

3-Months Report 2004

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

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 March 31, 2004

in Mill. EUR	March 31, 2004	March 31, 2003
Sales	14,45	15,74
Gross profits	10,98	9,99
EBITDA	0,78	-0,25
Operating returns (EBIT)	0,60	-0,50
EBT	0,61	-0,54
Group results	0,51	-0,53
Result per share (basic) in EURO	0,12	-0,13
Result per share (diluted) in EURO	0,12	-0,13
Number of employees at end of period	453	412
Gross profit margin in %	3,54%	-3,40%
in Mill. EUR	March 31, 2004	December 31, 2003
Equity in ratio	51,31%	41,42%
Equity	10,61	10,06
Liabilities	10,07	14,23
Balance sheet total	20,67	24,29

LETTER TO SHAREHOLDERS

Dear Shareholders, Business Partners, Customers and Interested Parties

CENIT's medium and long-term outlook in the market for Product Lifecycle Management and Enterprise Content Management is seen to be extremely positive by many analysts. The demand for consulting services is likely to continue to grow on the back of the corporate trend toward the cross-company networking of business processes. As CENIT has focused on the two market leaders Dassault and SAP, CENIT's services business will most probably continue to participate in this success. However, CENIT's other pillar, the e-business segment, has also developed favorably.

Financial service providers in particular are abandoning the caution that was still very noticeable in 2002 in investing in software solutions for Enterprise Content Management. CENIT's e-business division already benefited from this turnaround in the 2003 financial year. At the same time, this market has consolidated rapidly. The main competitors of FileNet, our long-standing software associate in this market, have departed from the market or are in a difficult situation. We plan to – and will – profit further from this development.

Finally, our share is developing as favorably as the company figures that we are presenting to you today. With a share performance that has risen from EUR 6.60 at the start of the year to EUR 16 in the first 3 months of 2004, CENIT is one of the top performers in the Prime Standard of the German stock exchange and Stuttgart stock exchange's Gate-M. We also succeeded in increasing our EBIT margin to 4.2 percent and, for the first time since the founding of the company, posted a clear consolidated profit for the first quarter. The first-quarter performance shows the sustained effect of the successful turnaround. As a result, we continue to remain optimistic about the current financial year, despite the difficult market situation.

The Executive Board

MANAGEMENT REPORT

In their spring report, published for the German government in April, the six German economic research institutes anticipate economic growth of 1.5% for this year and the following year respectively. Although this would be considerably more than in the previous years, it would amount to less than half of the growth forecast for the world economy. It is above all private consumption, the "Achilles heel" of the economy, that is flagging behind the general trend. "Consumer uncertainty, both subjective and objective, remains high" and is having a negative impact on the slight growth taking place. The 100-page expert opinion says that although "the German economy is slowly awaking from its slumber, Germany will profit less strongly than possible from the upswing in the global economy. And this despite the fact that the conditions for a strong upturn do in fact exist." In the euro zone, the GDP looks set to increase by 1.6 percent this year and by 2.0 percent in 2005, according to other forecasts made by the institutes.

Prospects for the Information Technology market are similar. Even so, BITKOM expects this market to reach the growth it has forecast. For the current year, BITKOM estimates market growth of 2.5% to EUR 131.4 billion and for 2005 a gain of 3.7% to EUR 136.3 billion.

In the PLM markets, which are especially important for CENIT, renowned market analysts such as CIMData prophesize a strong increase in the Software and Service division for 2004.

EARNINGS REVIEW

In the first quarter of 2004, CENIT continued its positive development and posted a Group-wide profit at the start of the year for the first time in its history. We have, therefore, not only confirmed our steady performance in the divisions Product Lifecycle Management Consulting, Outsourcing Services and Document Management Solutions, but also decisively and sustainably expanded on our trend. For the coming months, we expect the trend in earnings and sales to remain favorable. Although hardware sales continue to decline, we have managed to increase consulting business by 28%. An EBIT margin of 4.2% underlines this trend. This margin was at minus 2.9% as recently as last year.

Consolidated sales at CENIT reached EUR 14.45 million (2003: EUR 15.74 million/-8%). By contrast, Group gross profit rose 10% to EUR 10.98 (2003: EUR 9.99 million). A clear signal for the continuation of the positive trend in the consulting business. EBITDA for the Group amounted to EUR 0.78 million (2003: EUR -0.25 million/412%). For the first time since the founding of the Group, first quarter EBIT is EUR 0.60 million in the black (2003: EUR -0.50 million/220%). Group EBT was at EUR 0.61 million (2003: EUR -0.54 million/213%). Group EPS amounted to EUR 0.12 EUR (2003: EUR -0.13/192%) undiluted.

