	21.00
in March 2006	up to 100 %	22.40

The average fair value was pegged at € 9.428863 per option.

The company utilized APB Nr. 25 Accounting for Stock Issued to Employees. The average fair value (March 17, 2000) using the Black Scholes Options Pricing Models was pegged at ¤ 9.428863 (DM 18.44) per option, a calculation based on the following weighted average data: expected dividend 0%, risk free interest rate 5%, volatility 80%, and expected maturity to exercised as soon as possible.

The net AG market share price at the time of granting the options was € 14.

The total fair value amounts to T€783 (TDM 1,531) on the basis of the above data. Because the rights issue number and the exercise price are fixed at the time of the options undertaking, a valuation is set which does not affect profits. An approximate expense of TDM 380 would have occurred in 1999/2000 through a distribution of the expenditures over the period of non-negotiability.

Contingent Liabilities

Contingent Liabilities in TDM

	1999/2000	Prior Year
Liabilities from guarantees	337	150

Other financial obligations result from the September 30, 2000 rent and leasing contracts, with an expense p.a. in the following amounts:

Maturity of other financial obligations		TDM
Rent and Leasing contracts	2000/01	2,360
	2001/02	2,347
	2002/03	1,889
	2003/04	1,670
	2004/05	1,587
Balance of purchase money from acquisition of fixed assets		2,165

In addition to these costs, financial obligations exist until 2004 from the balance of prices from the acquisition of subsidiaries (dependent on the subsidiaries' future results), with a maximum amount of DM 57 million.

The company assumes the risk of being confronted with lawsuits and claims which arise in the course of normal business activities. In the company's view, the amount of ultimate obligations in connection with such lawsuits will have no essential impact on the financial situation of the company.

Transactions with Affiliated Partners

Supervisory Board Chairman Dirk Niebergall was hired as a consultant and charged net AG TDM 32 for his services in 1999/2000 and 54 TDM in the 1999 fiscal year. His work was invoiced on an hourly basis, plus expenses.

Segment Reporting

Net AG is divided into two operative segments based on differing business goals:

(a) IP Networks
(b) Software and Mobility

The IP Networks segment comprises the planning, implementation and operation of multi-service networks as well as high security and storage solutions. The Software and Mobility segment focuses on developing and marketing internet-based software, mobile applications and value-added services. Both segments' headquarters and assets are listed as "other," as they cannot be classified directly under the business activities of the main segments. Results from the sale of Gesellschaft fuer Abwassertechnik (GVA) are included here in the reporting period.

Management uses results and financial data for assessing segment performance, allocating resources to segments and valuating which are in harmony with the principles for the preparation of the consolidated financial statement. The essential internal controlling issue is earnings before taxes, interest and depreciation. Group internal revenues with other segments are generally listed as amounts comparable to sales revenue of non-affiliated clients. The following income and financial data of the segments were ascertained before consolidation measures.

[in TDM]	IP Networks 1999/00	IP Networks Prior Year	Software & Mobility 1999/00	Software & Mobility Prior Year	Other 1999/00	Other Prior Year	Consolidation 1999/00	Consolidation Prior Year	Consolidated 1999/00	Consolidated Prior Year
External sales	43,496	36,948	44,768	8,004	0	0	0	0	88,264	44.952
Internal sales	185	187	1,333	278	0	0	1,517	465	0	0
EBITA	1,529	3,163	10,913	698	7,474	- 1,679			18,390	1.745
Total assets	22,349	12,632	38,110	14,221	169,455	56,695			168,262	74.384
Investments in the fixed assets	5,229	3,151	5,134	2,837	45,817	367			37,998	- 1.492

Data concerning Geographical Regions:

[in TDM]	IP Networks 1999/00	IP Networks Prior Year	Software & Mobility 1999/00	Software & Mobility Prior Year	Consolidated 1999/00	Consolidated Prior Year
Sales revenue						
Domestic	43,143	36,595	38,653	7,069	81,796	43,664
Foreign	353	353	6,115	935	6,468	1,288
Total assets						
Domestic	22,349	12,632	26,685	14,221	157,612	74,384
Foreign	0	0	11,425	0	11,425	0

In both the reporting year and the previous year, there was no dependence on essential clients, i.e. business relations with individual clients do not comprise more than 10 % of the total consolidated sales.

