SAP Systems Integration AG
Quarterly Report Q3/2003

Integration for Customer Value

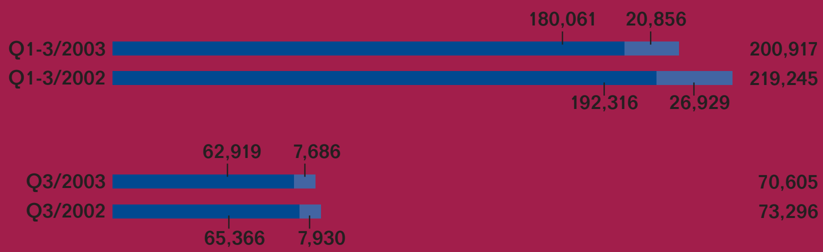
SAP SI

Key performance indicators as of September 30, 2003 (US-GAAP)

SAP Systems Integration AG

Revenue/earnings figures	Jan 01, 2003 – Sep 30, 2003	Jan 01, 2002 – Sep 30, 2002	Change in %, %-points	Jul 01, 2003 – Sep 30, 2003	Jul 01, 2002 – Sep 30, 2002	Change in %, %-points
Revenue in € thousands	200,917	219,245	-8.4%	70,605	73,296	-3.7%
of which foreign in € thousands	36,426	47,576	-23.4%	12,983	15,613	-16.8%
Restructuring costs in € thousands	0	9,769	-100.0%	0	5,274	-100.0%
Operating profit in € thousands	27,101	11,661	132.4%	11,082	5,649	96.2%
Operating profit as a percent of revenue	13.5%	5.3%	8.2%P	15.7%	7.7%	8.0%P
EBITDA in € thousands	30,838	14,856	107.6%	12,433	6,875	80.8%
EBITDA as a percent of revenue	15.3%	6.8%	8.5%P	17.6%	9.4%	8.2%P
EBIT before restructuring costs in € thousands	27,117	20,666	31.2%	11,158	10,900	2.4%
EBIT before restructuring costs as a percent of revenue	13.5%	9.4%	4.1%P	15.8%	14.9%	0.9%P
EBIT in € thousands	27,117	10,897	148.8%	11,158	5,626	98.3%
EBIT as a percent of revenue	13.5%	5.0%	8.5%P	15.8%	7.7%	8.1%P
EBT in € thousands	29,410	13,837	112.5%	11,898	6,468	84.0%
EBT as a percent of revenue	14.6%	6.3%	8.3%P	16.9%	8.8%	8.1%P
Balance-sheet figures	**Sep 30, 2003**	**Dec 31, 2002**		**Sep 30, 2003**	**Dec 31, 2002**	
Equitiy-to-total-assets ratio	78.3%	78.3%	0.0%P	78.3%	78.3%	0.0%P
Cash and cash equivalents/total assets	46.6%	44.3%	2.3%P	46.6%	44.3%	2.3%P
Working capital in € thousands	153,432	149,492	2.6%	153,432	149,492	2.6%
Other key figures	**Jan 01, 2003 – Sep 30, 2003**	**Jan 01, 2002 – Sep 30, 2002**		**Jul 01, 2003 – Sep 30, 2003**	**Jul 01, 2002 – Sep 30, 2002**	
Earnings per share (undiluted) in €	0.49	0.21	134.7%	0.20	0.10	90.7%
Earnings per share (diluted) in €	0.49	0.21	134.7%	0.20	0.10	90.7%
Cash flow in € thousands (all figures as per September 30th)	22,539	12,242	84.1%	22,539	12,242	84.1%
Capital investment excluding goodwill in € thousands (all figures as per September 30th)	5,434	3,338	62.8%	5,434	3,338	62.8%
Average number of employees	1,647	1,837	-10.3%	1,629	1,816	-10.3%
Revenue per employee in € thousands	122	119	2.5%	43	40	7.5%

Revenue according to Entities in € thousands



EBIT according to Entities in € thousands

HIGHLIGHTS

- **EBIT of €11.2 million twice as high as in the same quarter the previous year (€5.6 million)**
- **EBIT margin for the quarter 15.8 % (previous year: 7.7 %)**
- **Net cash from operating activities €36.0 million in the first 9 months (previous year: -€2.2 million)**
- **Quarterly revenues of €70.6 million 7.8 % higher than in the previous quarter (€65.5 million) and 3.7 % (constant currency: 2.2 %) lower than in the previous year (€73.3 million)**
- **Acquisition of SLI Consulting AG, Regensdorf, Switzerland**