Group cash flow from operating activities totaled EUR 2.17 million. The Group's total assets fell from EUR 24.29 million to EUR 20.67 million. The equity ratio improved from 41% in 2003 to 51%. At the end of the period under review, equity was at EUR 10.61 million (12.31.2003: EUR 10.06 million). Short-term borrowings from banks include only a goods financing loan of EUR 1.31 million (12.31.2003: EUR 3.25 million). At 3.31.2004, cash and cash equivalents totaled EUR 9.13 million (12.31.2003: EUR 7.15 million).

CENIT remained on a successful course in its core market of Germany and posted sales of EUR 14.15 million (2003: EUR 15.21 million/-7%). EBITDA climbed to EUR 0.87 million (2003: EUR 0.75 million/16 %). EBIT again rose by 47% and reached EUR 0.72 million (2003: EUR 0.49 million). EBT stood at EUR 0.73 million (2003: EUR 0.49 million/49%).

ADDITIONAL EXPLANATORY NOTES

There were no changes in accounting policies.

Exception: Compared with the previous review period (offsetting with the changes in inventory), the sales revenue was offset by the amount of the already billed invoices. For reasons of objective comparability, the previous year's figures were adjusted accordingly.

DEVELOPMENT OF COSTS

Operating costs developed in accordance with our financial planning and were reduced by 13% compared with 2003.

CAPITAL EXPENDITURE

Capital expenditure in the first 3 months of 2004 amounted to EUR 0.15 million (12.31.2003: EUR 0.68 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% of total revenue was attributable to the Company's e-engineering business unit, and approx. 30% 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

Compared with the first 3 months 2003, CENIT saw incoming orders rise by 14% to EUR 27 million in the first quarter 2004. As at 3.31.2004, the volume of orders in hand totaled EUR 24 million, up 30% on the previous figure.

ORDERS OF PARTICULAR SIGNIFICANCE

None

EQUITY INVESTMENTS

CENIT Switzerland achieved earnings before interest and tax (EBIT) of EUR minus 0.02 million on unconsolidated sales of EUR 0.7 million. CENIT North America achieved sales of EUR 0.2 million and EBIT of minus EUR 0.04 million.

CASH, CASH EQUIVALENTS AND SECURITIES

As at 31 March, 2004, cash and cash equivalents, including marketable securities, amounted to EUR 9.13 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 20.67 million. Trade receivables stood at EUR 5.1 million. Cash flow from operating activities at CENIT was EUR 2.2 million. Staff costs for the Group rose 5 percent relative to the previous year.

EMPLOYEES

At 3.31.2004, the number of employees within the Group was 453 (2003: 547). In total, 437 people were employed in Germany, 5 in North America and 11 in Switzerland.

OUTLOOK

The improved orders situation and the consistently positive and solid earnings situation allow us to look forward optimistically to the rest of the year. This improvement is evident in our customers' increased consulting requirement for product development and manufacture and for business process optimization solutions. CENIT is responding to this increasing volume of orders with a targeted expansion of its workforce.

CENIT Aktiengesellschaft Systemhaus

Consolidated Balance Sheet prepared in accordance with IFRS (unaudited)

for the period from January 1 to March 31, 2004

in EUR '000	March 31, 2004	Dec. 31, 2003
ASSETS		
FIXED ASSETS		
Intangible assets	112	113
Property, plant and equipment	1.201	1.225
Intangible assets	0	0
	1.313	1.338
DEFERRED TAX ASSETS (long-term)	1.810	1.935
CURRENT ASSETS		
Inventories	2.789	1.855
Trade receivables	5.104	11.672
Tax receivables	8	7
Other receivables	10	96
Securities	2	2
Cash and cash equivalents	9.125	7.152
Prepaid expenses	511	231
	17.549	21.015
	20.672	24.288

