

3-Months Report 2006

CENIT AG Systemhaus

Industriestraße 52-54

D-70565 Stuttgart

Phone: +49 711 7825-30

Fax: +49 711 7825-4000

Internet: <http://www.cenit.de>

Investor Relations:

Fabian Rau

Phone: +49 711 7825-3185

Fax: +49 711 7825-4185

E-Mail: aktie@cenit.de

cenit

CENIT AT A GLANCE (unaudified)

At a glance - January 1 until March 31, 2006

in Mill. EUR	March 31, 2006	March 31, 2005
Sales	19,18	16,11
Gross profits	14,80	12,17
EBITDA	2,88	1,77
Operating returns (EBIT)	2,61	1,60
EBT	2,44	1,68
Netincome of the group	1,97	1,07
Result per share (basic) in EURO	0,47	0,26
Result per share (diluted) in EURO	0,47	0,26
Number of employees at end of period	532	481
EBIT - Margin	13,6%	9,9%
Profit - Margin	10,3%	6,7%
in Mill. EUR	March 31, 2006	December 31, 2005
Equity in ratio	58%	58%
Equity	21,62	19,57
Liabilities	15,82	14,34
Balance sheet total	37,44	33,91

FOREWORD

Dear shareholders, partners, customers and interested parties,

One of our most important goals is the satisfaction of our customers and one of our maxims is to continually work to improve this. We have thus expanded our range in the medium-sized business segment. The success of this initiative largely depends on our orientation to the customer, our range of products and services and our reliability for our customers. We devote our business actions to this goal. Today, our customers regard CENIT as a strong, trustworthy partner and competent expert in tailoring and optimising their business processes with the appropriate information technology. This trust is also reflected in the CENIT share price, which increased further in the first quarter. CENIT has set the course for earnings-based growth, which will enable us to defend and expand our market share in comparison with our competitors.

We have many plans for the next few years. We will expand the range available to our customers with additional innovative solutions in 2006, thus creating the flexible IT environment that is required for our customers. We have laid the foundations for future growth with our consulting and solutions range and our highly motivated employees, all in the interests of our customers, partners and shareholders.

Thank you for your confidence in CENIT.

The Executive Board

MANAGEMENT REPORT

The medium-term economic forecasts for Germany by analysts and institutional investors dampened slightly in April. According to the recently-published study by the Centre for European Economic Research (ZEW), the indicator of economic sentiment fell by 0.7 points from the previous month to 62.7 and was thus not in line with the ifo Index, which has been very strong recently and reached a 15-year high in March. Nevertheless, the indicator remains considerably higher than its historical average value.

However, the current economic situation in Germany received a more positive assessment in light of a flourishing export and industrial economic situation. The corresponding index rose to plus 2.9 (March: minus 8.4) points and is now in positive territory for the first time since April 2001. The indicator for the current economic situation in the euro zone also increased to 14.3 (plus 2.0), although the index was also below expectations here (to 58.7 following 61.1 in March).

Current studies from the PLM and ECM markets relevant to CENIT confirm the sustained positive trend of the past year and forecast average annual growth rates of around 8% in the next few years (see CIMdata PLM study dated 6 April 2006 or PAC study on ECM development in Germany in 2005).

EARNINGS DEVELOPMENT

The 2006 financial year began well once again for CENIT. The first quarter was characterised by strong sales and earnings growth, which was driven by our software solutions, consulting services and the marketing of CENIT software via the sales channel of our partner FileNet. Both foreign subsidiaries are on track to meet expectations and considerably improve their contribution to the CENIT Group. Development of orders and sales is particularly pleasing in Switzerland.

Group sales were up by 19% to €19.18 million (2005: €16.11 million). Gross income in the Group reached €14.80 million (2005: €12.17 million/ 22%). EBITDA increased by around 63% in the Group to €2.88 million (2005: €1.77 million). Group EBIT was up by €1 million to €2.61 million (2005: €1.60 million/ 63%). Group EBT totalled €2.44 million (2005: €1.68 million/ 45%) and consolidated earnings amounted to €1.97 million (2005: €1.07 million/84%). Basic earnings per share (EPS) were €0.47 (2005: €0.26/81%).

