



# Quarterly Report 2/2006

as of June 30, 2006  
according to the  
International  
Financial Reporting  
Standards (IFRS)

# Overview

## plenum Group – key figures

|  | Q2 2006 | Q2 2005 | June 30, 2006 | Jan. 1 – June 30, 2005 |
|--|---------|---------|---------------|------------------------|
| Sales revenues                               | 6,521   | 8,194   | 12,753        | 16,599                 |
| Gross profit                                 | 1,109   | 911     | 1,949         | 1,585                  |
| EBITDA                                       | -179    | -839    | -305          | -1,336                 |
| EBIT   | -335    | -1,032  | -611          | -1,694                 |
| Group net loss                               | -329    | -810    | -642          | -1,605                 |
| Earnings per share in € (undiluted/diluted)  | -0.04   | -0.09   | -0.07         | -0.17                  |
| Shares outstanding (undiluted, in thousands) | 9,577   | 9,577   | 9,577         | 9,577                  |
| Shares outstanding (diluted, in thousands)   | 9,650   | 9,577   | 9,621         | 9,577                  |

## Key figures € thousands

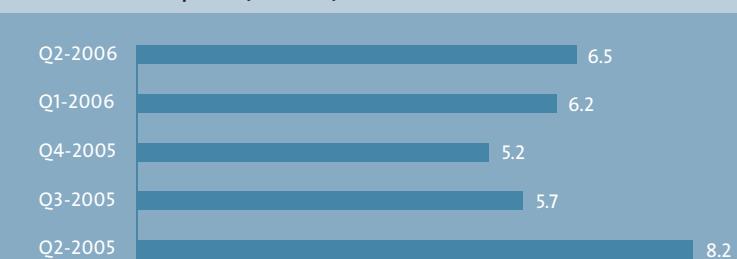
|                | June 30, 2006 | Dec. 31, 2005 |
|----------------|---------------|---------------|
| Equity ratio   | 42%           | 42%           |
| Net liquidity* | 3,622         | 5,477         |
| Employees      | 193           | 195           |

\*Cash and cash equivalents / securities less short-term bank liabilities and advance payments received

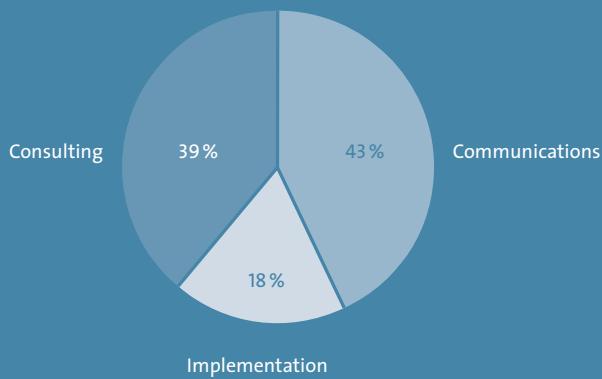
| plenum AG                                       |  |   |   |
|---|--|---|---|
| plenum Management Consulting® GmbH<br>Wiesbaden | plenum Systems® GmbH<br>Wiesbaden and Leinfelden | plenum stoll & fischbach GmbH<br>Herrenberg | DOM Digital Online Media® GmbH<br>Cologne |
| plenum Institut®<br>Wiesbaden                   |  |   |   |

Organizational structure of the plenum Group as of March 2006

## Revenues development (€ million)



## Revenues structure Jan. 1 – June 30, 2006



# Letter to our Shareholders

We are getting there faster than scheduled!



Hartmut Skubch  
Chairman of the  
Management Board  
of plenum AG

This is the core of my message to you, dear shareholders, for the second quarter 2006, which is also confirmed by the perspectives for the second half of 2006.

With sales revenues of EUR 6.5 million in Q2 (Q1: EUR 6.2 million) in 2006, our company continues to be on a growth trend at 5% at the quarter level since the beginning of 2006.

Compared to Q4 2005 (EUR 5.2 million), growth is already at 25%.

The scheduled exit from the margin-weak implementation business, which represented about 50% of our revenues in 2004, has been more than compensated by growth in our core segments: consulting and communications. The consulting business reported a rise of 12% versus Q1 and 3.7% versus Q2 2005; the communications business grew by 3.7% versus Q1 and 11.5% versus Q2 2005.

Strategic growth remains to be the primary topics of consideration for our customers. Together with our thematic focus on issues regarding strategic business

optimization by using innovative potential from information technology (IT), we are excellently prepared to face this demand.

After acquiring the Lead Agency for the „Dubai Metro Campaign“ against leading international competitors, plenum stoll & fischbach opened the market for plenum in the Middle East. Due to the high volume of this project and the realistic opportunities for obtaining further orders, even in the consulting business, preparations are underway for establishing a subsidiary of plenum AG in the United Arabic Emirates.

As part of implementing the Refocusing strategy, an efficiency program was launched in the past months. Along with reducing overhead costs, the administrative structures have been adapted to the changed business realignment. Subsequently, the number of full and part time employees in the head administration office has been reduced by 42%. Consequently, we anticipate total annual savings of at least EUR 0.9 million starting 2007.

The measures undertaken for the Refocusing strategy have significantly affected the earnings side of our company. Including the restructuring costs incurred

from the staff downsizing, our earnings (EBIT) of EUR -0.3 million for Q2 2006 were substantially above our budget.

My management board colleagues and I regard our company to have returned to the path towards growth. Owing to the satisfying development, we have raised the sales and earnings forecast to EUR 25 million (previously: EUR 24 million) and EUR -1 million (previously: EUR -1.9 million), respectively. The return to profitability in 2007 announced in the medium term plan at the end of 2004 has been strongly confirmed.

