

6-Months Report 2005

CENIT AG Systemhaus

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CENIT AT A GLANCE (unaudified)

At a glance - January 1 until June 30, 2005

in Mill. EUR	June 30, 2005	June 30, 2004
Sales	34,91	32,34
Gross profits	25,62	22,52 *
EBITDA	4,25	2,12
Operating returns (EBIT)	3,86	1,77
EBT	4,05	1,80
Netincome of the group	2,49	1,45
Result per share (basic) in EURO	0,59	0,35
Result per share (diluted) in EURO	0,59	0,35
Number of employees at end of period	491	463
EBIT - Margin	11,0%	5,5%
Profit - Margin	7,1%	4,5%
in Mill. EUR	June 30, 2005	December 31, 2004
Equity in ratio	52,2%	49,0%
Equity	15,18	13,96
Liabilities	13,90	14,52
Balance sheet total	29,08	28,47

*change in disclosure

PREFACE

Dear shareholders, business partners, customers and interested parties

After the first half of 2005, the successful business development of CENIT is still continuing impressively. Strong increases in income to currently EUR 3.9 million and sales growth of around 8% reflect the sustained positive development at CENIT, which has now been ongoing for more than two years. In future, IT consultants such as CENIT will play an even more important role. The trend is unmistakable: Purely theoretical solution approaches are a thing of the past. Today, there is a stronger focus on the direct practical applications of individual IT solutions and their economic usability. Our consulting services in Outsourcing, Enterprise Content Management and Product Lifecycle Management are already generating added value for our customers.

With the industry fair in Hanover, our annual in-house exhibition and our Annual General Meeting on 10 June 2005, we have had three successful major events in the second quarter. We gained around 100 new customers and incoming orders increased by 10 percent.

We are on course for a successful financial year.

The Executive Board

MANAGEMENT REPORT

Stable upward trend in IT sector

With growth in the second quarter of this year, the German IT sector is experiencing a stable upward trend. For the period from April to June, 60% of companies are forecasting rising sales and over half are expecting higher profits, as reported by the Confederation of Information Technology, Telecommunication and New Media (Bitkom). Indications are also pointing to a further recovery in the second half of the year. Bitkom reaffirmed its forecast for the year as a whole of sales growth of 3.4% to EUR 135.2 billion. Overall, there will be created 10,000 new jobs in the industry, which currently already employs 700,000 people. According to a survey, 69% of companies are currently anticipating rising income, though this figure was slightly higher at over three-quarters at the beginning of the year. The growth drivers are software providers, 70% of which are expecting a rise in sales. Among service providers, which are currently profiting greatly from the outsourcing of IT activities, this figure is as high as 78%.

Around 42% of IT companies are seeking to employ more people, while another 42% wishes to keep staff figures at the current level. Overall, the IT sector is on course for sales growth of around 3% in 2006.

EARNINGS REVIEW

CENIT again continued with its strategic goal of gaining further market share. According to the latest studies, CENIT is now Germany's No. 2 in the PLM service market, improving its standing by one position. Earnings in Enterprise Content Management and Outsourcing for the first six months also indicate that CENIT is continuing its success story unabated. Major new customers have been gained in all business areas, particularly among medium-sized companies. Though sales of CENIT software product also outperformed expectations, continuing the trend of the first quarter. Consulting and services rose by 11 % and CENIT software sales by 58%.

Consolidated sales rose by 8% to EUR 34.9 million (2004: EUR 32.3 million). Group gross proceeds reached EUR 25.6 million (2004: EUR 22.5 million/14%). EBITDA for the Group increased by 100% to EUR 4.3 million (2004: EUR 2.1 million). Group EBIT improved by EUR 2.1 million to EUR 3.9 million (2004: EUR 1.8 million/117%). Group EBT was EUR 4.1 million (2004: EUR 1.8 million/128%). Group basic EPS amounted to EUR 0.59 (2004: EUR 0.35/ 69%).