Company Executive Body

Board of Directors

Dr. Stefan Immes (Chairman)
Directorship: – net mobile AG, Duesseldorf (Chairman)
– interNetwork AG, Wiesbaden

Theodor Niehues
Directorship: – interNetwork AG, Wiesbaden

Frank Hartmann, Bank Officer

The board of directors received total remuneration of TDM 855 as well as 10,000 stock options (no data for the prior year due to protective clause § 286 Abs. 4 HGB) for their work in 1999/2000.

Supervisory Board

Mr. Dirk Niebergall, Entrepreneur (Chairman)
Independent contractor
Additional directorships: – FORTKNOX VENTURE AG
– net mobile AG, Duesseldorf (Deputy Chairman of the Supervisory Board)

Mr. Theo E. Reichert, Businessman
Member of the Board of Directors of Analyticon Biotechnologies AG
General Manger Biote Con GmbH
General Manager Biote Con Diagnostics GmbH
Additional directorships: – PROGEO holding AG, Berlin

Mr. Udo Zimmer (since January 24, 2000), Businessman
Member of the Board of Directors of AUGUSTA Technologie AG, Frankfurt
Additional directorships: – Data Display AG, Germering (Chairman)
– WEBAGENCY E-Commerce AG, Karlsruhe (Chairman)

Joerg Fischer, Aachen (until 24 January 2000)
General Manager of Spirit GmbH, Aachen

The supervisory board received total remuneration of TDM 39 (prior year TDM 18) for their work in 1999/2000.

VII. Explanation of the essential difference between US GAAP and German Accounting Principles.

Content and Description of the Consolidated Financial Statement

A consolidated balance sheet in compliance with the Handelsgesetzbuch (HGB) (German Commercial Code) is segmented in fundamental agreement with § 266 HGB. This format is prescribed by German legislators and calls for no separation of assets and debts due to the commitment period or maturity. According to US GAAP, assets and debts are to be differentiated with respect to their commitment period or maturity as 'short-term committed assets' or 'short-term payable debts' from the long-term postings in the balance sheet.

A consolidated profit and loss statement in agreement with § 275 Abs. 3 HGB is segmented according to the short-term results accounting. In this format, there is no consequent separation of operative costs from the other costs. In US GAAP, costs are shown according to the operative function from which these costs occurred. The profit and loss statement of net AG also displays the delimitation of operative functions from other costs.

Purchase Price Adjustments

According to HGB, agreements over future purchase price adjustments, which are based on fulfilled conditions after the purchase date (depending on the probability of fulfillment of conditions), are considered an additional purchase price at purchase date. According to U.S. GAAP, conditional purchase price components are to be examined if they are to be seen as payment for the work of an alienor in the company after the sale. If it is not a case of payment components, the conditional purchase price payments are to be taken into account when the condition has occurred or the condition is expected to occur with virtual certainty. Consequently, the difference between HGB and US GAAP in this area results in a timely delay in the depreciation of business values.

Deferred Tax on Earnings

According to the HGB, deferred taxes must be calculated according to the assets and liability method, but only remaining debits are reported in the balance sheet. Reporting deferred taxes from taxable accumulated losses is not permissible. According to US GAAP, deferred taxes are determined on timely valuation differences between the entry of assets and debts in the tax balance sheet and the consolidated financial statement, based on the anticipated tax rates on a statutory basis at the end of the reporting period for the date of the differences' reversal. Thus, changes in the tax rates are only accounted for when changes in the law are passed. According U.S. GAAP, deferred taxes are calculated when the company has accumulated losses. If the value of deferred taxes is not given on the asset side, it requires a valuation adjustment. Estimating the probability of posting realization is an important factor in assessing the value.