Dear ladies and gentlemen, shareholders and business partners, the results reached thus far encourage us and confirm our strategic alignment. I look forward to your further support along our path into the future.

Wiesbaden, August 2006

A handwritten signature in blue ink, appearing to read "H. Skubch".

Hartmut Skubch

# Management's Discussion and Analysis

## Market and Industry Development

Benefited by the worldwide, dynamic developments in the economy, the economic activities in Germany also accelerated and expanded in the second quarter 2006. According to current calculations by the German Institute of Economic Research (*Deutsche Instituts für Wirtschaftsforschung (DIW)*) growth of 0.7% is anticipated in the second quarter 2006 compared to 0.4% in the first quarter 2006.

Driven by a strong domestic economy, the Federal Ministry of Economics anticipates that the German national economy will show economic growth of 1.8% for the entire year 2006, which is more than twice the rate in the previous year.

Following a substantial recovery in the second quarter, the German Association for Information Technology, Telecommunications and new Media e.V. (BITCOM) expects the ITC sector to grow by 2.4% for the entire year. The German Advertising Federation (ZAW) also anticipates double growth for 2006 and a rise of 2%.

## Sales revenues and new orders

Compared to the prior period, sales revenues declined from EUR 8,194 thousand by 20.4% or EUR 1,673 thousand to EUR 6,521 thousand during Q2. Even on a six-month basis, sales revenues fell by a comparable percentage rate. Hence, sales revenues for the first half of the year declined by 23.2% or EUR 3,846 thousand from EUR 16,599 thousand to EUR 12,753 thousand compared to the same prior year period. The drop arose from reduced sales from implementation business as was announced already in the past year. Net sales from the consulting business and from communications slightly climbed – in the consulting business by 0.8% and in communications by 2.8%.

Compared to the first quarter 2006, sales revenues rose in Q2 2006 by 4.6% or EUR 289 thousand from EUR 6,232 thousand to EUR 6,521 thousand. The rise is primarily due to the development of the consulting business. Sales revenues in communications rose by 1.2% and in implementation sales revenues declined by 4.5%.

| € thousands    | Order backlog<br>Jan. 1, 2006 | New<br>orders | Sales<br>revenues | Order<br>backlog<br>June 30, 2006 | Calculated<br>lifespan of the<br>order backlog<br>in month |
|----------------|-------------------------------|---------------|-------------------|-----------------------------------|--|
|                |                               |               |                   |                                   | 4.1  |
| Consulting     | 2,235                         | 6,413         | 5,022             | 3,626                             | 4.1  |
| Communications | 2,102                         | 7,514         | 5,452             | 4,164                             | 4.6  |
| Implementation | 1,123                         | 2,022         | 2,279             | 866                               | 2.3  |
| <b>Total</b>   | <b>5,460</b>                  | <b>15,949</b> | <b>12,753</b>     | <b>8,656</b>                      | <b>4.0</b>   |

Following the significant rise in Q1 2006, the order backlog rose once again by 13.1% or EUR 1,003 thousand compared to EUR 8,656 thousand as of June 30, 2006 compared to March 31, 2006. This represents the highest balance since March 2005; and this is the result of the high order backlog from communications in Q2, particularly from the project in Dubai. The order backlog for implementation has slumped since the beginning of the current year as was expected.

## Earnings performance and cost development

Despite the fallen sales revenues versus the second quarter 2005, gross profit rose by EUR 198 thousand in Q2 2006 compared with Q2 2005. The gross profit margin climbed from 11% to 17%. When comparing Q2 2006 with Q1 2006, gross profit rose by EUR 269 thousand to EUR 1,109 thousand and the margin rose from 13% to 17%. Overall, gross profit for the first half of 2006 increased by EUR 364 thousand to EUR 1,949 thousand and the margin rose from 10% to 15% compared to the first half of 2005. This was mainly due to higher prices on the market and to a substantial decline in projects with lower contribution margins.

Selling and marketing expenses dropped by EUR 517 thousand to EUR 1,213 thousand versus the prior period. The reason for lower selling costs is mostly due to the withdrawal from the implementation business, causing participation in major bids to decline.

As a result of the improved orders situation, project utilization has risen. Administrative costs declined by EUR 374 thousand to EUR 1,245 thousand during the first half of 2006 compared to the prior period. Administrative costs rose from EUR 409 thousand to EUR 836 thousand between the first and second quarter 2006. This resulted from employee downsizing and to seasonal cycles.

The development of new topics as part of refocusing the core business to consulting led to higher research and development costs. Compared to the prior period, such costs more than tripled and amounted to EUR 392 thousand as of the first half of 2006. Research and development costs increased already during the course of 2005 totaling EUR 206 thousand in the fourth quarter 2005.

Based on a by EUR 19 thousand lower financial result of EUR 40 thousand and tax expenses of EUR 71 thousand, which arose from subsequent payments resulting from the final external tax field audit and from deferred taxes,

the Group net result amounted to EUR -642 thousand for the first half of 2006 representing a rise of EUR 963 thousand over the comparative prior period. Compared to Q1 2006, the Group net result for Q2 2006 was lower by EUR 16 thousand amounting to EUR -329 thousand.

Group allocations have been recalculated for 2006. This was necessary due to organizational changes within the Group and an overall change in the size of the segments and companies. Such measures have not affected the Group's results. However, the segment results have been affected, which will be relieved by a total of about EUR 1.4 million for 2006.