Contents

DEAR STOCKHOLDERS

Increasing the profitability of your Company had top priority again in the third quarter of the fiscal year too. The results are encouraging: SAP SI reported EBIT (earnings before interest and tax) of €11.2 million in the third quarter. The figure in the same quarter the previous year was €5.6 million, which means that it was doubled. We managed to increase the EBIT margin even more emphatically: it amounted to 15.8 % in the third quarter of 2003 following 7.7 % in the same period the previous year. These encouraging results are attributable to high utilisation of our consultants' capacity, systematic cost management and the restructuring costs required in the previous year (€5.3 million) that were not incurred this year.

The economic outlook, which continues to be gloomy in Europe and our core German market in particular, is still leading to a marked reluctance to invest. This affected our revenue development too. Revenues in the third quarter of 2003 totalled €70.6 million and were slightly lower than in the previous year (€73.3 million). A comparison with the first and second quarters of 2003 reveals, on the other hand, that we have succeeded in increasing revenues from quarter to quarter.

Although there are no signs of a sustained recovery in order intake yet, we still succeeded in obtaining a number of well-known new customers. Major orders we received during the last quarter included commissions from the German companies Bitzer Kühlmaschinenbau GmbH, Sindelfingen, and Messer Griesheim GmbH, Frankfurt am Main, as well as from Degussa Corporation, Raytheon Missile Systems and the Washington Post in America.

We reviewed our strategic emphases in the third quarter: SAP SI will be continuing to expand the IT strategy consulting, systems integration and outsourcing operations systematically. We are therefore involved in markets in which we already have an excellent reputation and an outstanding competitive position. This is confirmed by the latest Meta Group web services survey: SAP SI is one of the top three IT service providers in Germany as regards both performance and awareness and holds a considerable lead over most of its national and international rivals as a result.

We took over SLI Consulting AG, Regensdorf, Switzerland, (SLI) in September 2003 in order to strengthen our market presence in Switzerland. We continued our acquisition negotiations in the USA and the rest of Europe systematically as well.

In a nutshell: we again succeeded in making further improvements to the profitability and competitive position of your Company in the third quarter. SAP SI is operating efficiently in spite of the ongoing difficult market environment and has adopted an optimum strategic approach.

Dresden, Germany, October 2003

The Executive Board

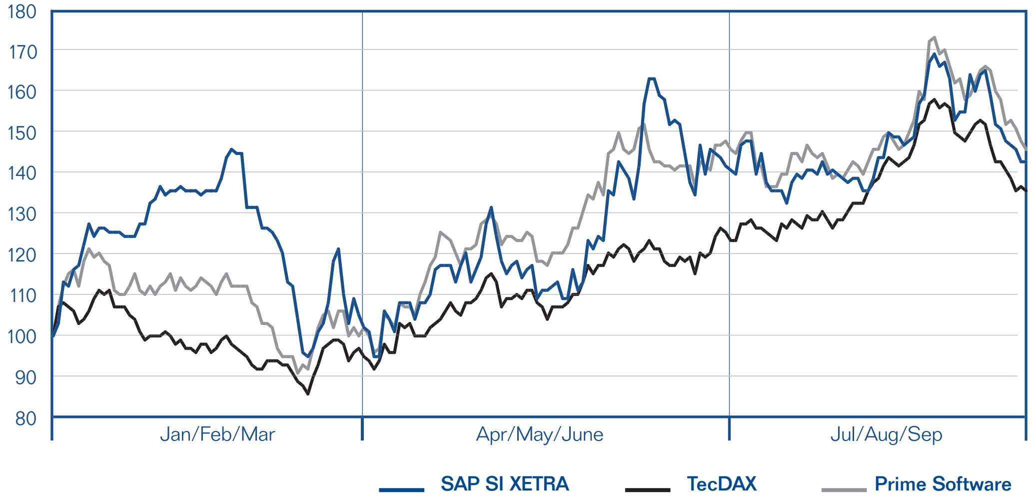
SAP SI STOCK

More optimistic economic expectations had an impact on the German stock market during the quarter under review into September. The prices of technology shares increased in particular. This was, however, followed by another deterioration in the overall economic situation, which caused a broad-based drop in share prices in the second half of September.

