

# 9-Months Report 2005

## CENIT AG Systemhaus

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The logo for CENIT, consisting of the word "cenit" in a bold, lowercase, sans-serif font. The letters are white and set against a teal background. The logo is oriented vertically on the right side of the page.

**CENIT AT A GLANCE (unaudified)**

**At a glance - January 1 until September 30, 2005**

in Mill. EUR	September 30, 2005	Sept. 30, 2004
<b>Sales</b>	<b>54,51</b>	<b>50,95</b>
<b>Gross profits</b>	<b>38,77</b>	<b>34,32 *</b>
<b>EBITDA</b>	<b>7,13</b>	<b>4,43</b>
<b>Operating returns (EBIT)</b>	<b>6,55</b>	<b>3,93</b>
<b>EBT</b>	<b>6,43</b>	<b>3,98</b>
<b>Netincome of the group</b>	<b>4,59</b>	<b>2,97</b>
<b>Result per share (basic) in EURO</b>	<b>1,10</b>	<b>0,71</b>
<b>Result per share (diluted) in EURO</b>	<b>1,07</b>	<b>0,71</b>
<b>Number of employees at end of period</b>	<b>511</b>	<b>463</b>
<b>EBIT - Margin</b>	<b>12,0%</b>	<b>7,7%</b>
<b>Profit - Margin</b>	<b>8,4%</b>	<b>5,8%</b>
in Mill. EUR	September 30, 2005	December 31, 2004
<b>Equity in ratio</b>	<b>55,7%</b>	<b>49,0%</b>
<b>Equity</b>	<b>17,29</b>	<b>13,96</b>
<b>Liabilities</b>	<b>13,78</b>	<b>14,52</b>
<b>Balance sheet total</b>	<b>31,07</b>	<b>28,47</b>

\*changed inclosure

## **LETTER TO SHAREHOLDERS**

***Dear Shareholders, Business Partners, Customers and Interested Parties,***

The past nine months have demonstrated that our consultancy services in the fields of Outsourcing, Enterprise Content Management and Product Lifecycle Management are optimally oriented to suit the needs of the market. As of today, we already know that we will surpass our goals and projections for 2005. Naturally, we will not sit back and enjoy what we have already achieved, but are already making important plans in order to allow business developments to continue to move forward at CENIT over the next few years. Here, there will be an equal focus on technology partnerships and special software developments and the expansion of expertise and personnel in the core areas of our business segments.

The new orders we have received in the software and consultancy area reflect something our customers have known for some time – namely that they can achieve decisive competitive advantages by using the services we offer.

***The Executive Board***

## MANAGEMENT REPORT

In its spring survey, the leading German economic institute predicts worldwide real gross domestic product growth of 3.0% from April, compared to 3.8% the previous year. However, general economic growth is expected to weaken slightly in the growth centres of the USA and China, as well as in many emerging markets. Thus, in Germany, for example, as a result of the current uncertain political situation, growth is progressing more slowly than in most other countries in Europe and Asia and in the USA. According to its most recent statements, the Association of Computer Consultants in Germany (VDEB) expects global market volumes to increase by around 4.2% to EUR 917 billion in 2005. While the USA and Europe are expected to generate above-average growth of 4.5% and 4.4%, respectively, Japan will lag behind at 2.4%. The VDEB's statements are based on an analysis performed by EITO, the European Information Technology Observatory. At the same time, in its "black book", the market research company IDC forecasts an increase in global IT sales of 5.5% for the year from April 2005 and 6.0% in 2006.

America, the Asian-Pacific area and Europe are expected to contribute equally to this positive development. For Germany, IDC is predicting increased growth in IT expenditure of 3.6 % in 2005 to 4.8% in 2006.

## **EARNINGS REVIEW**

It is clear from 9-months-figures presented here that CENIT will surpass its business targets for 2005. The positive business developments at CENIT were driven by growth in our three core business areas of Product Lifecycle Management, Enterprise Content Management und Outsourcing Solutions. Sales of our own CENIT software solutions continue to develop positively. Three contracts in particular are representative of CENIT's success: firstly, in the outsourcing area, the taking over of the application management function of an automobile manufacturer in southern Germany; secondly, the introduction of a SAP PLM core system for Airbus suppliers Pfalz-Flugzeugwerke; and thirdly, the implementation of an Enterprise Content Management solution for Westdeutsche Immobilienbank.