Group operating cash flow was EUR 4.5 million. The Group's total assets reached EUR 29 million (2004: EUR 28.5 million). The equity ratio improved from 49% to 52%. At the end of the period, equity was EUR 15.2 million (31 December 2004: EUR 14 million). Cash and cash equivalents increased to around EUR 17 million as against 31 December 2004 (EUR 14.7 million).

ADDITIONAL EXPLANATORY NOTES

There were no changes in accounting policies

DEVELOPMENT OF COSTS

Other operating expenses developed in line with planning and remained constant as against 2004.

CAPITAL EXPENDITURE

Capital expenditure in the first six months of 2005 amounted to EUR 0.5 million (31. December 2004: EUR 0.7 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

At this year's Annual General Meeting on 10 June, the majority decided to distribute a dividend in the amount of 30 cents per share to shareholders. This has already been distributed. All other items on the agenda were also approved with more than 99% of votes cast on each item in line with management intentions. We would like to take this opportunity to thank our shareholders for their confidence.

NEW ORDERS

In the first six months, CENIT saw incoming orders rise by around 10 % to EUR 46 million as against the previous year. As at 30 June 2005, the order book totalled EUR 25 million and increased by 15 %.

ORDERS OF PARTICULAR SIGNIFICANCE

The share of sales of our new customers in the second quarter has already risen to 7%. We have gained more than 100 new customers.

EQUITY INVESTMENTS

CENIT Switzerland achieved earnings before interest and tax (EBIT) of minus EUR 6 thousand on unconsolidated sales of EUR 0.7 million. CENIT North America achieved sales of EUR 0.7 million and positive EBIT of EUR 98 thousand.

CASH AND CASH EQUIVALENTS

As at 30 June, cash and cash equivalents, including marketable securities, amounted to EUR 17 million (EUR 14.7 million). For further details, please refer to the balance sheet and cash flow statement included in this interim report.

FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS

Total assets amounted to EUR 29 million. Trade receivables and other assets stood at EUR 7.4 million. Cash flow from operating activities at CENIT amounted to EUR 4.1 million.

EMPLOYEES

As at 30 June 2005, the number of employees within the Group was 491 (2004: 463).

OUTLOOK

As before, CENIT feels that it is well positioned. Key reasons for this include the sustainability of sales and income growth, the development of its market position in the 2004 financial year and its clear corporate strategy. We have made significant progress towards our goal of becoming a strategically significant and independent consultant for PLM, ECM and Outsourcing solutions for our customers. Our primary goal is still to gain further market share and to grow more strongly than the overall IT market. At the same time, 2005 is a year of selective investments. Above all, this is intended to advance the development of our own product portfolio, continue our focus on the consulting business and extend our sales. We now employ 491 people, and hope to break the 500 mark before the end of this year. The Executive Board of CENIT is assuming that this extremely positive corporate development will continue in the long term. Some of our key balance sheet ratios are displaying a convincing steady and positive performance. CENIT is on a solid footing to provide its customers and investors with the security they need.

In the third quarter, we intend to issue 103,500 stock options to around 20 selected managers.

CENIT Aktiengesellschaft Systemhaus

Consolidated Balance Sheet prepared in accordance with IFRS (unaudified)

for the period from January 1 to June 30, 2005

in EUR '000	June 30, 2005	Dec. 31, 2004
ASSETS		
FIXED ASSETS		
Intangible assets	96	124
Property, plant and equipment	1.354	1.222
	1.450	1.346
DEFERRED TAX ASSETS (long-term)	92	92
CURRENT ASSETS		
Inventories	2.673	1.595
Trade receivables	7.325	10.574
Tax receivables	57	16
Other receivables	108	100
Securities	13.080	2.988
Cash and cash equivalents	3.938	11.696
Prepaid expenses	354	67
	27.535	27.036
	29.077	28.474

