

3-Month Report 2005

CENIT AG Systemhaus

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cenit

CENIT AT A GLANCE (unaudified)

At a glance - January 1 until March 31, 2005

in Mill. EUR	March 31, 2005	March 31, 2004
Sales	16,11	14,45
Gross profits	12,17	10,98
EBITDA	1,77	0,78
Operating returns (EBIT)	1,60	0,60
EBT	1,68	0,61
Netincome	1,07	0,51
Result per share (basic) in EURO	0,26	0,12
Result per share (diluted) in EURO	0,26	0,12
Number of employees at end of period	481	453
EBIT - Margin	9,9%	4,2%
Profit - Margin	6,7%	3,5%
in Mill. EUR	March 31, 2005	December 31, 2004
Equity in ratio	54,2%	49,0%
Equity	15,00	13,96
Liabilities	12,67	14,52
Balance sheet total	27,67	28,47

PREFACE

Dear shareholders, business partners, customers and interested parties

The start of 2005 has been extremely successful for CENIT. Business development and incoming orders are very positive. Our customers are increasingly investing in consultancy competence and technologies which considerably improve their competitiveness. Due to their sector and technological competence, CENIT experts are the success factors in obtaining these orders. There have been strong increases in our international sales for CENIT software and consulting services for Application and Business Process Outsourcing as well as Enterprise Content Management and Product Lifecycle Management.

We continue to be optimistic with regard to a positive sales and income development in the current fiscal year. The quarterly balance sheet presented here confirms our positive expectations for 2005.

The Executive Board

MANAGEMENT REPORT

The companies of the Information and Telecommunication sector (ICT) are expecting accelerated growth in 2005. This was confirmed by the current sector barometer of the Confederation of Information Technology, Telecommunication and New Media (BITKOM). The sentiment barometer is based on a survey of member companies undertaken by BITKOM on a quarterly basis. According to this, 76 percent of the companies expect sales to increase in the current year. Almost 40 percent of the companies are even expecting a sales upturn of more than five percent. On the other hand, 16 percent predict steady business and eight percent expect falls in sales. On this basis, BITKOM confirms its growth forecast of 3,4 percent to EUR 135.2 billion on the German ICT market in 2005. According to the BITKOM forecast, all important market segments will post an increase in 2005. Professional users in companies are investing more and more in new information technology and replacing old systems which they acquired prior to 2000.

In particular, IT consulting companies are benefiting from the trend towards outsourcing and the necessity to invest in digitalisation and automation of business processes. According to BITKOM calculations, sales in the IT service sector will increase by 4.4 percent to EUR 27.9 billion in 2005. According to another current study from CIMdata, the PLM market is growing by 8 percent annually, while expectations for the consultancy market, in which CENIT is positioned, even foresee annual growth rates of 15 percent up to 2009.

EARNINGS REVIEW

With sales growth of 11 percent, the highest in the last three years, CENIT confirmed its excellent position in the market for Product Lifecycle Management, Document Management and Outsourcing. Moreover, the consultancy share of the total revenue and also the sales of CENIT software increased extremely positive. A significant contribution to this was made by our international sales alliances, particularly in the USA and Asia. The strategic goal of increasing market shares is progressing as planned and is reflected positively in the earnings for the first quarter.

Consolidated sales rose by 11 percent to EUR 16.11 million (2004: EUR 14.45 million). The Group gross proceeds reached EUR 12.17 million (2004: EUR 10.98 million/11 percent). EBITDA for the Group increased by 127 percent to EUR 1.77 million (2004: EUR 0.78 million). Group EBIT rose by EUR 1 million to EUR 1.60 million (2004: EUR 0.60 million/167 percent). Group EBT was EUR 1.68 million (2004: EUR 0.61 million/175 percent). Group EPS amounted to EUR 0.26 (2004: EUR 0.12/117 percent) undiluted.