#### Consulting

The rise in gross sales revenues of EUR 148 thousand or 5.5% from EUR 2,668 thousand to EUR 2,816 thousand is the result of a comparison between Q2 2005 and Q2 2006. A comparison of the second and first quarter 2006 results in a rise of EUR 322 thousand or 12.9%. Gross sales revenues from consulting for the first half of 2006 rose by EUR 241 thousand or 4.8% to EUR 5,310 thousand versus the comparative prior period.

The share of the consulting segment from total gross sales revenues represents 40.2%, which is significantly higher than the prior year's share of 30.2%. The share from consulting from total gross sales revenues in Q2 2006 represents 41.4%.

Segment results rose by EUR 203 thousand to EUR 230 thousand during Q2 2006 versus Q1 2006. The results for the first half of 2006 improved by EUR 637 thousand totaling EUR 257 thousand in relation to the comparative prior period.

The second quarter continued to show a very good acceptance by our clients of plenum's consultancy core topics. In particular, IT-Governance, IT-Architecture and IT-Efficiency led to high demand.

Hence, several orders were acquired from well-known regional banks following subsequent measures in IT-Strategy. Efficiency projects to generate synergy in applications development have been acquired in operations and processing with current notable bank fusions.

For example, synergy potential was procured from two integrated credit institutions. Furthermore, plenum supports a large savings institution by optimizing its credit transactions by standardizing and consolidating processes. Also, the IT migration was supported from a large savings institution to an IT-provider.

New topics have also been positively accepted by our customers. Consequently, we were able to generate orders to launch „IT-Value Management“. Project contents include the identification of service indicators and metrics in IT with respect to the company's contribution value.

Consequently, plenum Management Consulting gained a high number of notable projects in core areas and in new innovative topics thereby confirming its thematic alignment.

#### Communications

When comparing the gross sales revenues of Q2 2005 with Q2 2006, an increase arises of EUR 242 thousand or 9.2% amounting to EUR 2,866 thousand. Compared to Q1 2006 gross sales revenues rose by 4.8%. The communications segment also reported a rise in gross sales revenues to EUR 5,602 thousand. This represents an increase of EUR 179 thousand versus the first half of 2005.

The communications segment's ratio in total gross sales revenues represented 42.5% for the first half of 2006 (first half 2005: 32.3%). The second quarter represents a ratio of 42.2 % in total gross sales revenues.

Segment results declined from EUR 69 thousand to EUR 10 thousand when comparing the first two quarters in 2006. Segment results for the first half of 2006 totaled EUR 89 thousand, which represents an improvement of EUR 788 thousand over the first half of 2005.

Following plenum stoll & fischbach's high success in the Pitch in Dubai in the first quarter 2006, budgeted profits can now be reported. plenum stoll & fischbach is the international Lead Agency for the traffic project „Dubai Metro“ thus prevailing against top-notch competitors. This portrays one of the largest orders for the agency in the history of the company.

## Implementation

A comparison between Q2 2006 and Q2 2005 results in a drop in gross sales revenues of EUR 1,931 thousand to EUR 1,113 thousand caused by the planned exit from the implementation business. Gross sales revenues declined by EUR 53 thousand from EUR 1,166 thousand in Q1 2006 to EUR 1,113 thousand in Q2 2006. Compared to the first half of 2005, gross sales revenues for the first half of 2006 fell by EUR 4,036 thousand to EUR 2,279 thousand.

The share in gross sales revenues for the first half of 2006 represents 17.3% (first half 2005: 37.6%). Despite the strong sales drop, gross profit rose by EUR 397 thousand to minus EUR 13 thousand.

## Assets and Financial Position

The cash and cash equivalents balance at the end of the second quarter 2006 (EUR 3,707 thousand) decreased by EUR 2,127 thousand compared to December 31, 2005. Compared to the end of the first quarter, cash and cash equivalents declined by EUR 620 thousand.

Non-current assets decreased by EUR 215 thousand, which was mainly due to depreciation. The intensity of investments (non-current assets in relation to total assets) slightly rose versus the most recent balance sheet date due to the lower balance sheet total.

Overall, the balance sheet total declined by 11.6 % versus December 31, 2005 and by 9.2 % at the end of the first quarter amounting to EUR 10,917 thousand.

The equity ratio slightly rose from 42% to 43%. The non-current financial position (the relation of non-current asset to non-current equity) minimally increased from 0.4 to 0.5. The current financial position (the relation of current assets to current equity) slightly declined from 1.8 to 1.5.

The reduction in cash and cash equivalents of EUR 2,127 thousand compared to the end of the previous financial year corresponds to the cash outflows for operating activities of EUR 1,948 thousand. The cash outflows for operating activities mainly corresponds to the rise in receivables of EUR 765 thousand and payments from other provisions of EUR 710 thousand. The cash outflows for operating activities significantly declined in Q2 2006 compared to Q1 2006. This was mainly due to the decrease in trade accounts receivables as of June 30, 2006 compared to March 31, 2006, while the receivables considerably increased in the first quarter 2006. The cash outflows in the second quarter 2006 mainly resulted from the payments of variable salary components for consultants for the financial year 2005.

Only minimal replacement investments were conducted in the first quarter 2006. As announced in 2005, material capital expenditures are not planned for the remainder of 2006.

plenum AG did not pay or propose to pay any interim dividends or make any other distributions for the reporting period from January 1 through June 30, 2006.

## Employees

As a result of staff downsizing in 2005, the number of employees dropped by 33 to 193 as of June 30, 2006 compared to June 30, 2005. Therefore, the average number of employees fell from 231 to 196. Compared to the end of 2005, the number of employees only slightly dropped by 5 persons. The effect on the number of employees from staff downsizing measures during the second quarter 2006 will first be noticeable during the course of the financial year.

