

...) plenum . . .

Interim report 1/2003

(U.S. GAAP) as of March 31, 2003



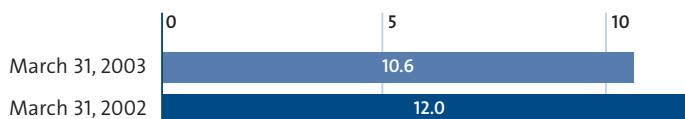
Letter to Shareholders

plenum Group – key figures (US-GAAP)

in € thousands	Jan. 1 – March 31, 2003	Jan. 1 – March 31, 2002
Revenues	10,636	12,022
Gross profit	1,813	3,590
EBITDA	351	1,151
Group net loss	110	760
Earnings per share (in Euro; undiluted)	0.01	0.08
Equity ratio as at March 31, 2003/Dec. 31, 2002	41%	40%
Net liquidity ¹⁾ as at March 31, 2003/Dec. 31, 2002	8,815	10,686
Average number of employees	335	399
Employees at year end	331	338

¹⁾Liquid funds less bank liabilities and advance payments received

Group revenues in € mio.



Organizational structure of the plenum Group



Organizational structure of the plenum Group as of March, 2003

Dear shareholders and business partners,

The first three months of 2003 were dominated by world political events, in the light of which economic developments in Germany continued to be characterized by uncertainty and a reluctance to invest. As a result, demand in the consulting and IT service market remained at a low level, just as it did in the advertising and communications market.

Already anticipating that the market would remain tight we had resolved and implemented the necessary restructuring measures in the past fiscal year. These measures and our continuing strict cost management are designed to ensure the Company's profitability, our key goal for fiscal 2003.

Our earnings for Q1/2003 demonstrate the success of these decisions: after negative results in the previous quarter, the Company generated revenue of EUR 10.6 million with an EBITDA of around EUR 0.4 million, and net income for the period of EUR 0.1 million. The positive earnings underline the appropriateness of the scope and timing of restructuring measures performed last year to ensure the future profitability of the business.

In view of the ongoing uncertainty and muted economic forecasts, no reliable estimates can be made for 2003 as a whole at this time.

However, providing that economic conditions do not deteriorate any further, the Managing Board is forecasting revenue in line with last year's level and positive consolidated net income.

The stable development in operational business shows that we can offer our customers solutions for their challenges – especially in tight economic times. The key factors for plenum's successful development continue to be high-quality performance and close customer relationships based on fair and trusting cooperation.

Wiesbaden, May 2003

Hartmut Skubch
Chairman of the
Managing Board





Economic environment

As in 2002, the political and macroeconomic situation is characterized by a high level of uncertainty. Current forecasts by economics institutes also point to market development remaining muted. Given these conditions, a large number of companies have slashed their investments and postponed projects already in planning.

Forecasts for both the IT service market and the advertising and communications market do not expect any significant upturn until 2004. The current year is expected to record further slight decline.

Business developments

With market conditions remaining difficult, plenum AG generated revenues of around EUR 10.6 million (previous year: EUR 12.0 million) in the first three months of fiscal 2003. After revenues of EUR 10.9 million in the previous quarter, plenum thus succeeded in stabilizing its revenues.

Earnings (EBITDA) of almost EUR 0.4 million marked a return to positive territory in Q1/2003, following the depressed operating earnings in the previous quarter caused by one-time effects from value adjustments and increased risk provisions.

plenum's net income for the period of around EUR 0.1 million underlines the fact that the Company's return to profitability is its number one priority. Earnings per share for the first quarter amount to EUR 0.01 (previous year: EUR 0.08) for 9,577,068 no-par value shares in each case.

Cost development

The gross margin fell to 6% in Q4 of the past fiscal year due to restructuring measures and increased risk provisions. The impact of the capacity adjustment completed in the previous year is already clear in Q1: the gross margin rose to 20% but is still impacted by the ongoing market weakness and the resulting competitive and price pressure.

The key decisive factor for the return to profitability was the development of the Company's cost ratios, which returned to an adequate level after being hit by one-time charges in Q4/2002. This was the expected effect of plenum's consequent cost management activities and the numerous cost optimization measures performed in the past fiscal year.

Net assets and financial position

As forecast, cash flow from operating activities totaled EUR -2.6 million in Q1. This was primarily the result of a 23% rise in receivables plus a 20% drop in advance payments at the same time. The main reason for this was the Company's large project business, where payment terms and dates regularly cause fluctuations in cash and cash equivalents at particular balance sheet dates. Cash and cash equivalents declined by 20% to around EUR 10.6 million since the beginning of the year; as of March 31, 2003, net liquidity was EUR 8.8 million. plenum therefore still has a large cash cushion.