Group free cash flow was EUR 3.3 million. The Group's total assets reached EUR 27.7 million (2004: EUR 28.5 million). The equity ratio improved from 49 percent to 54 percent. At the end of the period under review, equity was EUR 15.0 million (31 December 2004: EUR 13.96 million). Cash and cash equivalents increased by more than EUR 3.0 million to approximately EUR 18 million in comparison to 31 December 2004 (EUR 14.7 million).

ADDITIONAL EXPLANATORY NOTES

There were no changes in accounting policies

DEVELOPMENT OF COSTS

Other operating costs developed in accordance with our financial planing and were reduced by 4 percent compered with 2004.

CAPITAL EXPENDITURE

Capital expenditure in the first three months of 2005 amounted to EUR 0.21 million (31 December 2004: EUR 0.71 million). These costs comprised the usual expansion and replacement investments in connection with IT, software and office equipment.

BREAKDOWN OF EARNINGS

CENIT operates in two business segments. Approx. 70 percent of total revenue was attributable to the Company's e-engineering business unit and approx. 30 percent to the e business business unit.

CHANGES IN EXECUTIVE BOARD AND SUPERVISORY BOARD

None

**EVENTS OF PARTICULAR SIGNIFICANCE THAT COULD
AFFECT BUSINESS OPERATIONS**

None

INTERIM DIVIDENDS

No interim dividends were distributed.

AMOUNT DISTRIBUTED OR PROPOSED FOR DISTRIBUTION

As a result of the positive development of business in 2004, the Executive Board and the Supervisory Board will propose a dividend of 30 cents per share to shareholders at this year's shareholders' meeting on 10 June.

NEW ORDERS

In the first 3 months, CENIT saw incoming orders rise by around 6 percent to EUR 29 million when compared with the previous year. As at 31 March 2005, the volume of orders in hand totalled approximately EUR 25 million and increased by 4 percent.

ORDERS OF PARTICULAR SIGNIFICANCE

With two new medium-sized customers in the mechanical engineering sector, CENIT posted two interesting incoming orders in the first quarter. With regard to their effects as references in this sector, we expect to gain further market share, amongst other things in the PLM area.

EQUITY INVESTMENTS

CENIT Switzerland achieved earnings before interest and tax (EBIT) of EUR 0.54 million on unconsolidated sales of EUR 12,000. CENIT North America achieved sales of EUR 0.27 million and positive EBIT of EUR 31,000.

CASH AND CASH EQUIVALENTS

As at 31 March, cash and cash equivalents, including marketable securities, amounted to EUR 17.99 million (EUR 14.68 million). For further details, please refer to the Cash Flow Statement included in this interim report.

FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS

Total assets amounted to EUR 27.67 million. Trade receivables and other assets stood at EUR 4.75 million. Cash flow from operating activities at CENIT amounted to EUR 3.5 million.

EMPLOYEES

As at 30 March 2005, the number of employees within the Group was 481 (2004: 453).

OUTLOOK

The CENIT Executive Board assumes that the positive sales and earnings trend of recent quarters will continue in 2005. It is already clear today that our customers continue to welcome innovation and that, in contrast with the overall economic situation, particularly in Germany, it is characterised by growth. Every single step of our customers' innovation process is now supported by IT. The coming months at CENIT will be, among other things, by ambitious personnel development, which will meet the increasing demand for our consultancy services.

CENIT Aktiengesellschaft Systemhaus

Consolidated Balance Sheet prepared in accordance with IFRS (unaudified)

for the period from January 1 to March 31, 2005

in EUR '000	March 31, 2005	Dec. 31, 2004
ASSETS		
FIXED ASSETS		
Intangible assets	112	124
Property, plant and equipment	1.270	1.222
	1.382	1.346
DEFERRED TAX ASSETS (long-term)	92	92
CURRENT ASSETS		
Inventories	2.769	1.595
Trade receivables	4.747	10.574
Tax receivables	32	16
Other receivables	174	100
Securities	8.809	2.988
Cash and cash equivalents	9.178	11.696
Prepaid expenses	486	67
	26.195	27.036
	27.669	28.474