CENIT Aktiengesellschaft Systemhaus

Consolidated Balance Sheet prepared in accordance with IFRS (unaudited)

for the period from January 1 to March 31, 2004

in EUR '000	March 31, 2004	Dec. 31, 2003
EQUITY AND LIABILITIES		
EQUITY		
Subscribed capital	4.184	4.184
Capital reserve	418	418
Foreign currency reserve	-86	-122
Revenue reserves	1.239	1.239
Net income/loss of the Group	4.852	4.340
	10.607	10.059
MINORITY INTERESTS	0	0
LIABILITIES (long-term)		
Deferred tax liabilities	455	485
Long-term liabilities to banks	192	240
	647	725
LIABILITIES (short-term)		
Short-term liabilities to banks	1.307	3.248
Trade payables	1.310	2.951
Other liabilities	6.239	6.699
Steuerrückstellungen	67	74
Provisions	255	297
	9.178	13.269
DEFERRED INCOME	240	235
	20.672	24.288

CENIT Aktiengesellschaft Systemhaus

Consolidated Income Statement prepared in accordance with IFRS (unaudited)

for the period from January 1 to March 31, 2004

in EUR '000	March 31, 2004		March 31, 2003
1. Sales		14.455	15.740 *
2.Changes in inventories in finished goods and work in process		1.742	597
Total operating performance		16.196	16.336
3. Other operating income		413	41
Operating performance		16.609	16.377
4. Cost of materials	5.631		6.390
5. Personnel expenses	7.510		7.138
6. Amortization of intangible assets and depreciation on property, plant and equipment	171		268
7. Other operating expenses	2.703		3.095
		16.014	16.892
Operating result		595	-515
8. Other interest and similar income	28		10
9. Amortization of financial assets and securities classified as current assets	0		0
10. Interest and similar expenses	17		30
		11	-21
Result of ordinary activities		606	-536
11. Extraordinary result		0	0
12. Taxes on income	95		0
		95	0
13. Net loss for the period before minority interests		511	-536
14. Minority interests		0	0
15. Net income/loss of the Group		511	-536
Earnings per share (undiluted) in EUR		0,12	-0,13
Earnings per share (diluted) in EUR		0,12	-0,13

CENIT Aktiengesellschaft Systemhaus
Consolidated Income Statement prepared in accordance with IFRS (unaudited)
for the period from January 1 to March 31, 2004

in EUR '000	1st Quarter, 2004		1st Quarter, 2003
1. Sales		14.455	15.740
2.Changes in inventories in finished goods and work in process		1.742	597
Total operating performance		16.196	16.336
3. Other operating income		413	41
Operating performance		16.609	16.377
4. Cost of materials	5.631		6.390
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		16.014	16.892
Operating result		595	-515
8. Other interest and similar income	28		10
9. Amortization of financial assets and securities classified as current assets	0		0
10. Interest and similar expenses	17		30
		11	-21
Result of ordinary activities		606	-536
11. Extraordinary result		0	0
12. Taxes on income	95		0
		95	0
13. Net loss for the period before minority interests		511	-536
14. Minority interests		0	0
15. Net income/loss of the Group		511	-536
Earnings per share (undiluted) in EUR		0,12	-0,13
Earnings per share (diluted) in EUR		0,12	-0,13

CENIT Aktiengesellschaft Systemhaus
Consolidated Statement of Cash Flows prepared in accordance with IFRS (unaudited)
for the period from January 1 to March 31, 2004

in EUR '000	March 31,2004	March 31,2003
Cash flow from operating activities		
Earnings before income taxes and deferred taxes	606	-536
Adjusted for:		
Amortization of intangible assets and depreciation of property, plant and equipment	171	268
Amortization of intangible assets	0	17
Loss on the disposal of fixed assets	2	0
Extraordinary amortization/depreciation and loss from the disposal of deconsolidated companies		
Other non-cash expenses and income	4	
In/Decrease of longterm provisions	-253	
Interest income	-28	-10
Interest expenses	17	31
Operating result before changes to net working capital	519	-230
Increase/decrease in trade receivables and other assets	6.653	7.569
Increase/decrease in inventories	-934	1.682
Increase/decrease in trade liabilities	-1.641	-4.225
Other short-termprovisions and liabilities	-2.445	-2.156
Cash flow from ordinary operations	2.152	2.640
Cash paid for interest	-17	-31
Cash received for interest	28	10
Cash paid for income taxes	5	
Net cash received from operating activities	2.168	2.619
Proceeds from extraordinary items		
Cash payments from restructuring items (Assumption of liabilities)		
Net cash received from operating activities	2.168	2.619
Cash flow from investing activities		
Formation of subsidiaries that are not consolidated		
Purchase of property, plant and equipment and intangible assets	-147	621
Proceeds from the disposal of property, plant and equipment		
Decrease of fixed assets carrying amount		
Increase in other loans		-17
Net cash paid for investing activities	-147	604
Cash flow from financing activities		
Equity finance		
Payment for shareholder		
Cash proceeds (+) from bank loans		
Cash payments (-) from long-term bank loans	-48	-4.070
Change in convertible bond	0	-1
Net cash paid for investing activities	-48	-4.071
Net increase/decrease in cash and cash equivalents	1.973	-848
Cash and cash equivalents at the beginning of the period	7.152	2.450
Net increase/decrease in cash and cash equivalents	1.973	-848
Effect on cash and cash equivalents of changes in exchange rates		4
Cash and cash equivalents at the end of the period	9.125	1.606