Shares of Other Shareholder

Shares of other shareholders' equity or year end results of consolidated subsidiaries represent a component of the equity or net income in the group according to HGB. According to US GAAP, minority shares of the equity from subsidiaries are not a component of equity; shares of other associates of the results of a subsidiary represent an expense or income

Costs of Raising Capital

According to HGB, costs of raising capital may not be accrued or charged against received financing instruments. According to U.S. GAAP, costs for raising equity, e.g. issues costs in the course of a stock exchange listing, minus the effect of their tax deductibility, are deducted from the gross amount raised resources and therefore reduces the capital reserves.

Securities

In accordance with HGB regulations, securities at purchasing costs a lower conferring value. net AG values its securities, classified as trading securities, at current market value according to U.S. GAAP.

Accruals

According to HGB, accruals for uncertain liabilities are accumulated under the prudence concept with reasonable business discretion. Employment must be probable and the amount reasonably estimated before a liability item is posted.

Foreign Exchange Profits

According to HGB, short-term receivables, or liabilities in foreign currency, are listed at the price from the date of emergence. Foreign exchange profits from the balance sheet day may not be listed. According to US GAAP, foreign exchange profits may be realized.

Discontinued Operations

According to US GAAP, discontinued segment activities must be listed separately. Data from results of the discontinued business area are listed as one in the profit and loss statement. Thus, accruing income tax is already accounted for in this area. Identification occurs after the result from the continued activity. Apportionable assets are also separately identified on the discontinued segment inasmuch as these are to be discontinued.

Cologne, December 2000

Dr. Stefan Immes | Theodor Niehues | Frank Hartmann

Auditor's Certification

"We have audited the consolidated financial statement drawn up by net AG, infrastructure, software and solutions, consisting of a balance sheet statement, profit and loss statement, statement of change in equity, consolidated cash flow statement and notes, for the fiscal year from October 1, 1999 to September 30, 2000. The preparation and contents of the consolidated financial statement are the responsibility of the company's board of directors. It is our task to evaluate, on the basis of our conducted examination, if the annual report conforms with the statutory accounting requirements of the United States of America (US GAAP).

We have carried out our audit of the consolidated financial statement in accordance with the German examination regulations and in compliance with the established German principles of orderly final audit from the Institut der Wirtschaftspruefer (IDW). The examination is planned and carried out such that it can be judged with sufficient certainty if the annual report is free from substantial errant statements. Knowledge of the company's activities and of the economic and legal environment of the Group, as well as the expectations of possible errors are taken into consideration when establishing the auditing procedures. In the course of the audit, proof of the amounts stated and the data in the consolidated financial statement are assessed on the basis of random samples. The audit includes the evaluation of the applied accounting principles and the essential estimations of the legal representatives and the appraisal of the entire representation of the annual report. It is our perception that our examination forms a sufficiently secure basis for our evaluation.

We are convinced that the annual report imparts an appropriate picture of the asset, financial and earnings situation of the company and the cash flow of the fiscal year in accordance with US GAAP.

Our audit, which also covered the consolidated annual report prepared by the board of directors for the fiscal year from October 1, 1999 to September 30, 2000, led to no objections. We are convinced that the consolidated annual report gives a correct depiction of the Group's situation and also accurately shows the risks of the future developments. In addition, we confirm that the consolidated financial statement and the consolidated annual report for the fiscal year from October 1, 1999 to September 30, 2000 fulfill the conditions for the exemption of the company from the preparation of a consolidated financial statement and consolidated annual report in accordance with German law. We carried out the examination of the necessary agreement with the 7 EG Guidelines for the exemption from the commercial group accounting obligation, based on the guideline interpretation through the European Commission's Contact Committee for Guidelines of Accounting."

Hannover, December 16, 2000

O & R OPPENHOFF & RÄDLER GmbH
Auditing Company
Tax Consultancy

Steinke
Auditor

Schön
Auditor

Financial Dates

Publication of 3 month Consolidated financial statement	02.19.2001
Annual meeting of shareholders, Cologne	03.01.2001
CeBIT 2001, Hanover	03.22 -28.2001
Publication of consolidated semi-annual report As of 03.30.2001	05.17.2001
Publication of 9 month consolidated financial statement	08.16.2001
Systems, Munich	10.15-19.2001
Publication of consolidated annual report as of 09.30.2001	12/2001
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