The SAP SI share mirrored this development. The share price rose significantly – substantially more than most other technology shares in fact – until mid-September. Increasing scepticism about the economy again put pressure on the share, however. This explains the increase in the share price to almost €15.00 in early September and the subsequent consolidation to the final price of €12.65 on September 30.

SAP SI STOCK PERFORMANCE IN COMPARISON WITH RELEVANT INDICES

Dec 30, 2002 = 100



A 9-month comparison reveals that the SAP SI share price went up considerably: whereas the DAX grew 15% from the beginning of the year and the relevant TecDAX – calculated back to December 30 – increased by 35%, the SAP SI share climbed by 42% in the same period. We assume that this is in particular the capital market's positive response to the substantial improvement in our profitability again.

The Executive Board once again made great efforts to communicate with investors and analysts in the quarter under review. At the 1st German SAP SI investors' conference in Bensheim on September 17, Executive Board member Alfred Ermer and members of the top management explained the strategic approach using the financial services sector as an example. The purpose of a roadshow by the Executive Board in the USA was to make direct contact with the players on the capital market there. We also held a number of personal meetings with analysts and investors again. Sal. Oppenheim, the private bank based in Cologne, started to cover the SAP SI share in August.

DIRECTORS HOLDINGS ACCORDING TO SEPTEMBER 30, 2003

Name	Shares	Convertible bonds	Other rights
Supervisory Board:			
Dr. Werner Brandt	0	0	0
Dr. Jürgen Fuchs	1,133	1,500	0
Erwin Gunst	0	0	0
Michael Kleinemeier	0	0	0
Thomas Maik Nestler	551	1,300	0
Richard Stewart	0	0	0
Executive Board:			
Dr. Bernd-Michael Rumpf	0	25,000	0
Alfred Ermer	0	50,000	0
Ronald Geiger	0	15,000	0
Joachim Müller	0	25,000	0

INTERIM MANAGEMENT REPORT

ECONOMIC ENVIRONMENT

The economic upswing that had been hoped for at the beginning of the year has not materialised in our core market Germany in 2003. The Gross Domestic Product (GDP) will probably not grow in 2003 compared with the previous year. The Ifo-Institut expects the GDP to grow again slightly in 2004 (1.7%). In its latest forecast, the US ministry of economics raised its 2003 GDP growth target for the USA to 3.3%. The relevant figures for 2004 are not available yet.

As a result of the sluggish development of the economy, the IT services market in Germany is still consolidating in 2003: in the current year, the industry association BITKOM is expecting a reduction of -5.0% and -4.0% in the „consulting" and „implementation" market segments respectively. In its most recent forecast of September 2003, BITKOM estimates that for 2004 there will be a reduction of -2.0% (consulting) and an increase of +1.0% (implementation). For the entire IT services market in Germany (including outsourcing) the association anticipates -1.2% in 2003 and growth of +1.5% in 2004.

Gartner Group has analysed the North American IT services market: growth of 3.6 % in 2003 and 5.7 % in the coming year is expected. These figures include the considerably faster-growing outsourcing market.

BUSINESS DEVELOPMENT

Order situation

As has already been mentioned, we also in the third quarter succeeded in obtaining a number of major, large-volume orders. The volume of orders on hand on September 30 (€147 million) was slightly higher than in the previous quarter (€143 million, previous year: €152 million). In the USA MaxValu contributed to the sales success. MaxValu is a new service offering introduced by SAP SI America for the faster implementation of SAP systems at manufacturing companies with industry-specific templates and optimised project management.

Revenue development

Consolidated revenues in the third quarter of the fiscal year continued to be depressed by the poor state of the economy, the weakness of the US dollar and marked reluctance to invest, particularly in Germany. Although revenues (€70.6 million) were substantially higher than in the previous quarter (€65.5 million) thanks to a further improvement in capacity utilisation and additional growth in the Hosting/Application Management business, they were slightly lower (-3.7%, constant currency: -2.2%) than the strong performance in the same quarter the previous year (€73.3 million). Revenues in the first 9 months amounted to €200.9 million. This corresponds to a drop of -8.4% (constant currency: -6.5%) over the same period the previous year (€219.2 million).

