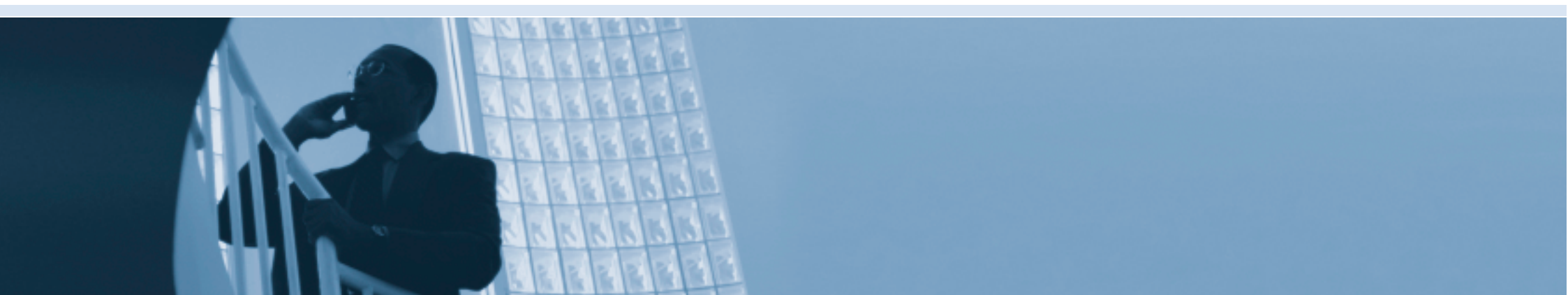


Interim Report 1/2004

(US-GAAP) as of March 31, 2004



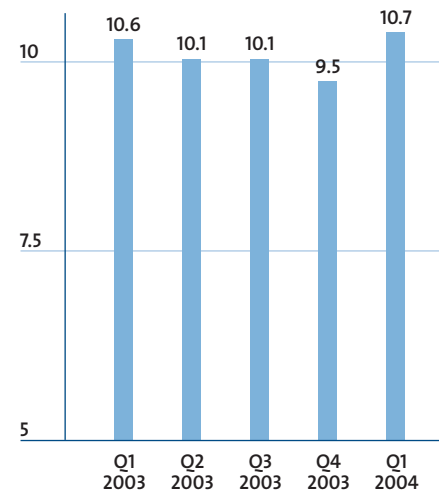
Overview

plenum Group – key figures (US-GAAP) in € thousands

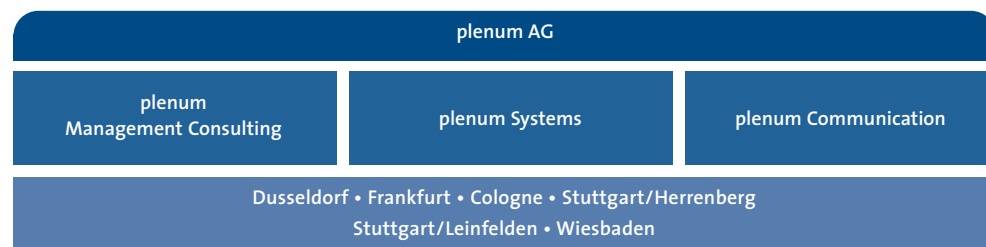
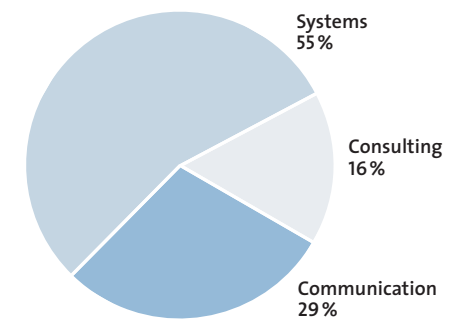
	Jan. 1 – March 31, 2004	Jan. 1 – March 31, 2003
Revenues	10,741	10,636
Gross profit	1,330	2,113
EBITDA	–147	351
EBIT	–371	60
Group net profit	–328	110
Earnings per share (in €; undiluted/diluted)	–0.03	0.01
Shares outstanding (basic; undiluted/diluted in thousands)	9,577	9,577
Equity ratio as at March 31, 2004 / Dec. 31, 2003	45 %	50 %
Net liquidity ¹ as at March 31, 2004 / Dec. 31, 2003 (in € thousands)	6,111	7,351
Employees as at March 31, 2004 / Dec. 31, 2003	259	269

