

6 Months Report 2008

CENIT AG Systemhaus

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The logo for CENIT, consisting of the letters 'CENIT' in a bold, sans-serif font, oriented vertically on the right side of the page.

CENIT AT A GLANCE (unaudified)		
At a glance - January 1 until June 30, 2008		
in Mill. EUR	June 30, 2008	June 30, 2007
Sales	34,28	38,05
Gross profits	28,25	29,49
EBITDA	1,43	5,21
Operating returns (EBIT)	0,87	4,68
EBT	1,12	4,95
Netincome of the group	1,00	3,11
Result per share (basic) in EURO	0,12	0,36
Result per share (diluted) in EURO	0,12	0,36
Number of employees at end of period	687	578
EBIT - Margin	2,5%	12,3%
Profit - Margin	2,9%	8,2%
in Mill. EUR	June 30, 2008	December 31, 2007
Equity in ratio	63%	72%
Equity	23,06	26,18
Liabilities	13,64	10,43
Balance sheet total	36,70	36,61

RESPONSIBILITY STATEMENT

RESPONSIBILITY STATEMENT (“BILANZEID”) IN THE 6 MONTHS REPORT (“HALBJAHRESBERICHT”)

Statement according to section 37y no. 1 of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) in conjunction with sections 297 (2) sentence 3 and 315 (1) sentence 6 of the *Handelsgesetzbuch* (HGB – German Commercial Code):

“To the best of our knowledge, and in accordance with the applicable reporting principles, the 6 Months Report gives a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.”

The Board

August 2008

GROUP SITUATION REPORT

OVERALL ECONOMIC SITUATION AND SECTOR CLIMATE

The first half-year of 2008 ended with a negative mood at the financial markets. At the same time, the ZEW cyclical trend expectations decreased by 11.5 points, reaching a minus 63.9 points as the Mannheim-based Zentrum für Europäische Wirtschaftsforschung (ZEW) stated. This is the lowest score since this survey was started in December 1991. “The high oil price, the strong Euro, the financial crisis in Europe, the increase of the prime rate through the European Central Bank and the low national consumption request will have a negative impact on German companies in the next six months”, was one of the statements in the monthly survey among approximately 300 stock exchange specialists. The main difficulty would show especially in the repeatedly declining incoming orders. In face of the drop in orders in the mechanical engineering sector, experts now even lowered expectations for this so far economically strong industry.

Nevertheless the mood in the hightech-sector is predominantly confident. 62 per cent of the companies expect increased gross profits while only 15 per cent are expecting a decrease. These are the results of the current quarterly survey of the Bundesverband Informationswirtschaft, Telekommunikation und neue Medien (BITKOM) in the ITK-sector. However, the dynamics have slowed down in certain market segments after a positive beginning of the year. In synch with the Ifo-cyclical index, the BITKOM industry index decreased by 4 points to 36 points in the second quarter.

The largest obstacle for the sector is, in certain market segments, still the lack of qualified staff. 58 per cent of all companies state, that the shortage of skilled staff is slowing down business activities. In face of the insecure cyclical outlook in the US, Europe and in Germany experts are still giving moderate statements for investment measures.

GROUP SITUATION REPORT

cautious global economic cyclical trend our customer segment shows a strong investment decline. Thus, our customers did not finalize important expected software and service orders yet. Nevertheless, we could increase our incoming orders by 14% to approx. 52.3 m. € (06/2007: 46 m. €). The biggest order in CENIT's history was signed in May and thus the start date for the service order was set on July 2008. This start was successfully implemented. At the same time, the necessary international recruiting of new staff is going along as expected which leads to increased expenses for newly-hired qualified specialists. The number of employees Group-wide increased by 19% from 578 to 687. Thus, personnel expenditures increased by 1.4 m. € compared to the previous year. We also decided upon seizing our hardware business activities earlier than expected. CENIT's declining hardware sector was fully restructured and outsourced to an experienced hardware distributor that will now offer these services to CENIT's existing customers. On another note, our international subsidiaries show continuously positive development. And the newly acquired cad scheffler GmbH is well integrated after only 6 months as part of the Group and now contributes positively to the Group's turnover and result.