At 41%, the equity ratio remained virtually unchanged as against the end of fiscal 2002 (December 31, 2002: 40%).

Outlook

In view of the uncertain market forecasts and muted economic expectations, no reliable estimates of how business will develop in 2003 as a whole can be made at this time. As was announced at the analyst conference in May, the Managing Board expects the economy to remain subdued in H2 as well, and therefore does not expect to see a substantial improvement in customers' willingness to invest.

Assuming that economic conditions do not deteriorate any further, the Managing Board is confirming its business forecasts for the year

as a whole: revenues will remain at the level of the previous year and consolidated net income will be in positive territory. In this context, the Managing Board is giving priority to the profitability of the Company as against revenues development.

Segment reporting disclosures

Despite the ongoing weak market situation, plenum was able to ensure the profitability of all its segments. Key factors in this were early cost and capacity adjustments in the previous year in conjunction with systematic cost control. At the end of the first three months, the average return for the business units was 7%, after being hit hard by one-time effects in the previous quarter.

plenum Management Consulting

Management Consulting was able to buck the market trend for the first nine months of the past fiscal year, increasing its revenues considerably. However, the delayed effect of the slump in demand was felt in Q1/2003 as in Q4/2002: at EUR 2.2 million, gross revenues were down considerably on the same quarter of the previous year (EUR 3.1 million) and declined by around 15% as against the previous quarter. Thus, Consulting contributed around 19% of total gross revenues, as against roughly 25% in the previous year.



Segment information € million		Consulting	Systems	Communication	Total
Net sales	CY	1.6	6.1	2.9	10.6
	PY	2.9	4.3	4.8	12.0
Internal sales	CY	0.6	0.1	0.0	0.7
	PY	0.2	0.2	0.1	0.5
Gross sales	CY	2.2	6.2	2.9	11.3
	PY	3.1	4.5	4.9	12.5
Segment costs	CY	-1.9	-5.9	-2.7	-10.5
	PY	-2.2	-4.1	-4.2	-10.5
Internal Operating Profit (IOP)	CY	0.3	0.3	0.2	0.8
Margin		14%	5%	7%	7%
	PY	0.9	0.4	0.7	2.0
		29%	9%	14%	16%

CY = Current year, PY = Prior year

Reconciliation of operating segment results in € million	Jan. 1 – March 31, 2003	Jan. 1 – March 31, 2002
IOP	0.8	2.0
Group wide costs and consolidation effects	-0.4	-0.8
EBITDA	0.4	1.2
Depreciation	-0.3	-0.5
Financial results, taxes and minority interests	0.0	0.1
Extraordinary results and results from discontinued activities	0.0	0.0
Group net loss	0.1	0.8

As a result of these difficult market conditions, the business unit's internal operating profit (IOP) declined to EUR 0.3 million (previous year: EUR 0.9 million), while the return for the unit dropped to 14%. Targeted measures were implemented at the beginning of Q1.

In the current market situation, Management Consulting's focus remains on cost optimization and increasing efficiency for its customers. Sales activities are focusing both on continuing ongoing projects and on intensive contact with existing customers, with whom plenum has already successfully completed projects.

In Q1, for example, the unit's consultants were commissioned by a sector-specific financial services provider – to whom they had lent support on various issues in the past – to develop a solution for optimizing internal and external software development and maintenance processes.

plenum Systems

With a 55% share of revenues, plenum Systems was once again the biggest revenues driver in Q1/2003. Gross revenues rose by nearly 40% as against the previous year to EUR 6.2 million (previous year: EUR 4.5 million). This also means an increase of around 11% as against the previous quarter (EUR 5.6 million), underlining the stability of plenum Systems' business.

Having recorded only a slight profit in the previous year due to increased risk provisions, plenum Systems underlined its success in Q1/2003, with an IOP margin of 5% and an internal operating profit of EUR 0.3 million.

In Q1, plenum Systems was commissioned by the IT services provider of a major logistics group to prepare and implement the migration of its applications architecture to a Windows XP environment for around 10,000 workstations. In addition to certifying around 200 standard and specialist applications, plenum Systems is developing software packages for these customer-specific applications designed to allow automated, cost-effective installation later on.

Other disclosures

plenum Communication

At EUR 2.9 million, gross revenues for plenum Communication in Q1 were down on the previous year's revenues (EUR 4.9 million) and on the previous quarter's figure of EUR 3.8 million. An examination of average revenues for the last three quarters (around EUR 3.1 million per quarter) clearly shows both seasonal fluctuations in the advertising and communications market and the ongoing difficulty in forecasting market development.