The quarterly revenues generated by SAP SI Germany/ Switzerland (€62.9 million) were also lower than in the previous year (€65.4 million). They were 6.8% higher than in the previous quarter (€58.9 million). Due to improvements in capacity utilisation, the revenues of SAP SI America (€7.7 million) were considerably better than in the previous quarter (€6.6 million) too. They were, however, 3.1% lower than in the previous year (€7.9 million). Adjusted to eliminate the effects of currency translation, the US company recorded encouraging growth of 10.8% in its quarterly revenues by comparison with the previous year too, however.

About 84.6% (previous year: 88.0%) of the consolidated revenues in the third quarter were accounted for by the consulting business and miscellaneous revenues, 11.6% (previous year: 9.6%) by Hosting/Application Management business and 3.8% (previous year: 2.4%) by product business. 18.4% of the quarterly revenues (previous year: 21.3%) were generated outside Germany.

Cost development

Costs were reduced substantially – by 12.0% – from €67.6 million in the same quarter the previous year to €59.5 million. If the effects of currency translation were disregarded, the cost reduction would have amounted to 10.8%. Service costs were cut by as much as 16.8%. This significant change is attributable to the restructuring costs (€5.3 million) incurred in the previous year and not this year, a smaller number of employees, systematic continuation of the cost management program and the decrease in third-party expenses, while utilisation of the consultants' capacity rose considerably at the same time. The relative increase in sales and marketing costs was due to the strengthening of the sales function because of the market situation. Acquisition expenses that could not be capitalised were one of the reasons for the increase in general administration costs.

Earnings development

SAP SI managed to continue improving the operating result in the third quarter in spite of the economic and market situation, which remained difficult. Earnings before interest and tax (EBIT) rose from €5.6 million (excluding restructuring costs: €10.9 million) in the previous year to €11.2 million. The EBIT margin also improved further to 15.8% (comparable figure for the previous year: 14.9%). In the first 9 months EBIT went up from the comparable figure of €20.7 million in the same period the previous year to €27.1 million in the current year. This corresponds to EBIT margins of 9.4% and 13.5% respectively. These improvements in earnings over the previous year in spite of the reduction in revenues are due to a substantial cut in costs and a large improvement in capacity utilisation. SAP SI Germany/ Switzerland contributed €10.1 million (previous year: €4.6 million) to the quarterly earnings and SAP SI America €1.1 million (previous year: €1.0 million). The generally low interest level led to lower net financial income (€0.7 million) than in the previous year (€0.8 million) in spite of the increase in cash and cash equivalents. Consolidated net income almost doubled by comparison with the same quarter the previous year, from €3.7 million to €7.0 million. In the first 9 months of 2003, consolidated net income went up 134.7% compared with the same period the previous year, from €7.5 million to €17.5 million. The earnings per share increased accordingly in the third quarter to €0.20 (previous year: €0.10) and in the first 9 months to €0.49 (previous year: €0.21).

Research & development activities

Most of the research and development expenses were incurred in the ongoing development of the software solution REA (Recycling Administration) and consisted mainly of personnel costs. In addition to this, the higher demand for mobile solutions for production companies, for example with the help of RFID technology (Radio Frequency Identification), prompted us to support the „M-Lab“ research project (which has been in progress since 2001) for a further two years. M-Lab (Mobile and Ubiquitous Computing Lab) is a joint project between ETH Zurich and St. Gallen University.

Acquisition of SLI Consulting AG

We took over SLI Consulting AG, Regensdorf, Switzerland, (SLI) in September 2003 in order to strengthen our market presence in Switzerland. SLI is a consulting company for SAP solutions and has an attractive customer base of about 150 medium-sized and large companies, most of them in the food, chemical and pharmaceutical industries, the retail trade, manufacturing, banking and insurance. The customers include Altana Pharma, Bosch, Chocolat Frey and Zumtobel. The company had 53 employees on September 30 and the revenue target for 2003 is approximately €9 million.The main objective of the acquisition is to strengthen SAP SI's access to the Swiss market above and beyond the healthcare field and to expand the business in Switzerland substantially.

Changes in the companies consolidated

The subsidiary COPA GmbH, which operated in the beverage market, was merged with SAP SI AG with backdated effect from January 1, 2003. The results generated by „SAP SI Germany/Switzerland“ that are shown in this and subsequent reports therefore include the results of what used to be COPA GmbH as well. On September 30, 2003 SAP SI acquired 100% of the shares in the Swiss consulting company SLI Consulting AG, Regensdorf, (SLI). The company was consolidated and included in the results reported for „SAP SI Germany / Switzerland“ for the first time on September 30, 2003.