OVERVIEW OF 2nd QUARTER FIGURES

After 6 months, Group-wide sales contracted by 10% to 34.28 m. € (06/2007: 38.05 m. €). The gross profit decreased by 4% to 28.25 m. € (06/2007: 29.49 m. €). EBITDA attained 1.43 m. € (06/2007: 5.21 m. € / -73%). EBIT for the reporting period were at 0.87 m. € (06/2007: 4.68 m. € / -81%). The pre-tax result EBT reached 1.12 m. € (06/2007: 4.95 m. € / -77%). The net profit was 1.00 m. € (06/2007: 3.11 m. € / -68%). Group EPS (earnings per share) thus reached 0.12 € per share (06/2007: 0.36 € / -67%). The operative cashflow attained 1.47 m. € (06/2007: 6.26 m. € / -77%). On balance-sheet date, the total of bank deposits and securities including current assets amounted to 10.03 m. € (31.12.2007: 18.3 m. €) – after the deduction of the dividend distribution of 4.2 m. € and the acquisition of cad scheffler GmbH that totaled 2.43 m. €. The company is still dear of bank liabilities. Incoming orders increased by 14% to 52.3 m. € (06/2007: 46 m. €).

GROUP SITUATION REPORT

BREAKDOWN OF EARNINGS

The sales volume in the service sector showed a rise by 5% to a current 23.24 m. € (06/2007: 22.16 m. €), making it the strongest contributor to sales with a share of 68%. Sales of CENIT software amounted to 4.51 m. € (06/2007: 5.96 m. € / -24 %) during the first 6 months of the current business year. This means, approx. 13% of total sales can be attributed to CENIT's own software. Sales of third party software increased by 16% to 4.66 m. € (06/2007: 4.03 m. €), thus amounting for 14% of total sales. Hardware business decreased by 68% to 1.88 m. € (06/2007: 5.90 m. €), equaling approx. 5% of CENIT's total sales.

HOLDINGS – FOREIGN SUBSIDIARIES

CENIT (Switzerland) AG achieved sales of 1.9 m. € (06/2007: 1,6 m. €), with EBIT at 1.00 m. € (06/2007: 0,8 m. €).

CENIT North America Inc. was able to achieve sales of 2.7 m. € (06/2007: 2,6 m. €), attaining EBIT of 0.1 m. € (06/2007: 0,4 m. €).

CENIT SRL attained sales amounting to 0.4 m. € and EBIT of 0.16 m. €.

CENIT France achieved sales of 0.13 m. € and EBIT of 0.02 m. €.

cad scheffler, the company integrated into CENIT Group in January 2008, has achieved sales of 1.29 m. € and EBIT of 0.24 m. €.

DEVELOPMENT OF COSTS

Other business-related expenditures have developed as projected and increased by approximately 1.14 m. € to 8.41 m. €.

INVESTMENTS

Investments during the first 6 months of 2008 amounted to 2.8 Mio. € (06/2007: 0.8 Mio. €), whereof 1.17 m. € are attributed to the capital assets of cad scheffler GmbH and 0.78 m. € to the acquired customer base. The entire purchase price for cad scheffler GmbH amounted to 2.43 m. €. All other investments are due to replacement acquisitions.

GROUP SITUATION REPORT

CHANGES IN COMPOSITION OF EXECUTIVE AND SUPERVISORY BOARDS

At this year's General Shareholders' Meeting, the new Supervisory Board was elected. During the following first constituent meeting of the Supervisory Board, Andreas Schmidt, graduate engineer and former founder and Executive Board member of CENIT, was elected chairman. Hubert Leypoldt will continue as deputy chairman. Furthermore, this year, CENIT's employees have elected head of department Andreas Karrer, graduate engineer, as Board representative of the staff.

The management would like to thank former Supervisory Board members Falk Engelmann, graduate engineer, and Dr. rer. pol. Dirk Lippold for their commitment of many years to the company's development and their performance of legal duties as supervisory committee. Both pass on their mandates on their own wish after having been members for years: Mr. Engelmann since 2002 and Mr. Lippold since 1998.

EVENTS OF SPECIAL SIGNIFICANCE WHICH COULD AFFECT THE BUSINESS RESULT

None

RISIK ANALYSIS

There was no inventory risk for the Group during the reporting period. For more information, please refer to the detailed risk analysis contained in the 2007 Annual Report.

INTERIM DIVIDEND

No interim dividend was paid out.

DIVIDENDS PAID OR PROPOSED FOR PAYMENT

The General Meeting on May 30, 2008 decided upon a dividend of 50 cents per share to be paid out to the shareholders, and that reserves be retained in the amount of 1.7 m. €. The dividend was paid out June 2, 2008.

GROUP SITUATION REPORT

NEW ORDERS

Group-wide order backlogs increased by 35% to 29.6 m. € (June 30, 2008: 22 m. €). Incoming orders increased by 14% and are now at 52.3 m. € (06/2007: 46 m. €).

ORDERS OF SPECIAL SIGNIFICANCE

CENIT recorded a key milestone in the company's history by signing the largest individual contract that the company has ever seen. CENIT received an order from EADS/Airbus in the double-digit million numbers that runs over 5 years.