¹ Liquid funds less short term bank liabilities and advance payments received

Revenue development (in € million)



Revenues structure in Q1



Organizational structure of the plenum Group as of March, 2004

Letter to Shareholders

Dear shareholders and business partners,

Like many other companies, plenum benefited from the slight economic recovery in the first quarter of the current year (GDP: 0.4%). Attendance of management events on strategic IT topics held by plenum – a key indicator for us – rose significantly. However, concrete demand for IT strategy projects and IT optimization projects is still muted, and our customers still seem reluctant to invest in IT and communications solutions. In light of this, we consider the 13% rise in quarter-on-quarter revenues in Q1 to EUR 10.7 million (Q4/2003: EUR 9.5 million; previous year EUR 10.6 million) and the increase in order backlog from EUR 10.6 million (December 31, 2003) to EUR 20.3 million (March 31, 2004) to be the success of our hard work and, without a doubt, as positive signals for the future development of our business.

Nevertheless, we do not intend to alter our cautious risk assessment. Thus we had to increase risk provisions in Q1, particularly after taking Phoenixics – a key project for plenum Systems – into account, even though this resulted in negative earnings for the quarter. In the interests of a medium-term and long-term increase in the company's value, we assess the probability of risks occurring very carefully and reflect them in full in our books. As a result, we increased risk provisions in Q1 by EUR 0.5 million. We have demonstrated, particularly during the past financial year, that plenum is in a position to reduce the size of risks for which provisions were made over time thanks to focused and effective risk management, or to prevent these risks occurring at all.

Following the successful restructuring of the Company in financial years 2002 and 2003, a key goal for this year is for the Communication and Consulting business units to start growing again. At EUR 3.3 million, plenum Communication's Q1 revenues exceeded all quarters of 2003. At EUR 1.8 million (EUR 1.7 million in Q4 2003), plenum Management Consulting also increased revenues, although this figure was below the previous year's level of EUR 2.2 million.

The growth in plenum System's revenues by 7% quarter-on-quarter to EUR 6.2 million (Q4/2003: EUR 5.8 million; previous year: EUR 6.2 million) must be viewed with caution given the dominant role played by the Phoenixics project. Since this project will finish at the end of the year, orders have to be acquired for 2005 to replace plenum's share of the added value in this large project.

In particular, we are hoping to obtain new large orders as a result of the strategic partnership we concluded this year with Polaris. Together with this partner, which specializes in banks and insurance companies and has almost 5,000 software developers in India, plenum can successfully win large orders and manage and implement them in Germany using its own employees. In so doing, we are combining significant cost savings of around 30% with the strong quality focus that makes both Polaris and plenum stand out from the competition. plenum considers itself to be a pioneer in the industrialization and globalization of software development on the German-speaking market. We believe strongly in this partnership and are investing in this "dynamic sourcing" market. We have already acquired one key joint customer in the shape of Deutsche Leasing.

In general, we regard the course of Q1 2004 as a positive signal for future business developments in 2004.

Wiesbaden, May 2004



Hartmut Skubch
Chairman of the Managing Board

Interim Management Report

Economic environment

Experts believe that the unexpectedly strong start to the current year, which saw economic growth of 0.4 % (GDP), creates a sound basis for further economic recovery. As a result, they think that stronger growth – of up to 2 % – is possible for the full year. However, for this domestic consumption and investment also have to rise, in addition to the revival in foreign trade which drove growth in Q1.

The industry association BITKOM has also raised its most recent growth forecasts slightly to around 2.5 % for the current year and reports positive signals from incoming orders and demand. According to the association, IT outsourcing remains a hot topic in the industry.

Following the example set by the automotive industry, industrial processes with flexible levels of vertical integration also need to be established in the field of IT to increase capacity utilization at companies, reduce production costs and hence strengthen or improve their competitive position.