The success of the previous year's restructuring measures can be seen from the unit's return to profitability: after an earnings margin of -3% for the year as a whole, an IOP of EUR 0.2 million in the first three months of the current year meant that the unit again achieved a positive margin of 7%.

In Q1, plenum Communication provided proof of its broad range of services with sophisticated e-business projects for clients such as Wella, DKV and Efixelle. In addition, it acquired a well-known new client in the shape of T-Mobile, for whom Communication is implementing the t-zones online portal. The unit's classic communications also attracted prominent new clients such as DaimlerChrysler: plenum Communication is planning and implementing an integrated regional, national and international campaign for the auto group as part of the 100-year anniversary of its plant in Stuttgart-Untertürkheim. The agency beat off eight competitors to win the contract.

plenum Communication ranks at number 38 in the current list of the top 200 agencies for 2002 (previous year: number 25). In Baden-Württemberg, the company is successfully defending its number one spot. The agency's position in the New Media Service Ranking remains unchanged at number 22, while it has moved two places up the list of top ten e-commerce service providers since last year, and is now the eighth-largest business in the sector.

Booked business

The trend towards delaying investment decisions already described in the Company's Annual Report 2002 resulted in both significantly longer sales cycles and the reduction or phase-by-phase award of projects. As a result, booked business was down slightly at the end of Q1 as against the previous quarter (EUR 17.4 million), as had been expected at around EUR 13.6 million.

Investments

The Company made no significant investments in Q1/2003.

Employees

The number of staff employed by plenum as of March 31, 2003 remained virtually unchanged as against the end of 2002 at 331 people. The substantial workforce reduction as against the previous year (423 employees) was the result of the adjustment in human resources capacity implemented last year.

The average number of employees for the first three months of the fiscal year was 335, as against 399 in the previous year.

Developments in the risk situation

There have been no material changes in the risk situation of plenum AG as against the detailed description included in the Annual Report 2002.

Significant events

There were no significant events requiring disclosure after the close of the reporting period.

Interim dividend/payout

plenum AG did not pay and does not propose to pay any interim dividend or make any other distributions for the period under review, January 1 to March 31, 2003.

plenum's shares

On April 7, 2002 plenum's shares reached their lowest price to date at EUR 1,02. As a result, the Company's market capitalization was even lower than its cash and cash equivalents.

In April, the shares' reduced risk profile – the result of the increased risk provisions and value adjustments at the end of 2002 – and the stabilization of the Company's operating business sparked renewed interest among analysts and investors, leading to a recovery in the price of our shares. As a result, the price has risen by around 35% since the beginning of April.

Since Deutsche Börse launched its new index system in mid-March, plenum's shares have outperformed the TecDAX, which is now the relevant index for the Company: while plenum's shares rose by around 17%, the TecDAX rose by 15% as of the end of April.

Share price performance vs. TecDAX (indexed)



Treasury shares and subscription rights

As of March 31, 2003 plenum AG or other companies as defined by section 160 (1) clause 2 of the Aktiengesetz (AktG – German Public Companies Act) continued to hold 16,790 treasury shares of plenum AG.

No convertible bonds or similar securities as defined by section 160 (1) clause 5 of the AktG had been issued as of March 31, 2003.

As of March 31, 2003, 402,900 subscription rights had been issued in accordance with section 192 (2) clause 3 of the AktG. 86,700 of these related to the executive bodies of plenum AG.

Shareholder structure (directors' holdings) plenum AG's registered capital was unchanged at 9,577,068 no-par value shares as of March 31, 2003.

Shareholder structure (directors' holdings)

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Shares, Managing Board members

	Hartmut Skubch	Klaus Gröne	Bernhard Achter	Heinz Stoll	Total
	Number of shares				
December 31, 2002	2,167,754	20,453	0	531,500*	2,719,707
March 31, 2003	2,167,754	20,453	0	531,500*	2,719,707

* Indirect shareholding

Subscription rights, Managing Board members

	Hartmut Skubch	Klaus Gröne	Bernhard Achter	Heinz Stoll	Total
	Number of shares				
December 31, 2002	56,500	25,200	5,000	0	86,700
March 31, 2003	56,500	25,200	5,000	0	86,700

Shares, Supervisory Board members

	Michael Bauer	Dr. Wolfgang Händel	Norbert Rohrig	Total
	Number of shares	Number of shares	Number of shares	Number of shares
December 31, 2002	370,360*	3,500	700	374,560
March 31, 2003	370,360*	3,500	700	374,560

* Indirect shareholding

The Supervisory Board members of plenum AG do not hold any subscription rights for shares of plenum AG.