Operating cash flow totalled €2.18 million in the Group (2005: €1.14 million/91%). The consolidated balance sheet total was €37.44 million (31.12.2005: €33.91 million). The equity ratio remained unchanged at 58%. Equity amounted to €21.62 million at the end of the reporting period (31.12.2005: €19.57 million). Cash and cash equivalents, including securities, totalled €22.10 million as at the reporting date (31.12.2005: €20.81 million).

ADDITIONAL EXPLANATORY NOTES

With effect from the start of this year, income from services is carried using the POC (percentage of completion) method for the first time, based on the extent to which they have been completed in accordance with IAS 18.22 ff. This concerns the periodic consideration of expenses and income during the completion time of the service project. The comparative figures from the first quarter of 2005 using the POC method would thus be as follows: sales €16.03 million; EBITDA €1.70 million; EBIT €1.52 million; EBT €1.60 million; EPS €0.24.

DEVELOPMENT OF COSTS

Other operating expenses developed as planned and increased easily compared to 2005.

INVESTMENTS

Investments in the first 3 months of 2006 amounted to €0.3 million (31.12.2005: €0.2 million). This relates to the customary expansion and replacement investments in the context of computer and software investments and office equipment.

BREAKDOWN OF EARNINGS

CENIT operates in two business segments. Approximately 76% of total sales were attributed to the e-engineering business unit and around 24% to the e-business business unit.

CHANGES TO THE EXECUTIVE AND SUPERVISORY BOARDS

None

EVENTS OF PARTICULAR SIGNIFICANCE THAT COULD AFFECT BUSINESS OPERATIONS

None

INTERIM DIVIDENDS

No interim dividends were distributed.

AMOUNT DISTRIBUTED OR PROPOSED FOR DISTRIBUTION

Due to the positive business development, the Executive Board and the Supervisory Board will propose to the Annual General Meeting that a dividend of 60 cents (2004: 30 cent per share) and a special dividend of 30 cents per share be distributed to shareholders. Both highlight our positive expectations with regard to our business development in 2006 and 2007.

NEW ORDERS

Orders received in the Group were up by 8% to €31.2 million in the first quarter of 2006 (orders received in Q1/2005: €29 million). The order book totalled €28.6 million as at 31.03.2006 (2005: €25.2 million), thus corresponding to an increase of approximately 13%.

ORDERS OF PARTICULAR SIGNIFICANCE

CENIT received the largest single order in the company's history from Airbus at the start of 2006. At the same time, CENIT also signed a "prime supplier" contract with Airbus Deutschland, which grants CENIT preferred IT supplier status.

EQUITY INVESTMENTS

CENIT Switzerland generated unconsolidated sales of €0.6 million and an EBIT of €0.2 million. CENIT North America generated sales of €0.6 million and a positive EBIT of €0.04 million.

CASH, CASH EQUIVALENTS AND SECURITIES

Cash and cash equivalents, including securities amounted to €22.1 million as at the reporting date (31.12.2005: €20.8 million).

FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS

The balance sheet total was €37.44 million. Trade receivables and other assets totalled €35.82 million. CENIT's operating cash flow amounted to €2.2 million.

EMPLOYEES

The number of employees in the Group as at 31.03.2006 totalled 532 (31.03.2005: 481).

OUTLOOK

The Executive Board of CENIT is optimistic that the company will continue to generate growth in the medium-term by focussing on the consulting and software segments for product lifecycle management, enterprise content management and application management and through the international marketing of CENIT software. This optimistic outlook will be accompanied by a corresponding staff expansion, which currently includes plans for 60 vacancies, primarily in the consulting segment.