Assets and financial situation

Balance sheets:

The consolidated balance sheet on September 30, 2003 indicates a €22.3 million higher balance sheet total compared with the balance sheet on December 31, 2002. The change on the assets side was due to the increase in fixed assets (+€12.4 million), particularly in connection with the investments made in the period under review, the reduction in receivables and other current assets (-€9.2 million) and the increase in cash and cash equivalents (+€17.6 million). This means that the cash on hand increased from 44.3% of the balance sheet total on December 31, 2002 to 46.6%.

On the liabilities side, liabilities decreased by -€8.7 million, whereas accruals (for personnel commitments and taxes in particular) rose by €14.5 million. Stockholders' equity was €17.3 million higher due essentially to the positive earnings development in the first 9 months of the year. The equity-to-total-assets ratio remained unchanged at 78.3%.

Capital investment:

In the first 9 months of 2003 €17.9 million were invested, as far as property and equipment are concerned particularly in office equipment (€2.6 million), hardware (€1.2 million) and leasehold improvements to the building rented at the Bensheim location (€1.1 million). The additions to the intangible assets (€13.0 million) were attributable mainly to the acquisition of the remaining 49.9% of COPA on January 1, 2003, the acquisition of SLI and investments in software.

Statements of cash flow:

The inflow of net cash from operating activities amounted to €36.0 million, a significant increase over the previous year (outflow: -€2.2 million). Systematic asset management measures an our increased profitability in 2003 were major reasons for this. The change in working capital (current assets without cash and cash equivalents minus current liabilities) led to an inflow of net cash of €11.8 million in the first 9 months of the year (previous year: outflow of €14.9 million in net cash). The outflow of net cash from investing activities during the first 9 months of fiscal 2003 amounted to €19.0 million (previous year: €8.4 million) and was due in particular to company acquisitions (COPA and SLI) as well as to capital investment in property and equipment.

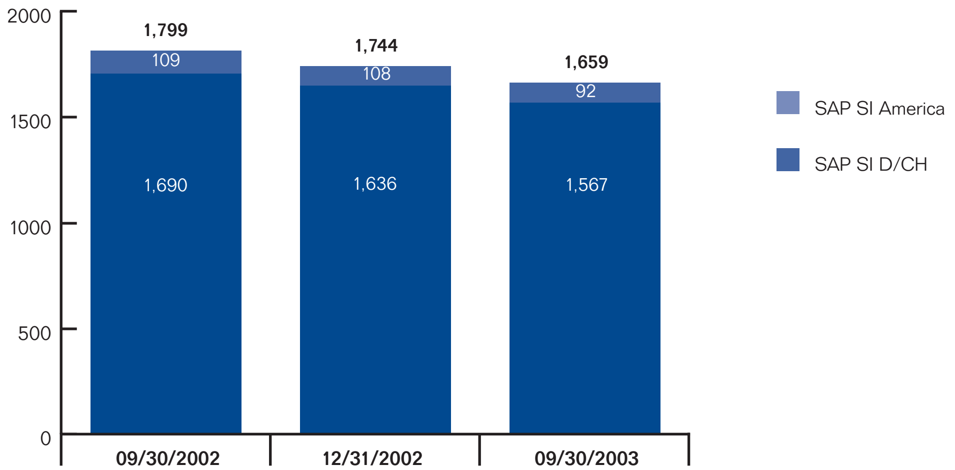
Board changes

No board changes were made in the quarter under review.

Employees

By comparison with the same quarter the previous year (1,799 employees), personnel was reduced as scheduled by -7.8% to 1,659 employees on September 30. 1,567 (1,690) of the staff were deployed in Germany / Switzerland, 53 of them at SLI. 92 (109) employees were working in the USA on the reporting date. The average number of employees (total of the figures at the end of the months divided by the number of months) for the third quarter of 2003 was 1,629 employees (previous year: 1,816). This reduction is still attributable to a very large extent to the restructuring programme carried out in the second half of 2002.

EMPLOYEE DEVELOPMENT



Development of the risk situation

We reported in detail about the Company's exposure on pages 50 and 51 of the annual report of SAP Systems Integration AG for 2002. There have been no major changes in the risks of future development compared with the review presented there.

Events after the end of the quarter

No events of special importance occurred between the end of the quarter and the publication of this quarterly report.