## Risk development

Compared to the detailed risk situation of plenum AG and its affiliated companies in the Annual report 2005, material changes have not occurred.

## Outlook

Based on the positive development in the first two quarters of 2006, the very favorable order backlog in the consulting segment and the million-Euro's worth of orders in Dubai in the communications segment allows plenum AG's management to elevate sales expectations for 2006 by 4.2% from EUR 24 million to EUR 25 million and the results (EBIT) for 2006 by 47.4% from minus EUR 1.9 million to minus EUR 1 million.

The Refocusing strategy implemented at the end of 2004 with the following areas of emphasis

- concentration on consulting business
- creating an image in the communications business
- exit from the pure implementation business

has brought the company back to a growth course in the core business areas.

## Subsequent events

Significant events requiring disclosure after the close of the reporting period have not occurred.

## The plenum Stock

Overall, plenum's stock trend developed positively during the first half of 2006. Management considers this as an indication of the increasing trust of the capital market in the refocusing strategy of plenum AG.

During the first half of the year, the stock rose by 47% from EUR 1.17 at the beginning of the year to EUR 1.72 as of June 30, 2006 (high/low: EUR 1.87/1.03).

Despite a very weak stock exchange environment in the meantime, the stock continued to develop positively after the six-month closing date and occasionally closing at EUR 1.90.

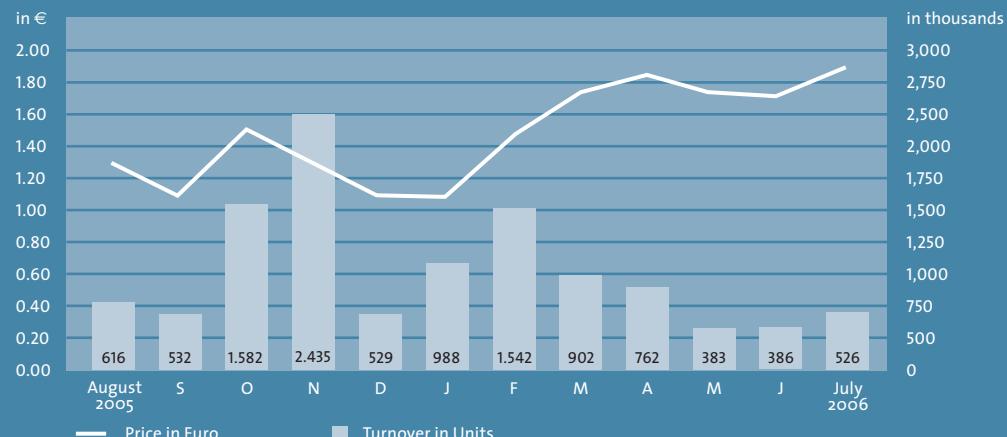
plenum AG continued its discussions with shareholders and analysts during the current year. Institutional investors were able to directly address management in individual meetings about the success of the refocusing strategy, milestones in operative developments and the business strategy.

plenum AG will continue to inform the Financial Community about the development of the company in a timely and comprehensive manner and intensively continue discussions with the shareholders.

Private investors can continue to obtain all relevant information via the Investor Relations Internet website: [www.plenum.de/investorrelations](http://www.plenum.de/investorrelations).

# The plenum Stock

Price move and trading volume from August 2005 through July 2006



Price move from January 2006 through July 2006 (index-linked)



# Consolidated Income Statement (unaudited)

| € thousands   | Q2 2006      | Q2 2005       | Jan. 1 –<br>June 30, 2006 | Jan. 1 –<br>June 30, 2005 |
|---|--------------|---------------|---------------------------|---------------------------|
| Sales revenues  | 6,521        | 8,194         | 12,753                    | 16,599                    |
| Cost of revenues  | –5,412       | –7,283        | –10,804                   | –15,014                   |
| <b>Gross profit</b>   | <b>1,109</b> | <b>911</b>    | <b>1,949</b>              | <b>1,585</b>              |
| Selling and marketing expenses                                    | –595         | –755          | –1,213                    | –1,730                    |
| General and administrative expenses                               | –836         | –1,206        | –1,245                    | –1,619                    |
| Research and development expenses                                 | –155         | –108          | –392                      | –123                      |
| Other operating income and expenses                               | 142          | 126           | 290                       | 193                       |
| <b>Operating result</b>   | <b>–335</b>  | <b>–1,032</b> | <b>–611</b>               | <b>–1,694</b>             |
| Financial result  | 16           | 31            | 40                        | 58                        |
| <b>Result from ordinary activities</b>                            | <b>–319</b>  | <b>–1,001</b> | <b>–571</b>               | <b>–1,636</b>             |
| Income taxes  | –10          | 191           | –71                       | 31                        |
| <b>Group net loss</b>   | <b>–329</b>  | <b>–810</b>   | <b>–642</b>               | <b>–1,605</b>             |
| Earnings per share<br>(in €, diluted and undiluted)               | –0.04        | –0.09         | –0.07                     | –0.17                     |
| Average number of shares outstanding<br>(in thousands, undiluted) | 9,577        | 9,577         | 9,577                     | 9,577                     |
| Average number of shares outstanding<br>(in thousands, diluted)   | 9,650        | 9,577         | 9,621                     | 9,577                     |