Consolidated sales increased by 7 percent to EUR 54.51 million (2004: EUR 50.95 million). Consolidated gross income reached EUR 38.77 million (2004: EUR 34.32 million / 13 %). Group EBITDA rose by 61 percent to EUR 7.13 million (2004: EUR 4.43 million EUR). Group EBIT improved by 2.62 million EUR and amounted to EUR 6.55 million (2004: EUR 3.93 million / 67%), while Group EBT was EUR 6.43 million (2004: EUR 3.98 million / 62%). Group basic EPS were EUR 1.10 (2004: EUR 0.71 / 55%).

Group cash flow from operating activities totalled EUR 6.24 million (2004: EUR 4.05 million). The Group's total assets amounted to EUR 31.07 million (2004: EUR 28.47 million). The equity ratio improved from 49 percent to 55.7 percent. At the end of the period under review, equity was EUR 17.3 million (31 December 2004: EUR 13.9 million). Cash and cash equivalents increased from the previous year's level of EUR 14.7 million to EUR 17.3 million.

**ADDITIONAL EXPLANATORY NOTES**

There were no changes in accounting policies.

**DEVELOPMENT OF COSTS**

Other operating costs developed in accordance with our financial planning and remained constant compared to 2004.

**CAPITAL EXPENDITURE**

Capital expenditure in the first 9 months of 2005 amounted to EUR 0.74 million (31.12.2004: 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. 65% of total revenue was attributable to the Company's e-engineering business unit and approx. 35% 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**

No dividend was distributed or proposed for distribution.

**NEW ORDERS**

In the first 9 months, CENIT continued to generate strong growth in incoming orders, which increased by 9 % compared to the previous year to around EUR 59 million. As at 30 September 2005, orders on hand amounted to EUR 19 million, an increase of 12 %.

**ORDERS OF PARTICULAR SIGNIFICANCE**

None

**EQUITY INVESTMENTS**

CENIT Switzerland generated earnings before interest and tax (EBIT) of EUR 0.02 million on unconsolidated sales of EUR 0.95 million. CENIT North America generated sales of EUR 1.14 million and EBIT of EUR 0.18 million.

**CASH, CASH EQUIVALENTS AND SECURITIES**

As at 30 September 2005, cash and cash equivalents, including marketable securities, amounted to EUR 17.3 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 31.07 million. Trade receivables and other current assets stood at EUR 9.69 million. Cash flow from operating activities at CENIT amounted to EUR 6.24 million.

**EMPLOYEES**

As at 30 September 2005, the number of employees within the Group was 511 (2004: 463).

**OUTLOOK**

As communicated on 29 September, as result of continued strong business performance, the business targets for the 2005 financial year announced in February will be surpassed. The third quarter results provide further evidence to support this statement.

CENIT Aktiengesellschaft Systemhaus

Consolidated Balance Sheet prepared in accordance with IFRS (unaudited)

for the period from January 1 to September 30, 2005

in EUR '000	September 30, 2005	Dec. 31, 2004
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
Intangible assets	99	124
Property, plant and equipment	1.403	1.222
	<b>1.502</b>	<b>1.346</b>
<b>DEFERRED TAX ASSETS (long-term)</b>	<b>94</b>	<b>92</b>
<b>CURRENT ASSETS</b>		
Inventories	2.202	1.595
Trade receivables	9.598	10.574
Tax receivables	13	16
Other receivables	76	100
Securities	12.997	2.988
Cash and cash equivalents	4.307	11.696
Prepaid expenses	278	67
	<b>29.471</b>	<b>27.036</b>
	<b>31.067</b>	<b>28.474</b>



**CENIT Aktiengesellschaft Systemhaus**

Consolidated Balance Sheet prepared in accordance with IFRS (unaudited)

for the period from January 1 to September 30, 2005

in EUR '000	Sept. 30, 2005	Dec. 31, 2004
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Subscribed capital	4.184	4.184
Capital reserve	448	418
Foreign currency reserve	-142	-115
Revenue reserves	5.039	1.239
Net income/loss of the Group	7.725	8.192
Minority Interests	37	37
	<b>17.291</b>	<b>13.955</b>
<b>LIABILITIES (long-term)</b>		
Deferred tax liabilities	181	312
Long-term liabilities to banks	0	0
	<b>181</b>	<b>312</b>
<b>LIABILITIES (short-term)</b>		
Short-term liabilities to banks	774	2.183
Trade payables	2.249	1.817
Other liabilities	7.896	7.837
Tax Provisions	2.441	2.101
Other Provisions	187	122
Deferred Income	48	147
	<b>13.595</b>	<b>14.207</b>
	<b>31.067</b>	<b>28.474</b>