CENIT Aktiengesellschaft Systemhaus
Consolidated Balance Sheet prepared in accordance with IFRS (unaudified)
for the period from January 1 to June 30, 2005

in EUR '000	June 30, 2005	Dec. 31, 2004
EQUITY AND LIABILITIES		
EQUITY		
Subscribed capital	4.184	4.184
Capital reserve	418	418
Foreign currency reserve	-124	-115
Revenue reserves	5.039	1.239
Net income/loss of the Group	5.624	8.192
Minority Interests	37	37
	15.178	13.955
LIABILITIES (long-term)		
Deferred tax liabilities	174	312
Long-term liabilities to banks	0	0
	174	312
LIABILITIES (short-term)		
Short-term liabilities to banks	1.345	2.183
Trade payables	1.779	1.817
Other liabilities	6.570	7.837
Tax Provisions	3.801	2.101
Other Provisions	153	122
Deferred Income	77	147
	13.725	14.207
	29.077	28.474

CENIT Aktiengesellschaft Systemhaus
Consolidated Income Statement prepared in accordance with IFRS (unaudified)
for the period from January 1 to June 30, 2005

in EUR '000	June 30, 2005		June 30, 2004
1. Sales		34.911	32.340
2.Changes in inventories in finished goods and work in process		845	681 *
Total operating performance		35.756	33.021
3. Other operating income		356	689 *
Operating performance		36.112	33.710
4. Cost of materials	10.494		11.187 *
5. Personnel expenses	15.609		14.767
6. Amortization of intangible assets and depreciation on property, plant and equipment	395		352
7. Other operating expenses	5.758		5.635 *
		32.256	31.941
Operating result		3.856	1.770
8. Other interest and similar income	123		66
9. Amortization of financial assets and securities classified as current assets	77		0
10. Interest and similar expenses	8		37
		193	29
Result of ordinary activities		4.049	1.799
12. Income taxes	1.563		346
		1.563	346
15. Net income/loss of the Group		2.486	1.453
13. Net loss for the period before minority interests		2.486	1.453
14. Minority interests		0	0
Earnings per share (undiluted) in EUR		0,59	0,35
Earnings per share (diluted) in EUR		0,59	0,35

*change in disclosure

CENIT Aktiengesellschaft Systemhaus
Consolidated Income Statement prepared in accordance with IFRS (unaudified)
for the period from April 1 to June 30, 2005

in EUR '000	2nd Quarter, 2005		2nd Quarter, 2004
1. Sales		18.798	17.885
2.Changes in inventories in finished goods and work in process		-160	-396 *
Total operating performance		18.638	17.489
3. Other operating income		105	263 *
Operating performance		18.743	17.752
4. Cost of materials	5.299		6.221 *
5. Personnel expenses	7.782		7.257
6. Amortization of intangible assets and depreciation on property, plant and equipment	223		181
7. Other operating expenses	3.187		2.918 *
		16.490	16.577
Operating result		2.253	1.175
8. Other interest and similar income	44		38
9. Amortization of financial assets and securities classified as current assets	77		0
10. Interest and similar expenses	6		20
		115	18
Result of ordinary activities		2.368	1.192
11. Extraordinary result		0	0
12. Income taxes	954		251
		954	251
15. Net income of the Group		1.414	942
13. Net loss for the period before minority interests		1.414	942
14. Minority interests		0	0
Earnings per share (undiluted) in EUR		0,34	0,23
Earnings per share (diluted) in EUR		0,34	0,23

*change in disclosure

CENIT Aktiengesellschaft Systemhaus
Consolidated Statement of Cash Flows prepared in accordance with IFRS (unaudited)
for the period from January 1 to June 30, 2005