# Consolidated Balance Sheet (unaudited)

| Assets  | € thousands | June 30, 2006 | Dec. 31, 2005 |
|---|-------------|---------------|---------------|
| Cash and cash equivalents/securities                          |             | 3,707         | 5,834         |
| Trade accounts receivables                                    |             | 4,229         | 3,464         |
| Inventories   |             | 45            | 60            |
| Prepaid expenses and other current assets                     |             | 463           | 337           |
| <b>Total current assets</b>                                   |             | <b>8,444</b>  | <b>9,695</b>  |
| Property, plant and equipment                                 |             | 926           | 1,067         |
| Intangible assets   |             | 170           | 244           |
| Financial assets  |             | 123           | 123           |
| Loans   |             | 1,182         | 1,157         |
| Deferred tax assets   |             | 72            | 65            |
| <b>Total non-current assets</b>                               |             | <b>2,473</b>  | <b>2,656</b>  |
| <b>Total assets</b>   |             | <b>10,917</b> | <b>12,351</b> |
| <b>Liabilities and stockholders' equity</b>                   |             |               |               |
| € thousands   |             | June 30, 2006 | Dec. 31, 2005 |
| Current portion of debt and current portion of long-term debt |             | 0             | 18            |
| Trade accounts payable  |             | 813           | 858           |
| Advance payments received                                     |             | 85            | 339           |
| Current provisions  |             | 3,956         | 3,747         |
| Other current liabilities                                     |             | 647           | 528           |
| <b>Total current liabilities</b>                              |             | <b>5,501</b>  | <b>5,490</b>  |
| Long-term debt  |             | 0             | 44            |
| Deferred tax liabilities                                      |             | 0             | 855           |
| Non-current provisions  |             | 58            | 8             |
| Pension provisions  |             | 792           | 770           |
| <b>Total non-current liabilities</b>                          |             | <b>850</b>    | <b>1,677</b>  |
| Capital stock   |             | 9,577         | 9,577         |
| Capital reserves  |             | 14,201        | 14,177        |
| Treasury stock  |             | –83           | –83           |
| Accumulated deficit   |             | –19,129       | –18,487       |
| <b>Total stockholders' equity</b>                             |             | <b>4,566</b>  | <b>5,184</b>  |
| <b>Total liabilities and stockholders' equity</b>             |             | <b>10,917</b> | <b>12,351</b> |

## Consolidated Cash Flow Statement (unaudited)

| € thousands  | Jan. 1 –<br>June 30, 2006 | Jan. 1 –<br>June 30, 2005 |
|--|---------------------------|---------------------------|
| Group net loss   | -642                      | -1,605                    |
| Depreciation and amortization  | 306                       | 358                       |
| Income taxes   | 71                        | -31                       |
| Results from the disposal of intangible assets and property,<br>plant and equipment  | 0                         | 6                         |
| Financial result   | -40                       | -58                       |
| Other non-cash expenditures and income   | 24                        | 0                         |
| <b>Changes in working capital</b>  |                           |                           |
| Inventories  | 15                        | 80                        |
| Receivables  | -765                      | 1,605                     |
| Prepaid expenses and other assets  | -76                       | -176                      |
| Trade accounts payable   | -45                       | -36                       |
| Other liabilities  | -135                      | -108                      |
| Change in provisions   | -624                      | -897                      |
| Change in other assets and liabilities   | -28                       | -11                       |
| Proceeds from interest   | 15                        | 41                        |
| Payments / proceeds from income taxes  | -24                       | 1                         |
| <b>Cash outflows / inflows from operating activities</b>                             | <b>-1,948</b>             | <b>-831</b>               |
| Proceeds from the disposal of intangible assets and property,<br>plant and equipment | 0                         | 1                         |
| Purchases of intangible assets and property, plant and equipment                     | -118                      | -207                      |
| <b>Cash outflows for investing activities</b>  | <b>-118</b>               | <b>-206</b>               |
| Repayment of debt  | -61                       | -10                       |
| <b>Cash outflows for financing activities</b>  | <b>-61</b>                | <b>-10</b>                |
| <b>Movement in cash and cash equivalents/securities</b>                              | <b>-2,127</b>             | <b>-1,047</b>             |
| Cash and cash equivalents/securities at the beginning of the period                  | 5,834                     | 6,632                     |
| Cash and cash equivalents/securities at the end of the period                        | 3,707                     | 5,585                     |

## Statement of Changes in Stockholders' Equity (unaudited)

| € thousands     | Number<br>of shares<br>in<br>thousands | Group<br>Net loss | Capital<br>stock | Capital<br>reserves | Treasury<br>stock | Accumula-<br>ted deficit | Total<br>stock-<br>holders'<br>equity |
|-----------------|--|-------------------|------------------|---------------------|-------------------|--------------------------|---------------------------------------|
| January 1, 2005 | 9,577                                  |                   | 9,577            | 14,151              | -83               | -15,324                  | 8,321                                 |
| Group Net loss  |  | -1,605            |                  |                     |                   | -1,605                   | -1,605                                |
| June 30, 2005   | 9,577                                  |                   | 9,577            | 14,151              | -83               | -16,929                  | 6,716                                 |
| January 1, 2006 | 9,577                                  |                   | 9,577            | 14,177              | -83               | -18,487                  | 5,184                                 |
| Stock Options   |  |                   | 24               |                     |                   |                          | 24                                    |
| Group net loss  |  | -642              |                  |                     |                   | -642                     | -642                                  |
| June 30, 2006   | 9,577                                  |                   | 9,577            | 14,201              | -83               | -19,129                  | 4,566                                 |