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

in EUR '000		Sept. 30, 2005	September 30, 2004
<b>1. Sales</b>		<b>54.510</b>	<b>50.950</b>
2.Changes in inventories in finished goods and work in process		364	962 *
Total operating performance		54.874	51.912
3. Other operating income		523	1.100 *
Operating performance		55.397	53.012
4. Cost of materials	16.627		18.694 *
<b>Gross profits</b>		<b>38.777</b>	<b>34.318</b>
5. Personnel expenses	23.176		21.573
6. Amortization of intangible assets and depreciation on property, plant and equipment	582		498
7. Other operating expenses	8.465		8.319 *
		48.851	49.084
<b>Operating result</b>		<b>6.546</b>	<b>3.930</b>
8. Other interest and similar income	175		100
9. Amortization of financial assets and securities classified as current assets	-247		0
10. Interest and similar expenses	42		47
		-114	54
<b>Result of ordinary activities</b>		<b>6.432</b>	<b>3.983</b>
12. Income taxes	1.843		1.011
		1.843	1.011
<b>15. Net income/loss of the Group</b>		<b>4.588</b>	<b>2.972</b>
13. Net loss for the period before minority interests		4.587	2.972
14. Minority interests		1	0
Earnings per share (undiluted) in EUR		1,10	0,71
Earnings per share (diluted) in EUR		1,07	0,71

\*changed inclosure

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

in EUR '000	3rd Quarter, 2005		3rd Quarter, 2004
<b>1. Sales</b>		<b>19.600</b>	<b>18.610</b>
2.Changes in inventories in finished goods and work in process		-482	281 *
Total operating performance		19.118	18.891
3. Other operating income		167	411 *
Operating performance		19.285	19.303
4. Cost of materials	6.134		7.507 *
<b>Gross profits</b>		<b>13.151</b>	<b>11.796</b>
5. Personnel expenses	7.567		6.806
6. Amortization of intangible assets and depreciation on property, plant and equipment	187		146
7. Other operating expenses	2.707		2.682 *
		16.595	17.141
<b>Operating result</b>		<b>2.690</b>	<b>2.160</b>
8. Other interest and similar income	51		34
9. Amortization of financial assets and securities classified as current assets	-325		0
10. Interest and similar expenses	34		9
		-309	25
<b>Result of ordinary activities</b>		<b>2.381</b>	<b>2.185</b>
11. Extraordinary result		0	0
12. Income taxes	280		666
		280	666
<b>15. Net income of the Group</b>		<b>2.102</b>	<b>1.519</b>
13. Net loss for the period before minority interests		2.101	1.519
14. Minority interests		1	0
Earnings per share (undiluted) in EUR		0,50	0,36
Earnings per share (diluted) in EUR		0,49	0,36

\*changed inclosure

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

in EUR '000	Sept. 30,2005	Sept. 30,2004
<b>Cash flow from operating activities</b>		
Earnings before income taxes and deferred taxes	6.432	3.983
Adjusted for:		
Amortization of intangible assets and depreciation of property, plant and equipment	582	498
Amortization of intangible assets	0	0
Loss on the disposal of fixed assets	3	-15
Dividend Income	-373	
Other non-cash expenses and income	-261	-362
In/Decrease of provisions	-7	0
Interest income	-175	-100
Interest and similar expenses	42	47
<b>Operating result before changes to net working capital</b>	<b>6.243</b>	<b>4.052</b>
Increase/decrease in trade receivables and other assets	792	2.346
Increase/decrease in inventories	-607	-1.633
Increase/decrease in trade liabilities, other short term provisions and liabilities	-743	-1.970
<b>Cash flow from ordinary operations</b>	<b>5.685</b>	<b>2.795</b>
Cash paid for interest and similar expenses	-42	-47
Cash received for interest	208	100
Dividend Income	373	
Cash paid for income taxes	-1.635	0
<b>Net cash received from operating activities</b>	<b>4.589</b>	<b>2.848</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	-741	-447
Proceeds from the disposal of property, plant and equipment	0	0
Decrease of fixed assets carrying amount	-3	
Increase in other loans		0
<b>Net cash paid for investing activities</b>	<b>-744</b>	<b>-447</b>
<b>Cash flow from financing activities</b>		
Equity finance	30	
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
<b>Net cash paid for investing activities</b>	<b>-1.225</b>	<b>-240</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>2.620</b>	<b>2.161</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>14.684</b>	<b>7.152</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>2.620</b>	<b>2.161</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>17.304</b>	<b>9.313</b>