in EUR '000	June 30,2005	June 30,2004
Cash flow from operating activities		
Earnings before income taxes and deferred taxes	4.049	1.799
Adjusted for:		
Amortization of intangible assets and depreciation of property, plant and equipment	395	352
Amortization of intangible assets	0	0
Loss on the disposal of fixed assets	2	3
Extraordinary amortization/depreciation and loss from the disposal of deconsolidated companies		
Other non-cash expenses and income	139	-258
In/Decrease of provisions	0	0
Interest income	-123	-66
Interest and similar expenses	8	37
Operating result before changes to net working capital	4.470	1.868
Increase/decrease in trade receivables and other assets	3.087	5.012
Increase/decrease in inventories	-1.078	-1.261
Increase/decrease in trade liabilities	-38	-1.211
Other short-term provisions and liabilities	-2.433	-2.919
Cash flow from ordinary operations	4.007	1.489
Cash paid for interest and similar expenses	-8	-37
Cash received for interest	86	66
Cash paid for income taxes	0	0
Net cash received from operating activities	4.086	1.518
Proceeds from extraordinary items		
Cash payments from restructuring items (Assumption of liabilities)		
Net cash received from operating activities	4.086	1.518
Cash flow from investing activities		
Formation of subsidiaries that are not consolidated		
Purchase of property, plant and equipment and intangible assets	-497	-302
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	-497	-302
Cash flow from financing activities		
Equity finance		
Payment for shareholder	-1.255	
Cash proceeds (+) from bank loans		0
Cash payments (-) from long-term bank loans	0	-240
Change in convertible bond	0	0
Net cash paid for investing activities	-1.255	-240
Net increase/decrease in cash and cash equivalents	2.334	976
Cash and cash equivalents at the beginning of the period	14.684	7.152
Net increase/decrease in cash and cash equivalents	2.334	976
Effect on cash and cash equivalents of changes in exchange rates		0
Cash and cash equivalents at the end of the period	17.018	8.128

CENIT Aktiengesellschaft Systemhaus

Consolidated Statement of Changes in Shareholders' Equity in accordance with IFRS (unaudified)

for the period from January 1 to June 30, 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
Transfers to revenue reserves				3.800	-3.800		0
Changes in equity interest in					-1.255	0	-1.255
Currency change			-9				-9
Net income for the Group					2.487	0	2.487
June 30, 2005	4.184	418	-124	5.039	5.624	37	15.178

CENIT Aktiengesellschaft Systemhaus

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

for the period from January 1 to June 30, 2005

	EB	EE	not allocated	Group
in EUR `000				
Sales to third parties				
mid-year 2005	11,735	23,176	0	34,911
mid-year 2004	10,202	22,138	0	32,340
EBIT				
mid-year 2005	986	2,870	0	3,856
mid-year 2004	500	1,270	0	1,770
Interest				
mid-year 2005	0	0	193	193
mid-year 2004	0	0	29	29
Taxes				
mid-year 2005	0	0	-1,563	-1,563
mid-year 2004	0	0	-346	-346
Net Income/loss of the group				
mid-year 2005	986	2,870	-1,370	2,486
mid-year 2004	500	1,270	-317	1,453
Segment assets				
30.06.2005	2,994	8,916	17,167	29,077
31.12.2004	4,973	8,709	14,792	28,474
Segment liabilities				
30.06.2005	2,907	5,672	5,320	13,899
31.12.2004	3,215	6,708	4,596	14,519
Capital expenditure				
30.06.2005	112	385	0	497
31.12.2004	145	568	0	713
Amortization & depreciation				
mid-year 2005	79	316	0	395
mid-year 2004	81	271	0	352

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 June 30, 2005

in EUR `000	D	CH	USA	not allocated	Consolidation	Group
Intercompany Sales						
mid-year 2005	337	252	3	0	-592	0
mid-year 2004	295	194	90	0	-579	0
Sales to third parties						
mid-year 2005	33,835	359	717	0	0	34,911
mid-year 2004	31,383	642	315	0	0	32,340
Segment assets						
30.06.2005	11,714	187	269	17,167	-260	29,077
31.12.2004	13,492	186	198	14,792	-194	28,474
Capital expenditure						
30.06.2005	483	0	14	0	0	497
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.

Directors' Holding:

Number of shares as at June 30, 2005

Total Number of Shares 4.183.879

Shares owned by the Executive Board:

Hubertus Manthey	155.008
Christian Pusch	2.350
Andreas Schmidt	248.496

Shares owned by the Supervisory Board:

Falk Engelmann	160.000
Hubert Leypoldt	800
Dr. Dirk Lippold	0