# Segment Information (unaudited)

| € thousands            | Consulting | Communications | Implementation | Total <sup>1</sup> |
|------------------------|------------|----------------|----------------|--------------------|
| Gross sales revenues   |            |                |                |                    |
| Q2 2006                | 2,816      | 2,866          | 1,113          | 6,795              |
| Q2 2005                | 2,668      | 2,624          | 3,044          | 8,336              |
| First half 2006        | 5,310      | 5,602          | 2,279          | 13,191             |
| First half 2005        | 5,069      | 5,423          | 6,315          | 16,807             |
| Internal sales         |            |                |                |                    |
| Q2 2006                | 150        | 124            | 0              | 274                |
| Q2 2005                | 51         | 76             | 1              | 128                |
| First half 2006        | 288        | 150            | 0              | 438                |
| First half 2005        | 89         | 118            | 1              | 208                |
| Net sales revenues     |            |                |                |                    |
| Q2 2006                | 2,666      | 2,742          | 1,113          | 6,521              |
| Q2 2005                | 2,617      | 2,548          | 3,043          | 8,208              |
| First half 2006        | 5,022      | 5,452          | 2,279          | 12,753             |
| First half 2005        | 4,980      | 5,305          | 6,314          | 16,599             |
| Depreciation           |            |                |                |                    |
| Q2 2006                | –50        | –58            | 0              | –108               |
| Q2 2005                | –55        | –84            | 0              | –139               |
| First half 2006        | –101       | –109           | 0              | –210               |
| First half 2005        | –113       | –138           | 0              | –251               |
| Segment costs          |            |                |                |                    |
| Q2 2006                | –2,386     | –2,674         | –1,129         | –6,189             |
| Q2 2005                | –2,682     | –3,092         | –3,259         | –9,033             |
| First half 2006        | –4,664     | –5,254         | –2,292         | –12,210            |
| First half 2005        | –5,247     | –5,866         | –6,724         | –17,837            |
| Segment results (EBIT) |            |                |                |                    |
| Q2 2006                | 230        | 10             | –16            | 224                |
| Q2 2005                | –65        | –544           | –216           | –825               |
| First half 2006        | 257        | 89             | –13            | 333                |
| First half 2005        | –380       | –699           | –410           | –1,489             |
| EBITDA                 |            |                |                |                    |
| Q2 2006                | 280        | 68             | –16            | 332                |
| Q2 2005                | –10        | –460           | –216           | –686               |
| First half 2006        | 358        | 198            | –13            | 543                |
| First half 2005        | –267       | –561           | –410           | –1,238             |
| Segment investments    |            |                |                |                    |
| Q2 2006                | 3          | 33             | 0              | 36                 |
| Q2 2005                | 4          | 139            | 0              | 143                |
| First half 2006        | 13         | 78             | 0              | 91                 |
| First half 2005        | 8          | 167            | 0              | 175                |
| Segment assets         |            |                |                |                    |
| June 30, 2006          | 3,852      | 1,965          | 954            | 6,771              |
| Dec. 31, 2005          | 3,460      | 1,931          | 670            | 6,061              |
| Segment liabilities    |            |                |                |                    |
| June 30, 2006          | –2,461     | –1,701         | –2,129         | –6,291             |
| Dec. 31, 2005          | –2,035     | –2,299         | –2,691         | –7,025             |

<sup>1</sup> Reconciliation to Group figures under note D. 5 to the notes to the interim financial statements

## Notes to the Interim Financial Statements

### Amended accounting principles applicable for the first half 2006

The consolidated financial statements of plenum AG as of December 31, 2005 were prepared in conformity with International Financial Reporting Standards (IFRS) in effect as of the balance sheet date as applicable in the EU. The consolidated interim financial statements (interim report) as at June 30, 2006, which have been prepared according to International Accounting Standard (IAS) 34 „Interim Financial Reporting“, primarily apply the same accounting principles as applied to the consolidated financial statements for the financial year ended 2005. Necessary adjustments arising from new or revised Standards have been explained below. All binding Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) have been recognized as at June 30, 2006. In addition, this interim report is consistent with the German Accounting Standard No. 6 (DRS 6) – Interim reporting of the German Accounting Standards Committee e.V. (DRSC). The interim financial statements have been neither audited nor reviewed by the Group auditors, Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft. Regarding further information to the individual accounting and valuation principles, please refer to the consolidated financial statements of plenum AG as at December 31, 2005.

The consolidated financial statements of plenum AG for the first half of 2006 include plenum AG and four German subsidiaries.

The following revised or supplemented Standard is applicable for the first time to the consolidated financial statements as at June 30, 2006:

- Amendment to IAS 21 (“Effects of Changes in Foreign Exchange Rates”)

Since all consolidated companies of the plenum Group are in Germany, this Standard does not affect the consolidated financial statements of plenum AG.

### New accounting principles issued in the first half of 2006

IASB issued the following new Interpretations during the first half of 2006:

- IFRIC 8 (“Scope of IFRS 2”)
- IFRIC 9 (“Reassessment of Embedded Derivatives”)

IFRIC 8 is applicable starting May 1, 2006 and IFRIC 9 starting June 1, 2006. These Interpretations do not materially affect the plenum Group.

## B. Notes to the Consolidated Income Statement

### B1. Other operating income and expenses

The other operating income comprises of the following positions:

| € thousands  | Q2 2006    | Q2 2005    | Jan. 1–<br>June 30, 2006 | Jan. 1–<br>June 30, 2005 |
|--|------------|------------|--------------------------|--------------------------|
| Income from the release of provisions                            | 64         | 62         | 187                      | 91                       |
| Income from the reduction of valuation allowances on receivables | 6          | 64         | 28                       | 77                       |
| Other  | 74         | 4          | 78                       | 29                       |
|  | <b>144</b> | <b>130</b> | <b>293</b>               | <b>197</b>               |

The other operating expenses amount to EUR 3 thousand (Q2 2006: EUR 2 thousand; 1st Half 2005: EUR 7 thousand; Q2 2005: EUR 4 thousand).