CENIT Aktiengesellschaft Systemhaus

Consolidated Balance Sheet prepared in accordance with IFRS (unaudited)

for the period from January 1 to March 31, 2006

in EUR k	March 31, 2006	Dec. 31, 2005
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	148	122
Property, plant and equipment	1.383	1.399
	1.531	1.521
DEFERRED TAX ASSETS	86	87
NON-CURRENT ASSETS	1.617	1.608
CURRENT ASSETS		
Inventories	2.824	1.057
Trade receivables	10.154	10.102
Current income tax assets	34	18
Other receivables	95	164
Other financial assets at fair value through profit or loss	17.506	13.021
Cash and cash equivalents	4.594	7.786
Prepaid expenses	613	153
CURRENT ASSETS	35.820	32.301
TOTAL ASSETS	37.437	33.909

CENIT Aktiengesellschaft Systemhaus
Consolidated Balance Sheet prepared in accordance with IFRS (unaudited)
for the period from January 1 to March 31, 2006

in EUR k	March 31, 2006	Dec. 31, 2005
EQUITY AND LIABILITIES		
EQUITY		
Share capital	4.184	4.184
Capital reserve	623	543
Currency translation reserve	-126	-119
Revenue reserves	5.039	5.039
Net income of the Group allocable to the shareholders of CENIT AG	11.853	9.879
Minority Interests	43	43
TOTAL EQUITY	21.616	19.569
NON-CURRENT LIABILITIES		
Deferred tax liabilities	46	97
CURRENT LIABILITIES		
Short-term liabilities to banks	1.337	1.321
Trade payables	1.354	2.048
Other liabilities	11.557	8.478
Current income taxes	1.360	2.256
Other Provisions	153	122
Deferred Income	14	18
	15.775	14.243
TOTAL EQUITY AND LIABILITIES	37.437	33.909

CENIT Aktiengesellschaft Systemhaus
Consolidated Income Statement prepared in accordance with IFRS (unaudified)
for the period from January 1 to March 31, 2006

in EUR k	March 31, 2006		March 31, 2005
1. SALES		19.181	16.112
2. Decrease in inventories of work in process		1.237	1.005
Total operating performance		20.417	17.118
3. Other operating income		157	251
Operating performance		20.575	17.368
4. Cost of materials	5.777		5.195
5. Personnel expenses	8.787		7.827
6. Amortization of intangible assets and depreciation on property, plant and equipment	277		172
7. Other operating expenses	3.128		2.571
		17.968	15.765
NET OPERATING INCOME		2.606	1.603
8. Other interest and similar income	57		80
9. Interest and similar expenses	5		2
10. Result from financial instruments at fair value through profit or loss	-220		0
		-168	78
RESULT FROM ORDINARY ACTIVITIES		2.438	1.680
11. Income taxes		464	608
12. NET INCOME OF THE GROUP FOR THE YEAR		1.974	1.072
13. Thereof allocable to the shareholders of CENIT AG		1.950	1.071
14. Thereof allocable to minority interests		24	1
Earnings per share in EUR			
undiluted		0,47	0,26
diluted		0,47	0,26

CENIT Aktiengesellschaft Systemhaus
Consolidated Statement of Cash Flows prepared in accordance with IFRS (unaudified)
for the period from January 1 to March 31, 2006

in EUR k	March 31,2006	March 31,2005
Cash flow from operating activities		
Earnings before income taxes and deferred taxes	2.438	1.680
Adjusted for:		
Amortization of intangible assets and depreciation of property, plant and equipment	277	172
Losses on disposals of non-current assets	0	-1
Gains on disposals of non-current assets	2	0
Other non-cash expenses and income	-487	-632
Interest income	-57	-80
Interest and similar expenses	5	2
Net operating income before changes in net working capital	2.178	1.141
Increase/decrease in trade receivables and other current, non-monetary assets	-459	4.531
Change in other financial assets that are not allocable to cash and cash equivalents	0	0
Increase/decrease in inventories	-1.767	-1.174
Increase/decrease in current liabilities and provisions	1.578	-1.064
Cash flow from ordinary operations	1.530	3.434
Interest paid	-5	-2
Interest received	57	80
Income taxes paid	0	0
Net cash flow from ordinary activities	1.582	3.512
Net cash flow from operating activities	1.582	3.512
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	-289	-209
Proceeds from the disposal of property, plant and equipment	0	
Net cash paid for investing activities	-289	-209
Cash flow from financing activities		
Repayment of longterm bank loans	0	0
Dividends paid to shareholders	0	
Change in convertible bond	0	0
Net cash paid for investing activities	0	0
Net increase/decrease in cash and cash equivalents	1.293	3.303
Cash and cash equivalents at the beginning of the period	17.827	14.684
Cash and cash equivalents at the end of the period	19.120	17.987