CENIT Aktiengesellschaft Systemhaus

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

for the period from January 1 to September 30, 2005

in EUR '000	Subscribed capital	Capital reserve	Currency reserve	Revenue reserve	Net result of the Group	Convertible bonds	Total
<b>as of January 1,2004</b>	<b>4.184</b>	<b>418</b>	<b>-122</b>	<b>1.239</b>	<b>4.340</b>	<b>0</b>	<b>10.059</b>
Minority share of waiver of receivable			3		-36	33	0
Currency fluctuation			4				4
Net income for the Group					3.888	4	3.892
<b>as of Dec. 31,2004</b>	<b>4.184</b>	<b>418</b>	<b>-115</b>	<b>1.239</b>	<b>8.192</b>	<b>37</b>	<b>13.955</b>
Transfers to revenue reserves				3.800	-3.800		0
Capital reserve share option rights		30		0			30
Changes in equity interest in					-1.255	0	-1.255
Currency change			-27				-27
Net income for the Group					4.588	0	4.588
<b>Sept. 30,2005</b>	<b>4.184</b>	<b>448</b>	<b>-142</b>	<b>5.039</b>	<b>7.725</b>	<b>37</b>	<b>17.291</b>

CENIT Aktiengesellschaft Systemhaus

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

for the period from January 1 to September 30, 2005

in EUR '000	EB	EE	not allocated	Continuing Operations	Discontinuing Operations not allocated	Group
<b>Sales to third parties</b>						
Q1 - Q3 2005	18,940	35,570	0	54,510	0	54,510
Q1 - Q3 2004	17,085	33,865	0	50,950	0	50,950
<b>EBIT</b>						
Q1 - Q3 2005	2,064	4,482	0	6,546	0	6,546
Q1 - Q3 2004	1,521	2,424	0	3,945	-15	3,930
<b>Interest</b>						
Q1 - Q3 2005	0	0	-114	-114	0	-114
Q1 - Q3 2004	0	0	54	54	0	54
<b>Taxes</b>						
Q1 - Q3 2005	0	0	-1,843	-1,843	0	-1,843
Q1 - Q3 2004	0	0	-1,011	-1,011	0	-1,011
<b>Net Income/loss of the group</b>						
Q1 - Q3 2005	2,064	4,482	-1,958	4,588	0	4,588
Q1 - Q3 2004	1,521	2,424	-958	2,987	-15	2,972
<b>Segment assets</b>						
Sep 30, 2005	4,906	8,750	17,411	31,067	0	31,067
Dec 31, 2004	4,973	8,709	14,792	28,474	0	28,474
<b>Segment liabilities</b>						
Sep 30, 2005	4,168	6,212	3,396	13,776	0	13,776
Dec 31, 2004	3,215	6,708	4,596	14,519	0	14,519
<b>Capital expenditure</b>						
Sep 30, 2005	166	575	0	741	0	741
Dec 31, 2004	145	568	0	713	0	713
<b>Amortization &amp; depreciation</b>						
Q1 - Q3 2005	119	463	0	582	0	582
Q1 - Q3 2004	112	386	0	498	0	498

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 September 30, 2005**

in EUR `000	D	CH	USA	not allocated	Consolidation	Group
<b>Intercompany Sales</b>						
Q1 - Q3 2005	428	378	3	0	-809	0
Q1 - Q3 2004	482	289	99	0	-870	0
<b>Sales to third parties</b>						
Q1 - Q3 2005	52,875	499	1,136	0	0	54,510
Q1 - Q3 2004	49,414	880	656	0	0	50,950
<b>Segment assets</b>						
Sep 30, 2005	13,345	161	252	17,411	-102	31,067
Dec 31, 2004	13,492	186	198	14,792	-194	28,474
<b>Capital expenditure</b>						
Sep 30, 2005	723	-2	20	0	0	741
Dec 31, 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 of the company have 12.000 share option rights.

CENIT employees have also 91.500 share option rights.

#### **Directors' Holding: Number of shares as at September 30, 2005**

Total Number of Shares                      4.183.879

#### **Shares owned by the Executive Board:**

Hubertus Manthey                              150.508

Christian Pusch                                      2.350

Andreas Schmidt                                  198.496

#### **Shares owned by the Supervisory Board:**

Falk Engelmann                                      160.000

Hubert Leypoldt                                      800

Dr. Dirk Lippold                                      0