CENIT Aktiengesellschaft Systemhaus

Consolidated Balance Sheet prepared in accordance with IFRS (unaudified)

for the period from January 1 to March 31, 2005

in EUR '000	March 31, 2005	Dec. 31, 2004
EQUITY AND LIABILITIES		
EQUITY		
Subscribed capital	4.184	4.184
Capital reserve	418	418
Foreign currency reserve	-141	-115
Revenue reserves	1.239	1.239
Net income/loss of the Group	9.264	8.192
Minority Interests	38	37
	15.002	13.955
LIABILITIES (long-term)		
Deferred tax liabilities	190	312
Long-term liabilities to banks	0	0
	190	312
LIABILITIES (short-term)		
Short-term liabilities to banks	270	2.183
Trade payables	1.029	1.817
Other liabilities	8.089	7.837
Tax Provisions	2.831	2.101
Other Provisions	146	122
Deferred Income	112	147
	12.477	14.207
	27.669	28.474

CENIT Aktiengesellschaft Systemhaus
Consolidated Income Statement prepared in accordance with IFRS (unaudited)
for the period from January 1 to March 31, 2005

in EUR '000	March 31, 2005		March 31, 2004
1. Sales		16.112	14.455
2.Changes in inventories in finished goods and work in process		1.005	1.742
Total operating performance		17.118	16.196
3. Other operating income		251	413
Operating performance		17.368	16.609
4. Cost of materials	5.195		5.631
5. Personnel expenses	7.827		7.510
6. Amortization of intangible assets and depreciation on property, plant and equipment	172		171
7. Other operating expenses	2.571		2.703
		15.766	16.014
Operating result		1.603	595
8. Other interest and similar income	80		28
9. Amortization of financial assets and securities classified as current assets	0		0
10. Interest and similar expenses	2		17
		78	11
Result of ordinary activities		1.680	606
12. Income taxes	608		95
		608	95
15. Net income		1.072	511
13. Net loss for the period before minority interests		1.071	511
14. Minority interests		1	0
Earnings per share (undiluted) in EUR		0,26	0,12
Earnings per share (diluted) in EUR		0,26	0,12

CENIT Aktiengesellschaft Systemhaus
Consolidated Statement of Cash Flows prepared in accordance with IFRS (unaudified)
for the period from January 1 to March 31, 2005

in EUR '000	March 31, 2005	March 31, 2004
Cash flow from operating activities		
Earnings before income taxes and deferred taxes	1.680	606
Adjusted for:		
Amortization of intangible assets and depreciation of property, plant and equipment	172	171
Amortization of intangible assets	0	0
Loss on the disposal of fixed assets	-1	2
Extraordinary amortization/depreciation and loss from the disposal of deconsolidated companies		
Other non-cash expenses and income	-633	-91 *
In/Decrease of provisions	0	-253
Interest income	-80	-28
Interest expenses	2	17
Operating result before changes to net working capital	1.141	424
Increase/decrease in trade receivables and other assets	5.319	6.653
Increase/decrease in inventories	-1.174	-934
Increase/decrease in trade liabilities	-788	-1.546
Other short-term provisions and liabilities	-1.064	-2.445
Cash flow from ordinary operations	3.434	2.152
Cash paid for interest	-2	-17
Cash received for interest	80	28
Cash paid for income taxes	0	5
Net cash received from operating activities	3.512	2.168
Proceeds from extraordinary items		
Cash payments from restructuring items (Assumption of liabilities)		
Net cash received from operating activities	3.512	2.168
Cash flow from investing activities		
Formation of subsidiaries that are not consolidated		
Purchase of property, plant and equipment and intangible assets	-209	-147
Proceeds from the disposal of property, plant and equipment		0
Decrease of fixed assets carrying amount		
Increase in other loans		0
Net cash paid for investing activities	-209	-147
Cash flow from financing activities		
Equity finance		
Payment for shareholder		
Cash proceeds (+) from bank loans		0
Cash payments (-) from long-term bank loans	0	-48
Change in convertible bond	0	0
Net cash paid for investing activities	0	-48
Net increase/decrease in cash and cash equivalents	3.303	1.973
Cash and cash equivalents at the beginning of the period	14.684	7.152
Net increase/decrease in cash and cash equivalents	3.303	1.973
Effect on cash and cash equivalents of changes in exchange rates		0
Cash and cash equivalents at the end of the period	17.987	9.125