Outlook and forecast

We still do not expect to achieve any organic revenue growth in the current fiscal year. SAP SI will be exploiting the market opportunities systematically as and when the IT services market recovers. At the press conference about the corporate financial statements that is being held on January 30, 2004, we will be giving a preview of 2004.

Due to the present market environment, our main aim in 2003 is still to increase our profitability. After the achievement of an EBIT margin of 13.5% in the first 9 months, we are very confident of being able to report the planned EBIT margin of between 12 and 14% for fiscal 2003 as a whole too. This means that your Company is one of the most profitable IT service providers in Europe.

We have made progress in our acquisition negotiations with selected companies in Germany and other countries. Following the acquisition of SLI that has been explained in this report, we aim to make further acquisitions in the next few months to expand the international presence of your Company and to make strategic extensions to the SAP SI service portfolio.

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENTS (US-GAAP)

in € thousands	Jan 01, – Sep 30, 2003	Jan 01, – Sep 30, 2002	Jul 01, – Sep 30, 2003	Jul 01, – Sep 30, 2002
Software revenue	2,034	1,231	1,397	470
Maintenance revenue	3,908	3,737	1,312	1,270
Revenue from products	5,942	4,968	2,709	1,740
Revenue from services	169,824	192,214	59,201	63,775
Hosting/Application Management	23,542	20,136	8,214	7,046
Other revenue	1,609	1,927	481	735
Revenue	**200,917**	**219,245**	**70,605**	**73,296**
Product costs	-3,268	-2,782	-1,577	-802
Service costs	-144,160	-171,811	-48,656	-58,448
Research and development	-484	-545	-193	-35
Sales and marketing costs	-13,173	-13,593	-4,660	-4,178
General administrative costs	-13,152	-18,864	-4,823	-4,181
Other operating expenses and income, net	421	11	386	-3
Total costs	**-173,816**	**-207,584**	**-59,523**	**-67,647**
Operating profit	**27,101**	**11,661**	**11,082**	**5,649**
Other expenses and income, net	16	-764	76	-23
Earnings before interest and tax (EBIT)	**27,117**	**10,897**	**11,158**	**5,626**
Financial income, net	2,293	2,940	740	842
Earnings before tax (EBT)	**29,410**	**13,837**	**11,898**	**6,468**
Income tax	-11,917	-5,781	-4,892	-2,629
Net income after tax	**17,493**	**8,056**	**7,006**	**3,839**
Minority interest	0	-603	0	-166
Consolidated net income	**17,493**	**7,453**	**7,006**	**3,673**
Earnings per share in €				
Earnings per share (undiluted)	0.49	0.21	0.20	0.10
Earnings per share (diluted)	0.49	0.21	0.20	0.10
Average number of shares outstanding in thousands (undiluted)	35,800	35,800	35,800	35,800
Average number of shares outstanding in thousands (diluted)	35,814	35,800	35,823	35,800

CONSOLIDATED BALANCE SHEETS (US-GAAP)

ASSETS

in € thousands	Sep 30, 2003	Dec 31, 2002
Intangible assets	93,127	82,056
Property and equipment	9,379	7,668
Financial assets	746	1,106
Fixed assets	**103,252**	**90,830**
Inventories	**871**	**883**
Receivables from goods and services	35,924	38,479
Receivables from affiliated companies	19,721	16,542
Other current assets	11,141	20,963
Receivables and other current assets	**66,786**	**75,984**
Cash and cash equivalents	**153,352**	**135,719**
Current assets	**221,009**	**212,586**
Deferred tax assets	**2,247**	**1,800**
Prepaid expenses	**2,269**	**1,253**
Total assets	**328,777**	**306,469**
of which short-term	222,621	214,079

LIABILITIES

in € thousands	Sep 30, 2003	Dec 31, 2002
Capital stock[1]	35,800	35,800
Additional paid-in capital	218,478	218,070
Retained earnings/accumulated loss	4,292	-13,201
Accumulated other comprehensive income	-1,237	-640
Stockholders´ equity	**257,333**	**240,029**
Minority interest	**0**	**1,286**
Accruals for pensions	2,882	1,557
Other accruals	49,257	36,044
Accrued liabilities	**52,139**	**37,601**
Convertible bonds	1,132	1,210
Other liabilities	17,188	25,840
Liabilities	**18,320**	**27,050**
Deferred income	**985**	**503**
Total liabilities and stockholders´ equity	**328,777**	**306,469**
of which short-term liabilities	67,430	62,387