Business developments and earnings situation

In the first three months, the Company saw an encouraging development in revenues, which at EUR 10.7 million were significantly up on the previous quarter (EUR 9.5 million) as well year-on-year (EUR 10.6 million). Revenues climbed in all three segments. The increase in revenues was matched by an improvement in capacity utilization in Q1, which at 63 % was above the ratio for full-year 2003 (59 %) and the previous quarter (61 %). The growth in revenues is due on the one hand to the strong level of incoming orders in the previous quarter and to the high productivity levels in Q1 on the other. These led to the percentages of completion of fixed-price projects in particular progressing comparatively fast.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR –0.1 million after three months, as against EUR 0.4 million in the same period of the previous year. The operating loss was mainly due to increased risk provisions totaling EUR 0.5 million for Specified Services Contracts (Werkverträge). After three months, plenum's net loss for the period totaled approximately EUR –0.3 million (previous year: net income for the period of EUR 0.1 million). Earnings per share amounted to EUR –0.03 after three months (previous year: EUR 0.01) for an average of 9,577,068 outstanding shares in each case.

Cost development

At around 12 %, the company's gross profit was in line with the previous quarter's figures (12 %), as the result was also impacted by sustained price pressure in addition to the increased risk provisions mentioned above. As a result, EBIT fell to EUR –0.4 million (previous year: EUR 0.1 million). The increase in research and development expenses (EUR 0.1 million in Q1 as against EUR 0.2 million for the whole of financial year 2003) is predominantly due to investments in new business areas (e.g. "Dynamic Sourcing™").

Net assets and financial position

At EUR –0.9 million, cash flow from operating activities was still negative although the decrease was significantly lower than the previous year. This was primarily the result of a EUR 3.2 million rise in receivables as against the end of the previous financial year. The main reason for this was unpaid upfront services provided by plenum under the Phoenix project, which amounted to over EUR 3 million. As a result, cash and cash equivalents fell to EUR 7.2 million at the end of Q1.

The EUR 0.8 million rise in current accrued expenses in comparison with the end of 2003 includes increased accruals for personnel obligations in addition to the provisions for project risks.

At 45 %, the equity ratio decreased slightly as against the end of financial year 2003 (December 31, 2003: 50 %).

Outlook

No reliable outlook for financial year 2004 can be given at present because the economy remains subdued and, as a result, customers are reluctant to invest. However, we currently have no reason to believe that revenues and earnings will be down on financial year 2003.



Segment information in € million (Jan. 1 – March 31, 2004)		Consulting	Systems	Communi- cation	Total
Net sales	CY	1.4	6.1	3.3	10.8
	PY	1.6	6.1	2.9	10.6
Internal Sales	CY	0.4	0.1	0.0	0.5
	PY	0.6	0.1	0.0	0.7
Gross sales	CY	1.8	6.2	3.3	11.3
	PY	2.2	6.2	2.9	11.3
Segment costs	CY	–1.8	–6.4	–3.2	–11.4
	PY	–1.9	–5.9	–2.7	–10.5
Internal Operating Profit (IOP) Margin	CY	0.0	–0.2	0.1	–0.1
	PY	0%	–3%	3%	–1%
		14%	5%	7%	7%

CY = Current year, PY = Prior year

Reconciliation of operating segment results in € million	Jan. 1 – March 31, 2004	Jan. 1 – March 31, 2003
IOP	–0.1	0.8
Group wide costs and consolidation effects	0.0	–0.4
EBITDA	–0.1	0.4
Depreciation	–0.2	–0.3
Financial results and income tax	0.0	0.0
Group net income	–0.3	0.1

Segments

Intragroup allocations for central services, which are fixed every year, will have a stronger impact on segment results in financial year 2004 by a total of EUR 0.5 million, as they have been directly allocated to the business units. Group-wide costs will be reduced by a corresponding amount.

plenum Management Consulting

plenum Management Consulting increased its gross revenues slightly in Q1 2004 to EUR 1.8 million compared with the previous quarter (EUR 1.7 million). However, this figure was clearly down year-on-year (EUR 2.2 million). Thus, the Consulting business unit contributed around 16% of total gross revenues, as against roughly 19% the previous year.