CENIT Aktiengesellschaft Systemhaus

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

for the period from January 1 to March 31, 2004

	Subscribed capital	Capital reserve	Currency reserve	Revenue reserve	Net result of the Group	Treasury shares	Total
in EUR '000							
as of January 1,2003	4.184	23.350	-90	3.953	-22.613	-511	8.273
Transfers to revenue reserves		-22.932		-2.714	22.932 2.714		22.932
Changes in equity interest in convertible bonds				0			0
Veräußerung eigene Anteile					-429	511	82
Currency change			-32				-32
Net income for the Group					1.736		1.736
as of Dec. 31,2003	4.184	418	-122	1.239	4.340	0	10.059
Transfers to revenue reserves							0
Changes in equity interest in convertible bonds				0			0
Veräußerung eigene Anteile			0				0
Currency change			36				36
Net income for the Group					512		512
as of Dec. 31,2004	4.184	418	-86	1.239	4.852	0	10.607

CENIT Aktiengesellschaft Systemhaus

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

for the period from January 1 to March 31, 2004

in EUR `000	EB	EE	not allocated	Group
Sales to third parties				
Q1 2004	4,431	10,024	0	14,455
Q1 2003	3,434	12,306	0	15,740
Gross Margin				
Q1 2004	2,931	8,047	0	10,978
Q1 2003	2,741	7,246	0	9,987
EBIT				
Q1 2004	168	427	0	595
Q1 2003	-412	-103	0	-515
Interest				
Q1 2004	0	0	11	11
Q1 2003	0	0	-21	-21
Taxes on income & deferred				
Q1 2004	0	0	-95	-95
Q1 2003	0	0	0	0
Net Income/loss of the group				
Q1 2004	168	427	-84	511
Q1 2003	-412	-103	-21	-536
Segment assets				
31.03.2004	2,415	7,312	10,945	20,672
31.12.2003	5,435	9,757	9,096	24,288
Segment liabilities				
31.03.2004	2,715	5,329	2,021	10,065
31.12.2003	3,143	7,039	4,047	14,229
Capital expenditure				
31.03.2004	22	125	0	147
31.12.2003	95	580	0	675
Amortization & depreciation				
Q1 2004	40	131	0	171
Q1 2003	90	178	0	268

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, 2004

in EUR '000	D	CH	USA	Other	Consolidation	Group
Intercompany Sales						
Q1 2004	181	92	27	0	-300	0
Q1 2003	272	44	0	0	-316	0
Sales to third parties						
Q1 2004	13,971	350	134	0	0	14,455
Q1 2003	14,967	579	194	0	0	15,740
Segment assets						
31.03.2004	20,299	449	341	38	-455	20,672
31.12.2003	23,908	754	332	37	-743	24,288
Capital expenditure						
31.03.2004	145	1	1	0	0	147
31.12.2003	643	7	25	0	0	675

CENIT Aktiengesellschaft Systemhaus
ASSETS CENIT Germany (with HGB) unaudited
for the period from January 1 to March 31, 2004

in EUR '000	March 31, 2004	Dec. 31, 2003
ASSETS		
A. FIXED ASSETS		
I. Intangible assets		
Franchises, industrial rights and similar rights and assets and licenses in such rights and assets	103	103
II. Property, plant and equipment		
1. Buildings on third-party land	445	463
2. Technical equipment and machines	525	505
3. Other equipment, furniture and fixtures	122	134
III. Financial assets		
Shares in affiliated companies	28	28
	1.223	1.233
B. CURRENT ASSETS		
I. Inventories		
1. Work in progress	2.082	540
2. Merchandise	543	1.313
II. Receivables and other assets		
1. Trade receivables	4.831	11.062
2. Receivables from affiliated companies	262	178
3. Other assets	17	89
III. Securities		
1. Treasury shares	2	2
2. Other securities		
IV. Cash on hand, bank balances and checks	8.843	6.639
	16.580	19.823
C. PREPAID EXPENSES	365	217
	18.168,00	21.273,00