[1] Authorized-but-unissed capital at the relevant date €1,132 thousands (Dec 31, 2002: €1,210 thousands)

CONSOLIDATED STATEMENTS OF CASH FLOWS (US-GAAP)

in € thousands	Jan 01, 2003 – Sep 30, 2003	Jan 01, 2002 – Sep 30, 2002
Consolidated net income	17,493	7,453
Depreciation and amortization of fixed assets, long-term investments and financials assets	3,721	3,959
Changes in accruals for pensions	1,325	830
Changes in deferred taxes	1,556	514
Changes in inventories	12	-2,023
Changes in receivables and other current assets	10,714	5,634
Changes in short-term accrued liabilities	10,716	-5,451
Changes in short-term liabilities	-8,867	-13,603
Changes in other assets, liabilities and in stockholders' equity	-657	536
Net cash from operating activities	**36,013**	**-2,151**
Additions to intangible assets, property and equipment	-11,879	-3,338
Changes in the scope of consolidation	-6,036	-4,775
Additions to financial assets	-17	-564
Disposals of fixed assets	186	235
Changes in minority interest	-1,286	0
Net cash used in investing activities	**-19,032**	**-8,442**
Other changes to stockholders' equity	408	-454
Net cash from financial activities	**408**	**-454**
Currency translation adjustments	244	614
Net changes in cash and cash equivalents (term up to 3 months)	**17,633**	**-10,433**
Cash and cash equivalents at the beginning of the reporting period	**135,719**	**126,445**
Cash and cash equivalents at the end of the reporting period	**153,352**	**116,012**

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (US-GAAP)

in € thousands	Thousand shares	Comprehensive income	Accumulated other comprehensive income	Retained earnings	Additional paid-in capital	Capital stock	Total
As of January 1, 2002	35,800		7	-27,398	218,524	35,800	226,933
Consolidated net income		7,453		7,453			7,453
Other comprehensive income		-439	-439				-439
Comprehensive income		**7,014**					
Exceptional items from the initial consolidation of COPA GmbH					-454		-454
As of September 30, 2002	**35,800**		**-432**	**-19,945**	**218,070**	**35,800**	**233,493**
As of January 1, 2003	35,800		-640	-13,201	218,070	35,800	240,029
Consolidated net income		17,493		17,493			17,493
Other comprehensive income		-597	-597				-597
Comprehensive income		**16,896**					
Exceptional items from the step acquisition of COPA GmbH					408		408
As of September 30, 2003	**35,800**		**-1,237**	**4,292**	**218,478**	**35,800**	**257,333**

NOTES

The consolidated financial statements have been prepared in accordance with the accounting principles for interim reports that are generally accepted in the United States of America (US-GAAP). The quarterly financial statements reflect all the adjustments that are necessary in order to present the asset, financial and earnings situation at the end of the periods which finished in September 2003 and 2002. All the adjustments are of an ordinary kind. The quarterly financial statements should be read in connection with the consolidated financial statements of SAP SI as per December 31, 2002. With the exception of specific explanations given about changes, the comments made there also apply to quarterly financial statements and are not included again here.

These quarterly financial statements include all the current business transactions and classifications that the Executive Board of SAP SI considers to be necessary in order to guarantee appropriate presentation of the interim results.

The Hosting/Application Management business created at the beginning of 2003 in the context of Company reorganisation includes the revenues from what used to be the Outsourcing/Application Services business, excluding the revenues from Technical Consulting (same quarter the previous year: €2.2 million). These revenues are now shown as revenues from services. The relevant figures for the previous year have been adjusted. In the Hosting/Application Management business, customers are in particular given the option of having their IT solutions (systems and applications) operated by SAP SI.

Companies consolidated

The following companies have been consolidated in full in addition to the parent company SAP SI, Dresden.

Affiliated companies	Percentage of the capital
SAP Systems Integration (Schweiz) AG, Frauenfeld, Switzerland	100.0
SAP Systems Integration Holding Inc., Atlanta, USA	100.0
SAP Systems Integration America LLC, Atlanta, USA	100.0
SAP Systems Integration Consulting GmbH, Walldorf, Germany	100.0
SLI Consulting AG, Regensdorf, Switzerland	100.0

Contractual commitments

The most important contractual commitments of SAP SI are attributable to operating lease contracts, including rental contracts. €13.7 million of them are due within one year and a further €27.9 million within the subsequent 4 years.