Despite the slight increase in revenues as against Q4 2003, internal operating profit (IOP) remained unchanged at EUR 0.0 million, as investments were made in the further education of employees and in recruiting new staff in line with the modest expansion of business activities.

The Consulting unit's focus on IT strategies for banks and insurance companies and projects to optimize IT departments (IT Management) is very much in step with current trends. A second wave of IT optimization – “IT business realignment” – is taking over from IT cost reduction, and this entails systematic orientation of IT strategies and IT organization on business requirements.

Financial services providers in particular are currently reorganizing their business processes and partly outsourcing them (transaction banks). IT has to follow and support the new cross-enterprise processes. plenum acquired another regional bank as a customer in Q1 with the job of outsourcing its securities process to a transaction bank.

plenum Systems

With gross revenues of EUR 6.2 million, plenum Systems remained the key revenue driver in the Group in Q1 2004 (55% share of revenues). Gross revenues were up around 7% quarter-on-quarter (previous quarter: EUR 5.8 million). Compared with the prior-year period, revenues remained unchanged. As a result of the increased risk provisions, IOP dropped from EUR 0.3 million quarter-on-quarter to EUR –0.2 million.

There are signs of a revival in demand in 2004 for re-engineering business-critical IT systems, customer relationship management (CRM) systems and eBusiness solutions. We are currently working mainly on conceptual phase tasks in this area, but expect the first implementation projects to follow soon. The Phoenix project will continue to dominate the Systems business unit's activities this year. Follow-up orders could result from the migration and the marketing planned by the customer.

Additional access to large projects has been provided by the strategic partnership with Polaris. The joint expertise and the clear cost savings of around 30% compared with local providers open up excellent growth opportunities, particularly in the banking and insurance market.

plenum Communication

At EUR 3.3 million, gross revenues for plenum Communication in Q1 were clearly up on the previous year's revenues (EUR 2.9 million) and on the previous quarter's figure of EUR 2.7 million. As a result, the Communication business unit contributed 29 % of consolidated gross revenues, as against 26 % in the previous year. The increase in revenues is mainly attributable to a significant rise in media placements in the field of classic offline communications. The IOP of EUR 0.1 million declined by EUR 0.1 million as against the same quarter of the previous year and by EUR 0.3 million as against the previous quarter. The drop in earnings is due, among other things, to the absence in Q1 2004 of the positive effect on earnings caused by the reversal of risk provisions in the previous year.

The trend in new customer inquiries continued its rise of the last few months of 2003 in Q1 2004. In line with this, plenum Communication successfully acquired a number of additional new accounts.

In the eBusiness projects segment, customers are becoming increasingly cost conscious. When competing with other means of communication, such projects not only have to prove their worth, they also have to demonstrate their communications effect in a transparent and measurable fashion. Bitburger is convinced of the positive effect that its Internet presence – developed by plenum Communication – has on consumption and of the target-group specific design. Football is currently the dominant topic on Bitburger's website due to the forthcoming European championships (Euro 2004).

The brewery instructed plenum Communication to develop a large amount of content relating to this major event, trusting to the communications expertise and technical skills of our agency.

Another example of ambitious eBusiness projects is STIHL's web toolkit, developed by plenum. Thanks to this tool, specialist STIHL retailers who have not had an Internet presence up to now can design their individual homepage themselves, quickly and easily. No special knowledge is required because of the clear structure.

plenum Communication's ability to combine and coordinate different media above and beyond the Internet for cross-media market communications was impressively demonstrated in the InkaGold project. 120 masterpieces from the Larco museum in Peru are being exhibited in Germany for the first time at the Völklinger Hütte world culture heritage site with UNESCO's support and under the auspices of Peru's president and the premier of the Saarland. plenum Communication is responsible for the complete communication of these unique events across all media.

plenum Communication came a respectable 25th in the current ranking of the 50 largest advertising agencies. In the New Media Service Ranking 2004, the Company was able to hold its ground very well, coming 25th out of a total of 209 online-agencies after having taken 22nd place in the previous year.