CENIT Aktiengesellschaft Systemhaus

EQUITY AND LIABILITIES CENIT Germany (with HGB) unaudited

for the period from January 1 to March 31, 2004

in EUR '000	March 31, 2004	Dec.31.2003
EQUITY AND LIABILITIES		
A. EQUITY		
I. Subscribed capital	4.184	4.184
Conditional capital: EUR 380,000.00 (prior year: EUR 380)		
II. Capital reserve	418	418
III. Revenue reserves		
1. Reserve for treasury shares		
2. Other revenue reserves	1.155	1.155
IV. Retained earnings	735	0
	6.492	5.757
B. ACCRUALS		
1. Tax accruals	62	62
2. Other accruals	4.766	6.265
	4.828	6.327
C. LIABILITIES		
1. Liabilities to banks	1.499	3.488
2. Payments received on account of orders	831	636
3. Trade payables	1.284	2.875
4. Liabilities to affiliated companies	75	65
5. Other liabilities	2.919	1.894
thereof for social security: EUR 703,928.32 (prior year EUR 579 k)		
thereof for taxes: EUR 1,727,353.10 (prior year EUR 1,139 k)		
	6.608	8.958
D. DEFERRED INCOME	240	231
	18.168	21.273

CENIT Aktiengesellschaft Systemhaus, Stuttgart

PROFIT AND LOSS CENIT Germany (with HGB) unaudited

for the period from January 1 to March 31,2004

in T EUR	March 31, 2004		March 31, 2003
1. Sales		14.151	15.213
2. Increase/decrease in work in process		1.607	597
Total operating performance		15.758	15.809
3. Other operating income		490	109
Operating performance		16.248	15.918
4. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	4.590		6.021
b) Cost of purchased services	993		364
		5.583	6.385
5. Personnel expenses			
a) Wages and salaries	6.015		5.812
b) Social security	1.145		1.005
		7.160	6.817
6. Amortization and depreciation			
a) on intangible assets and property, plant and equipment	153		250
b) on current assets in excess of depreciation which is customary for the company			
7. Other operating expenses	2.631		2.537
		15.527	15.989
Operating result		721	-71
8. Other interest and similar income	31		26
9. Amortization of financial assets and securities classified as current assets	0		569
10. Interest and similar expenses	17		31
		14	565
Result of ordinary activities		735	494
11. Extraordinary result		0	0
12. Income taxes	0		0
13. Other taxes	0		10
		0	10
14. Net income for the year		735	484
EBITDA		874	749
EBIT		721	498

CENIT Aktiengesellschaft Systemhaus, Stuttgart

Consolidated Income Statement prepared in accordance (with HGB) unaudited

for the period from 1 to March 31,2004

in T EUR	1st Quarter,2004		1st Quarter,2003
1. Sales		14.151	15.213
2. Increase/decrease in work in process		1.607	597
Total operating performance		15.758	15.809
3. Other operating income		490	109
Operating performance		16.248	15.918
4. Cost of materials			
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b) Cost of purchased services	993		364
		5.583	6.385
5. Personnel expenses			
a) Wages and salaries	6.015		5.812
b) Social security	1.145		1.005
		7.160	6.817
6. Amortization and depreciation			
a) on intangible assets and property, plant and equipment	153		250
b) on current assets in excess of depreciation which is customary for the company			
7. Other operating expenses	2.631		2.537
		15.527	15.989
Operating result		721	-71
8. Other interest and similar income	31		26
9. Amortization of financial assets and securities classified as current assets	0		569
10. Interest and similar expenses	17		31
		14	565
Result of ordinary activities		735	494
11. Extraordinary result		0	0
12. Income taxes	0		0
13. Other taxes	0		10
		0	10
14. Net income for the year		735	484
EBITDA		874	749
EBIT		721	498

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.

The employees of CENIT have subscription rights to 66,000 convertible bonds in accordance with employee equity programme

Directors´ Holding: Number of shares as at March 31,2004

Total Number of Shares 4.183.879

Shares owned by the Executive Board:

Hubertus Manthey 337.508

Christian Pusch 1.450

Andreas Schmidt 396.700

Shares owned by the Supervisory Board:

Falk Engelmann 201.500

Hubert Leypoldt 800

Dr. Dirk Lippold -