SEGMENT REPORT

The segment report has been revised in the context of the restructuring of SAP SI as per January 1, 2003. Information about the Company and its areas of operation as well as a reconciliation calculation of segment contributions to earnings before tax (EBT) are provided in the following segment report. The segment breakdown as of January 1, 2003 has been made according to the services provided. The accounting and valuation methods have been observed in compiling the segment data. The figures for the previous year have been adjusted.

A breakdown by the geographical location of the companies is given in the following table (the revenues, costs and contributions to earnings of COPA GmbH, which was merged with SAP SI with effect from January 1, 2003, have been allocated to SAP SI on a backdated basis for the periods under review):

	SAP SI AG (Germany & Switzerland)				SAP SI America				**Total**			
in € millions	Q3 2003	Q3 2002	Q1-3 2003	Q1-3 2002	Q3 2003	Q3 2002	Q1-3 2003	Q1-3 2002	Q3 2003	Q3 2002	Q1-3 2003	Q1-3 2002
Revenue	62.9	65.4	180.0	192.3	7.7	7.9	20.9	26.9	70.6	73.3	200.9	219.2
Costs	52.9	60.8	155.7	183.1	6.6	6.9	18.1	24.5	59.5	67.7	173.8	207.6
Contribution (operating profit)	**10.0**	**4.6**	**24.3**	**9.2**	**1.1**	**1.0**	**2.8**	**2.4**	**11.1**	**5.6**	**27.1**	**11.6**
Number of employees on the reporting date	1,567	1,690	1,567	1,690	92	109	92	109	1,659	1,799	1,659	1,799

The following tables show the quarterly revenues, costs and contributions in the two areas of consulting and Hosting/Application Management as well as a reconciliation calculation of segment contributions to EBT.

	Consulting				Hosting/ Application Management				**Total**			
in € millions	Q3 2003	Q3 2002	Q1-3 2003	Q1-3 2002	Q3 2003	Q3 2002	Q1-3 2003	Q1-3 2002	Q3 2003	Q3 2002	Q1-3 2003	Q1-3 2002
Segment revenue	62.4	66.2	177.4	199.1	8.2	7.0	23.5	20.1	70.6	73.3	200.9	219.2
Segment costs	49.2	57.9	143.9	171.0	5.9	5.5	17.2	17.7	55.1	63.5	161.1	188.7
Segment contribution	**13.2**	**8.3**	**33.5**	**28.1**	**2.3**	**1.5**	**6.3**	**2.4**	**15.5**	**9.8**	**39.8**	**30.5**
Segment profitability as a percent of segment revenue	21.1%	12.5%	18.9%	14.1%	28.4%	21.6%	27.0%	12.0%	22.0%	13.4%	19.8%	13.9%

in € millions	Q3 2003	Q3 2002	Q1-3 2003	Q1-3 2002
Total contribution of all segments	15.5	9.8	39.8	30.5
Other unallocated costs	-4.4	-4.2	-12.7	-18.8
Operating profit	**11.1**	**5.6**	**27.1**	**11.7**
Other expenses and income, net	0.1	0.0	0.0	-0.8
Earnings before interest and tax (EBIT)	**11.2**	**5.6**	**27.1**	**10.9**
Financial income, net	0.7	0.8	2.3	2.9
Earnings before tax (EBT)	**11.9**	**6.5**	**29.4**	**13.8**

The consulting business generated revenues of €62.4 million in the third quarter, 5.8% lower than in the same quarter the previous year. The reduction of 15.1% in costs led to an increase in profitability in this business of 59.0% to €13.2 million. Revenues were increased by €3.9 million or 5.8% over the previous quarter.

Revenues in the Hosting/Application Management business were 16.9% higher than in the same quarter the previous year at €8.2 million. Profitability in this area increased from 21.6% to 28.4%.

The improvements in profitability achieved in both businesses were attributable to higher capacity utilisation combined with a reduction at the same time of third-party expenses as well as to the additional cost-cutting measures already taken in the previous year.

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Financial calendar 2004*	
January 30, 2004	Preliminary 2003 results
April 29, 2004	Interim report on the 1st quarter of 2004
June 8, 2004	Annual Stockholders' Meeting
July 29, 2004	Interim report on the 1st half of 2004
November 2, 2004	Interim report on the 1st 3 quarters of 2004

* Subject to change without notice