Other disclosures**Order backlog**

The actual order backlog of EUR 20.3 million almost doubled compared with the end of 2003 (EUR 10.6 million). The main driving force behind this positive development was the extension of the Phoenix project, which was announced at the start of the year and which contributed around 57 % to booked business. Nevertheless, even excluding the Phoenix project, booked business was up significantly (35 %) on the end of financial year 2003.

Investments

The company made no significant investments in the first three months of 2004.

Employees

In comparison with the end of 2003, the number of staff employed by plenum as of March 31, 2004 dropped from 269 to 259. The average number of employees for the first three months of the financial year was 262, as against 309 in the previous year.

Risk development

There have been no material changes in the risk situation of plenum AG and its affiliates as against the detailed description presented in the Annual Report 2003.

Significant events

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

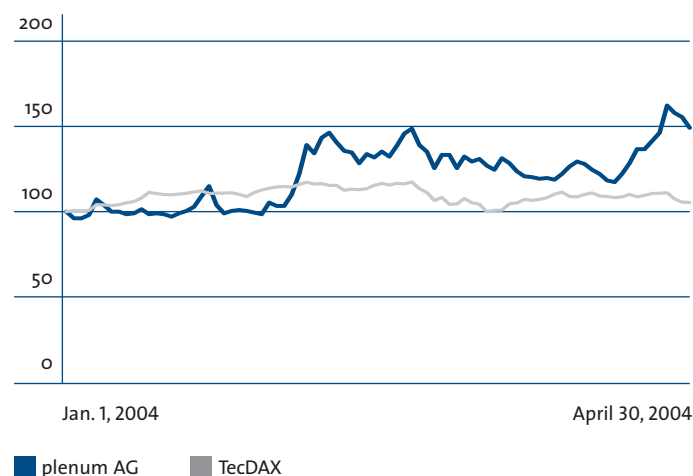
Interim dividend/payout

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, 2004.

plenum's Shares

The capital markets basically moved sideways during the first three months, although share prices had dropped below the level at the start of the year by mid-May. In contrast, plenum's shares performed extremely well, climbing over 60 % as against the beginning of the year at their peak. However, these gains could not be sustained into mid-May, despite a positive newsflow; here, too, market trends took their toll. Nevertheless, the shares remained around 25 % up on their opening price at the beginning of the year. In comparison with the previous year (April 30, 2003), plenum's share price has soared by around 130 % within 12 months.

Share price performance vs. TecDAX (indexed)



Treasury shares and subscription rights

As of March 31, 2004 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, 2004.

As of March 31, 2004, 368.800 subscription rights had been issued in accordance with section 192 (2) clause 3 of the AktG. 81,700 of these related to the executive bodies of plenum AG.

Directors' holdings

plenum AG's registered capital was unchanged at 9,577,068 no-par value shares as of March 31, 2004.

Shares, Managing Board members	Hartmut Skubch	Klaus Gröne	Bernhard Achter ¹	Heinz Stoll	Total
	Number of shares	Number of shares	Number of shares	Number of shares	Number of shares
Dec. 31, 2003	1,991,253	20,453	0	531,500*	2,543,206
March 31, 2004	1,991,253	20,453	0	431,500*	2,443,206

* Indirect shareholding

Subscription rights, Managing Board members	Hartmut Skubch	Klaus Gröne	Bernhard Achter ¹	Heinz Stoll	Total
	Number of shares	Number of shares	Number of shares	Number of shares	Number of shares
Dec. 31, 2003	56,500	25,200	5,000	0	86,700
March 31, 2004	56,500	25,200	0	0	81,700

¹ resigned from the Management Board on January 2, 2004

Shares, Supervisory Board members	Michael Bauer	Dr. Wolfgang Händel	Norbert Rohrig	Total
	Number of shares	Number of shares	Number of shares	Number of shares
Dec. 31, 2003	370,360*	3,500	700	374,560
March 31, 2004	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, 2004

Jan. 1 – March 31, 2003

Revenues	10,741	10,636
Cost of revenues	– 9,411	– 8,523
Gross profit	1,330	2,113
Selling and marketing expenses	– 1,263	– 1,383
General and administrative expenses	– 424	– 806
Research and development	– 109	– 8
Other operating income and expenses	95	144
Operating income	– 371	60
Income from investments and participations	44	31
Result before income taxes	– 327	91
Income tax	– 1	19
Net income	– 328	110
Earnings per share (in €; diluted/undiluted)	– 0.03	0.01
Weighted average shares outstanding (in thousands, diluted/undiluted)	9,577	9,577