### B2. Financial result

The financial result is broken down as follows:

| € thousands                       | Q2 2006   | Q2 2005   | Jan. 1–<br>June 30, 2006 | Jan. 1–<br>June 30, 2005 |
|-----------------------------------|-----------|-----------|--------------------------|--------------------------|
| Income from other loans           | 12        | 12        | 25                       | 25                       |
| Other interest and similar income | 40        | 22        | 55                       | 41                       |
| Interest and similar expenses     | -36       | -3        | -40                      | -8                       |
|                                   | <b>16</b> | <b>31</b> | <b>40</b>                | <b>58</b>                |

### B3. Income taxes

Income taxes of the Group are broken down as follows:

| € thousands    | Q2 2006    | Q2 2005    | Jan. 1–<br>June 30, 2006 | Jan. 1–<br>June 30, 2005 |
|----------------|------------|------------|--------------------------|--------------------------|
| Current taxes  | -28        | 0          | -28                      | 0                        |
| Deferred taxes | 18         | 191        | -43                      | 31                       |
|                | <b>-10</b> | <b>191</b> | <b>-71</b>               | <b>31</b>                |

The current taxes relate to back payments arising from the most recent external tax field audit.

### B4. Earnings per share

The earnings per share is calculated by dividing the Group net results by the weighted average number of shares issued. The earnings per share are diluted when the average number of shares increase from the addition of potential shares issued from option rights.

In 2005 option rights were issued to employees. The average stock price of the plenum stock in Q2 2006 was EUR 1.71 and in the first half of 2006 EUR 1.52 and the subscription price was EUR 1.31. The issuance of the option rights in 2005 thus resulted in 2006 in the following dilution effect:

|   | Earnings | Shares | Earnings per share |
|---|----------|--------|--------------------|
| Profit attributable to ordinary equity holders of the parent entity in Q2 2006 (€ thousands)  |          | -329   |                    |
| Weighted average shares outstanding during Q2 2006, undiluted (thousands)   |          | 9,577  |                    |
| Basic earnings per share (undiluted) (€)  |          |        | -0.04              |
| Weighted average number of shares under option in Q2 2006 causing a dilution effect (thousands)   |          | 310    |                    |
| Weighted average number of shares under option in Q2 2006 that would have been issued at average market price (thousands)                 |          | -237   |                    |
| Weighted average shares outstanding during Q2 2006, diluted (thousands)   |          | 9,650  |                    |
| <b>Earnings per share, diluted (€)</b>  |          |        | <b>-0.04</b>       |
| Profit attributable to ordinary equity holders of the parent entity for the first half of Q2 2006 (€ thousands)                           |          | -642   |                    |
| Weighted average shares outstanding for the first half of 2006, undiluted (thousands)   |          | 9,577  |                    |
| Basic earnings per share (undiluted) (€)  |          |        | -0.07              |
| Weighted average number of shares under option in the first half of 2006 that would have been issued at average market price (thousands)  |          | 317    |                    |
| Weighted average number of shares under option for the first half of 2006 that would have been issued at average market price (thousands) |          | -273   |                    |
| Weighted average shares outstanding in the first half of Q2 2006, diluted (thousands)   |          | 9,621  |                    |
| <b>Earnings per share, diluted (€)</b>  |          |        | <b>-0.07</b>       |

## C. Notes to the Consolidated Balance Sheet

### C1. Cash and cash equivalents / securities

The cash and cash equivalents comprise of cash and bank balances with original maturities of less than three months.

The securities of current assets include a short term deposit in a money market fund in the amount of EUR 1,342 thousand.

### C2. Non-current assets

Capital expenditures were conducted in the amount of EUR 118 thousand during the reporting period. Non-current assets declined during the same reporting period by EUR 306 thousand for depreciation and amortization.

### C3. Provisions

The prior year's non-current provisions in the amount of EUR 855 thousand relate to warranty provisions created for two years. According to management's estimates, claims from the respective warranties are no longer expected starting after June 30, 2007. Therefore, this position was reclassified to current provisions as of June 30, 2006.

### C4. Liabilities

The loan with a credit institute still existing as at December 31, 2005 was prematurely repaid without incurring premature payment penalties.

## C5. Stockholders' equity

Capital stock, capital authorized for issue and conditional capital at the beginning and end of the financial year is as follows:

€ thousands

|                              |       |
|------------------------------|-------|
| Capital stock                | 9,577 |
| Capital authorized for issue | 4,789 |
| Conditional capital          | 957   |

plenum held 16,790 treasury shares as of June 30, 2006, which were acquired at a total price of EUR 83 thousand in 2001 and are offset against equity. In the first half of 2006 no treasury shares were acquired, used or drawn.

In the prior year, new option rights were issued to employees of plenum AG and employees of affiliated companies at a grant date of June 14, 2005. The capital reserves increased by the amount of personnel expenses of EUR 24 thousand during the first half of 2006.

## D. Other Disclosures to the Consolidated Income Statement, Balance Sheet and Cash Flow Statement

### D1. Costs of purchased merchandise and services

The costs for purchased merchandise and services amounted to EUR 1,984 thousand in the second quarter 2006 (Q2 2005: EUR 3,109 thousand).

### D2. Personnel expenses

The personnel expenses are broken down as follows:

| € thousands                   | Q2 2006 | Q2 2005 | Jan. 1– June 30, 2006 | Jan. 1– June 30, 2005 |
|-------------------------------|---------|---------|-----------------------|-----------------------|
| Wages and salaries            | 3,259   | 3,684   | 6,378                 | 7,370                 |
| Social security costs         | 445     | 562     | 874                   | 1,097                 |
| Expenses for pension benefits | 30      | 25      | 62                    | 50                    |
|                               | 3,734   | 4,271   | 7,314                 | 8,517                 |

The average number of employees in the first half of 2006 represented 196 (first half 2005: 231).