CENIT Aktiengesellschaft Systemhaus
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IN ACORDANCE WITH IFRS) (unaudified)
for the period from January 1 to March 31, 2006

in k	Wquity allocable to the parent company's shareholders				Group result per shareholder of CENIT AG	Minority interests	Total
	Subscribed capital	Capital reserve	Currency translation reserve	Revenue reserve			
as of January 1,2005	4.184	418	-115	1.239	8.192	37	13.955
Transfers to revenue reserves				3.800	-3.800		0
Currency fluctuation			-4				-4
Dividend distribution					-1.255		-1.255
Kap.RL Aktienoptionen		125					125
Net income for the Group					6.742	6	6.748
as of Dec. 31,2005	4.184	543	-119	5.039	9.879	43	19.569
Transfers to revenue reserves							0
Transfer from stock options		80					80
Dividend distribution							0
Currency fluctuation			-7				-7
Net income of the Group for the year					1.974		1.974
as of March 31,2006	4.184	623	-126	5.039	11.853	43	21.616

CENIT Aktiengesellschaft Systemhaus

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

for the period from January 1 to March 31, 2006

	EB	EE	not allocated	Group
in EUR `000				
Sales to third parties				
Q1 2006	4,629	14,552	0	19,181
Q1 2005	5,300	10,812	0	16,112
EBIT				
Q1 2006	50	2,556	0	2,606
Q1 2005	421	1,182	0	1,603
Interest and financial result				
This optimistic outlook will be accompanied by	0	0	-168	-168
Q1 2005	0	0	78	78
Taxes				
Q1 2006	0	0	-464	-464
Q1 2005	0	0	-608	-608
Net Income/loss of the group				
Q1 2006	50	2,556	-632	1,974
Q1 2005	421	1,182	-530	1,072
Segment assets				
Mar 31, 2006	4,598*	10,619*	22,220	37,437
Dec 31, 2005	3,760	9,237	20,912	33,909
Segment liabilities				
Mar 31, 2006	5,275*	7,803*	2,743	15,821
Dec 31, 2005	3,214	7,452	3,674	14,340
Capital expenditure				
Mar 31, 2006	72	217	0	289
Dec 31, 2005	201	799	0	1,000
Amortization & depreciation				
Q1 2006	56	221	0	277
Q1 2005	38	134	0	172

EB = e-business; EE = e-engineering

*change in disclosure

CENIT Aktiengesellschaft Systemhaus

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

for the period from January 1 to March 31, 2006

in EUR `000	D	CH	USA	not allocated	Consolidation	Group
Intercompany Sales						
Q1 2006	444	141	42	0	-627	0
Q1 2005	208	134	0	0	-342	0
Sales to third parties						
Q1 2006	18,317	308	556	0	0	19,181
Q1 2005	15,636	203	273	0	0	16,112
Segment assets						
Mar 31, 2006	14,770	607	282	22,220	-442	37,437
Dec 31, 2005	12,629	247	405	20,912	-284	33,909
Capital expenditure						
Mar 31, 2006	288	0	1	0	0	289
Dec 31, 2005	957	0	43	0	0	1,000

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 of the company have 12,000 share option rights.
CENIT employees have also 91,500 share option rights.

Directors' Holding:

Total Number of Shares 4.183.879

Shares owned by the Executive Board:

Hubertus Manthey	93.108
Christian Pusch	0
Andreas Schmidt	145.896

Shares owned by the Supervisory Board:

Falk Engelmann	130.000
Hubert Leypoldt	800
Dr. Dirk Lippold	0