Consolidated Balance Sheet

Assets € thousands	March 31, 2004	Dec. 31, 2003
Cash and Cash Equivalents	7,156	8,103
Trade accounts receivable	10,166	6,954
Inventories	527	285
Prepaid expenses and other current assets	492	1,218
Total current assets	18,341	16,560
Property, plant and equipment	1,432	1,565
Intangible assets	567	619
Investments	112	112
Notes receivable/loans	1,069	1,057
Deferred taxes	10	7
Total non current assets	3,190	3,360
Total Assets	21,531	19,920

Liabilities and shareholders' equity € thousands	March 31, 2004	Dec. 31, 2003
Short term debt and current portion of long-term debt	92	110
Trade accounts payable	2,402	1,666
Advance payments received	953	642
Accrued expenses	6,089	5,315
Deferred taxes	99	102
Other current liabilities	736	599
Total current liabilities	10,371	8,434
Long-term debt, less current portion	78	78
Deferred taxes	765	765
Pension accruals	671	669
Total non current liabilities	1,514	1,512
Share Capital	9,577	9,577
Additional paid-in capital	14,151	14,151
Treasury Stock	-83	-83
Accumulated deficit	-13,999	-13,671
Total Shareholders' equity	9,646	9,974
Total Liabilities and Shareholders' equity	21,531	19,920

Cash Flow Statement

€ thousands	Jan. 1 – March 31, 2004	Jan. 1 – Dec. 31, 2003
Consolidated earnings	– 328	209
Adjustments:		
Depreciation and Amortization	224	1,108
Net results from disposal of intangible assets and property, plant and equipment	– 8	57
Proceeds from the disposal investments		1
Other non-cash expenditure and income	– 13	– 56
Changes in assets & liabilities:		
Changes in inventories	– 242	– 273
Changes in receivables	– 3,212	– 1,012
Changes in prepaid expenses and other current assets	726	149
Changes in trade accounts payable	736	368
Changes in other liabilities	448	– 2,170
Changes in accrued expenses	776	– 3,071
Changes in other assets and liabilities	– 5	20
Net cash from operating activities	– 898	– 4,670
Proceeds from the disposal of intangible assets, property, plant and equipment	8	17
Payments for purchase of intangible assets, property, plant and equipment	– 39	– 456
Net cash from investing activities	– 31	– 439
Changes in debt	– 18	– 93
Net cash from financing activities	– 18	– 93
Decrease in cash & cash equivalents	– 947	– 5,202
Cash & cash equivalents at beginning of period	8,103	13,305
Cash & cash equivalents at end of period	7,156	8,103

Statement of Changes in Shareholders' Equity

€ thousands	Number of shares in thous.	Net Income/ Net loss	Share capital	Additional paid-in capital	Treasury stock	Other Comprehensive Income	Accumulated deficit	Total Shareholders' equity
Jan. 1, 2003	9,577		9,577	14,151	– 83	0	– 13,880	9,765
Consolidated earnings		110					110	110
March 31, 2003	9,577		9,577	14,151	– 83	0	– 13,770	9,875
Jan. 1, 2004	9,577		9,577	14,151	– 83	0	– 13,671	9,974
Consolidated earnings		– 328			0		– 328	– 328
March 31, 2004	9,577		9,577	14,151	– 83	0	– 13,999	9,646

General information

This consolidated interim report of plenum AG was prepared in accordance with the United States Generally Accepted Accounting Principles (US-GAAP) for interim reporting and has not been audited. Certain detailed information and disclosures in the notes, included in the US-GAAP consolidated financial statements, have been summarized or omitted here.

This consolidated interim report should be read in conjunction with the audited consolidated financial statements of plenum AG as of December 31, 2003 and the disclosures in the notes contained therein. The notes contained therein also apply to this interim report and are only cited where there are explicit changes.

It is the opinion of the management board 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.



plenum AG

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