### D3. Stock-based compensation

Stock options were not issued in the second quarter 2006.

### D4. Consolidated cash flow statement

The cash flow statement does not take into account non-cash increases in the capital reserve of EUR 24 thousand (first half 2005: EUR 0 thousand).

## D5. Segment information

The segment figures are derived from the Group figures as follows:

| € thousands                               | Segments |                |  | Group   |
|---|----------|----------------|--|---------|
|   | Total    | Reconciliation |  |         |
| Gross sales revenues                      |          |                |  |         |
| Q2 2006                                   | 6,795    | -274           |  | 6,521   |
| Q2 2005                                   | 8,322    | -128           |  | 8,194   |
| First half 2006                           | 13,191   | -438           |  | 12,753  |
| First half 2005                           | 16,807   | -208           |  | 16,599  |
| Internal sales                            |          |                |  |         |
| Q2 2006                                   | 274      | -274           |  | 0       |
| Q2 2005                                   | 128      | -128           |  | 0       |
| First half 2006                           | 438      | -438           |  | 0       |
| First half 2005                           | 208      | -208           |  | 0       |
| Net sales revenues                        |          |                |  |         |
| Q2 2006                                   | 6,521    | 0              |  | 6,521   |
| Q2 2005                                   | 8,194    | 0              |  | 8,194   |
| First half 2006                           | 12,753   | 0              |  | 12,753  |
| First half 2005                           | 16,599   | 0              |  | 16,599  |
| Depreciation                              |          |                |  |         |
| Q2 2006                                   | -108     | -48            |  | -156    |
| Q2 2005                                   | -139     | -53            |  | -192    |
| First half 2006                           | -210     | -96            |  | -306    |
| First half 2005                           | -251     | -107           |  | -358    |
| Other expenses                            |          |                |  |         |
| Q2 2006                                   | -6,189   | -510           |  | -6,699  |
| Q2 2005                                   | -8,880   | -153           |  | -9,033  |
| First half 2006                           | -12,210  | -847           |  | -13,057 |
| First half 2005                           | -17,837  | -100           |  | -17,937 |
| Earnings before interest and taxes (EBIT) |          |                |  |         |
| Q2 2006                                   | 224      | -558           |  | -334    |
| Q2 2005                                   | -825     | -206           |  | -1,031  |
| First half 2006                           | 333      | -943           |  | -610    |
| First half 2005                           | -1,489   | -207           |  | -1,696  |
| Internal Operating Profit (IOP) (EBITDA)  |          |                |  |         |
| Q2 2006                                   | 322      | -510           |  | -178    |
| Q2 2005                                   | -686     | -153           |  | -839    |
| First half 2006                           | 543      | -847           |  | -304    |
| First half 2005                           | -1,238   | -98            |  | -1,336  |
| Investments                               |          |                |  |         |
| Q2 2006                                   | 36       | 26             |  | 62      |
| Q2 2005                                   | 143      | 4              |  | 147     |
| First half 2006                           | 91       | 27             |  | 118     |
| First half 2005                           | 175      | 7              |  | 182     |
| Assets                                    |          |                |  |         |
| June 6, 2006                              | 6,771    | 4,146          |  | 10,917  |
| Dec. 31, 2005                             | 6,061    | 6,290          |  | 12,351  |
| Liabilities                               |          |                |  |         |
| June 6, 2006                              | -6,291   | -60            |  | -6,351  |
| Dec. 31, 2005                             | -7,025   | -591           |  | -7,616  |

The Group allocations were recalculated at the beginning of the financial year 2006. As a result of the recalculation, the segments will be relieved by EUR 1.4 million for the financial year 2006 compared to 2005. The Group's customer structure did not result in any major concentration of any given geographical region.

Revenues of 13.7% were generated from one major customer in the implementation segment in the first half of 2006 (first half 2005: 35.5%).

Important subsequent events did not arise after the close of the first half of 2006.

## D6. Executive bodies of the company

The shares and stock options held by the executive bodies of plenum AG are presented as follows:

| Shares held by the Management Board | Hartmut Skubch | Klaus Gröne | Michael Rohde | Andreas Janssen | Gesamt    |
|-------------------------------------|----------------|-------------|---------------|-----------------|-----------|
| Number of shares                    |                |             |               |                 |           |
| Jan. 1, 2006                        | 1,891,253      | 20,453      | 0             | 0               | 1,911,706 |
| June 30, 2006                       | 1,891,253      | 20,453      | 0             | 0               | 1,911,706 |

| Stock options of the Management Board | Hartmut Skubch | Klaus Gröne | Michael Rohde | Andreas Janssen | Gesamt  |
|---------------------------------------|----------------|-------------|---------------|-----------------|---------|
| Number of shares                      |                |             |               |                 |         |
| Jan. 1, 2006                          | 50,000         | 20,000      | 10,000        | 3,900           | 83,900  |
| expired                               | -50,000        | -20,000     | -10,000       | -3,900          | -83,900 |
| June 30, 2006                         | 0              | 0           | 0             | 0               | 0       |

| Shares held by the Supervisory Board | Michael Bauer* | Dr. Wolfgang Händel | Norbert Rohrig | Gesamt  |
|--------------------------------------|----------------|---------------------|----------------|---------|
| Number of shares                     |                |                     |                |         |
| Jan. 1, 2006                         | 370,360        | 1,000               | 700            | 372,060 |
| June 30, 2006                        | 370,360        | 1,000               | 700            | 372,060 |

\* shares held indirectly



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