Income Statement

€ thousands	Jan. 1 – March 31, 2003	Jan. 1 – March 31, 2002
Revenues	10,636	12,022
Cost of revenues	–8,523	–8,432
Gross profit/loss	2,113	3,590
Selling and marketing expenses	–1,383	–1,363
General and administrative expenses	–806	–950
Research and development	–8	–659
Other operating income and expenses	144	90
Operating income	60	708
Income from investments and participations	31	205
Amortization of goodwill	0	–32
Result before income taxes	91	881
Income tax	19	–121
Net income	110	760
Net income per share (in EUR)	0.01	0.08

Consolidated balance sheet

Assets € thousands	March 31, 2003	Dec. 31, 2002
Cash and Cash Equivalents	10,637	13,305
Trade accounts receivable	7,300	5,942
Inventories	20	12
Prepaid expenses and other current assets	2,557	1,367
Total current assets	20,514	20,626
Property, plant and equipment	1,985	2,224
Intangible assets	613	686
Financial assets	107	107
Notes receivable/loans	1,019	1,007
Total longterm assets	3,724	4,024
Total Assets	24,238	24,650

Liabilities and shareholders' equity € thousands	March 31, 2003	Dec. 31, 2002
Short term debt and current portion of long-term debt	100	102
Trade accounts payable	1,372	1,298
Advance payments received	1,722	2,517
Other provisions	9,071	8,948
Deferred tax liabilities	0	14
Other current liabilities	1,001	894
Total current liabilities	13,266	13,773
Long term debt	160	179
Deferred tax liabilities	56	61
Pension provisions	881	872
Shareholders' equity		
Share Capital	9,577	9,577
Additional paid-in capital	14,151	14,151
Treasury Stock	-83	-83
Accumulated deficit	-13,770	-13,880
Total Shareholders' equity	9,875	9,765
Total Liabilities and Shareholders' equity	24,238	24,650

Statement of cash flows

€ thousands	Jan. 1 – March 31, 03	Jan. 1 – March 31, 02
Consolidated earnings	110	760
Adjustments:		
Depreciation and Amortization	291	475
Net results from disposal of intangible assets and property, plant and equipment	52	1
Proceeds from the disposal investments	0	-188
Other non-cash expenditure/income	-12	0
Changes in assets & liabilities:		
Changes in inventories	-8	-159
Changes in receivables	-1,358	1,241
Changes in prepaid expenses and other current assets	-1,190	883
Changes in trade accounts payable	74	-732
Changes in other liabilities	-688	-318
Changes in accrued expenses	132	-1,135
Changes in other assets and liabilities	-19	152
Net cash from operating activities	-2,616	980
Proceeds from the disposal of intangible assets and property, plant and equipment	8	12
Proceeds from disposal of investments	0	188
Payments for purchase of intangible assets and property, plant and equipment	-48	-329
Net cash from investing activities	-40	-129
Changes in debt	-21	-58
Net cash from financing activities	-21	-58
Movement in cash and cash equivalents	-2,677	793
Cash & cash equivalents at beginning of period	13,305	7,513
Cash & cash equivalents at end of period	10,637	8,306

Statement of changes in shareholders' equity

	Number of shares in thou.	Compre-hensive Income € thou.	Share capital € thou.	Additional paid-in capital € thou.	Retained earnings € thou.	Other Compre-hensive Income € thou.	Total share-holders' equity € thou.
Dec. 31, 2001*	9,577		9,577	14,068	-3,223	0	20,422
Consolidated earnings		-10,657			-10,657		-10,657
Dec. 31, 2002	9,577		9,577	14,068	-13,880	0	9,765
Consolidated earnings		110			110		110
March 31, 2003	9,577		9,577	14,068	-13,770	0	9,875

* Restatement of prior year figures, refer to note 10 of annual report 2002

General information

This consolidated interim report of plenum AG was prepared in accordance with U.S. GAAP principles for interim reporting and has not been audited. Certain detailed information and disclosures in the notes, included in the U.S. GAAP annual financial statements, have been summarized or omitted here.

It is the opinion of the management of plenum AG that this consolidated interim report takes into account all the current transactions and deferrals necessary to guarantee a true and fair view of the interim results.

This consolidated interim report should be read in conjunction with the audited consolidated financial statements of plenum AG as of December 31, 2002 and the disclosures in the notes contained therein.



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