* change in disclosure

CENIT Aktiengesellschaft Systemhaus
Consolidated Statement of Changes in Shareholders' Equity in accordance with IFRS
for the period from January 1 to March 31, 2005

in EUR '000	Subscribed capital	Capital reserve	Currency reserve	Revenue reserve	Net result of the Group	Convertible bonds	Total
as of January 1,2004	4.184	418	-122	1.239	4.340	0	10.059
Minority share of waiver of receivable			3		-36	33	0
Currency fluctuation			4				4
Net income for the Group					3.888	4	3.892
as of Dec. 31,2004	4.184	418	-115	1.239	8.192	37	13.955
Currency change			-25				-25
Net income for the Group					1.071	1	1.072
March 31,2005	4.184	418	-141	1.239	9.264	38	15.002

CENIT Aktiengesellschaft Systemhaus
Segment Report by Segments prepared in accordance with IFRS (unaudited)
for the period from January 1 to March 31, 2005

	EB	EE	not allocated	Group
in EUR `000				
Sales to third parties				
Q1 2005	5,300	10,812	0	16,112
Q1 2004	4,431	10,024	0	14,455
EBIT				
Q1 2005	421	1,182	0	1,603
Q1 2004	168	427	0	595
Interest				
Q1 2005	0	0	78	78
Q1 2004	0	0	11	11
Taxes				
Q1 2005	0	0	-608	-608
Q1 2004	0	0	-95	-95
Net Income/loss of the group				
Q1 2005	421	1,182	-530	1,072
Q1 2004	168	427	-84	511
Segment assets				
31.03.2005	2,936	6,622	18,111	27,669
31.12.2004	4,973	8,709	14,792	28,474
Segment liabilities				
31.03.2005	3,167	6,209	3,291	12,667
31.12.2004	3,215	6,708	4,596	14,519
Capital expenditure				
31.03.2005	46	163	0	209
31.12.2004	145	568	0	713
Amortization & depreciation				
Q1 2005	38	134	0	172
Q1 2004	40	131	0	171

EB = e-business; EE = e-engineering

CENIT Aktiengesellschaft Systemhaus

Segment Report by Region prepared in accordance with IFRS (unaudited)

for the period from January 1 to March 31, 2005

in EUR `000	D	CH	USA	not allocated	Consolidation	Group
Intercompany Sales						
Q1 2005	208	134	0	0	-342	0
Q1 2004	181	92	27	0	-300	0
Sales to third parties						
Q1 2005	15,636	203	273	0	0	16,112
Q1 2004	13,971	350	134	0	0	14,455
Segment assets						
31.03.2005	9,334	207	191	18,111	-174	27,669
31.12.2004	13,492	186	198	14,792	-194	28,474
Capital expenditure						
31.03.2005	208	0	1	0	0	209
31.12.2004	688	8	17	0	0	713

DIRECTORS' Holding

EXPLANATORY NOTES TO SHARES AND SUBSCRIPTION RIGHTS HELD BY DIRECTORS, COMPANY OFFICERS AND EMPLOYEES IN ACCORDANCE WITH Section 160 Subsection 1 No. 2 AND Section 5 AktG

The Directors and Officers of the company have no share option rights.

equity programme

Directors' Holding: Number of shares as at March 31,2005

Total Number of Shares 4.183.879

Shares owned by the Executive Board:

Hubertus Manthey	223.008
Christian Pusch	2.350
Andreas Schmidt	298.496

Shares owned by the Supervisory Board:

Falk Engelmann	160.000
Hubert Leypoldt	800
Dr. Dirk Lippold	0