LIQUID ASSETS AND SECURITIES

On the balance-sheet date, bank deposits and securities incl. current assets totaled 10.03 m. € (31.12.2007: 18.3 m. €).

ASSET, FINANCIAL AND EARNINGS SITUATION

The balance-sheet total was 36.7 m. €. Trade debtors and other assets totaled 16.21 m. €. As at June 30, 2008, the Group's net worth was approx. 23.06 m. € (31.12.2007: 26.2 m. €), with an equity ratio of 63% (31.12.2007: 72%). The operative cash flow was 1.47 m. € (31.03.2007: 6.26 m. €).

STAFF

On the balance-sheet date, CENIT employed a total of 687 staff world-wide (06/2007: 578). The staff pool grew by about 19%. About 70 vacant positions remain to be filled.

SUPPLEMENTARY REPORT, OPPORTUNITIES AND OUTLOOK

The result of operations was lower than expected due to low software sales especially in the PLM sector. However, on medium-term, we expect a reversal of the investment backlog and thus an improvement in the result and sales. Incoming orders of the Group increased by 14% and will thus have a positive influence on the future development. At the beginning of the third quarter 2008, the software sector showed increased activities. As an example, our EIM sector could achieve a turnover of approx. 0.4 m. € through one individual order.

Our customers show the tendency towards bigger and long-term service orders; therefore, our services sector should rise disproportionately. Our top priority is and will be for the next years set on the expansion of sales of CENIT software. Furthermore, we are looking into filling the vacant 70 job positions.

CENIT Aktiengesellschaft Systemhaus Consolidated Balance Sheet prepared in accordance with IFRS for the period from January 1 to June 30, 2008		
in EUR k	June 30, 2008	Dec. 31, 2007
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	1.365	250
Property, plant and equipment	2.870	1.760
Investment in an associate	51	52
Income tax receivables	632	634
	4.918	2.696
DEFERRED TAX ASSETS		
	0	0
NON-CURRENT ASSETS		
	4.918	2.696
CURRENT ASSETS		
Inventories	2.372	607
Trade receivables	16.207	13.715
Current income tax assets	2.432	893
Other receivables	271	254
Other financial assets at fair value through profit or loss	2.317	9.320
Cash and cash equivalents	7.712	8.995
Prepaid expenses	467	130
CURRENT ASSETS		
	31.778	33.914
TOTAL ASSETS		
	36.696	36.610

CENIT Aktiengesellschaft Systemhaus Consolidated Balance Sheet prepared in accordance with IFRS for the period from January 1 to June 30, 2008		
in EUR k	June 30, 2008	Dec. 31, 2007
EQUITY AND LIABILITIES		
EQUITY		
Issued capital	8.368	8.368
Capital reserve	1.058	1.058
Currency translation reserve	-312	-372
Legal reserve	418	418
Other revenue reserves	8.183	6.483
Net income of the Group attributable to the equity holders of CENIT	5.340	10.222
	23.055	26.177
Minority Interests	0	0
TOTAL EQUITY	23.055	26.177
NON-CURRENT LIABILITIES		
Deferred tax liabilities	509	256
CURRENT LIABILITIES		
Short-term liabilities to banks	0	0
Trade payables	4.026	3.432
Other liabilities	8.648	6.336
Current income taxes	397	273
Other provisions	60	136
Deferred income	0	0
	13.131	10.177
TOTAL EQUITY AND LIABILITIES	36.696	36.610

CENIT Aktiengesellschaft Systemhaus				
Consolidated Income Statement prepared in accordance with IFRS				
for the period from January 1 to June 30, 2008				
in EUR k	Erläuterung		June 30, 2008	June 30, 2007
1. REVENUE	E1		34.282	38.049
2. Increase/decrease in inventories of work in process			2.062	1.567
Total operating performance			36.344	39.616
3. Other operating income	E2		322	377
Operating performance			36.666	39.992
4. Cost of materials	E3	8.415		10.503
5. Personnel expenses	E4	19.344		17.943
6. Amortization of intangible assets and depreciation on property, plant and equipment	E5	555		528
7. Other operating expenses	E6	7.480		6.337
			35.794	35.311
NET OPERATING INCOME			871	4.681
8. Other interest and similar income	E7	156		86
9. Interest and similar expenses	E8	4		39
10. Result from financial instruments at fair value through profit or loss		99		218
			250	265
RESULT FROM ORDINARY ACTIVITIES			1.121	4.946
11. Income taxes	E9		121	1.840
12. NET INCOME OF THE GROUP FOR THE YEAR			1.000	3.106
13. thereof attributable to the equity holders of CENIT AG			1.000	3.102
14. thereof attributable to minority interests	E13		0	4
Earnings per share in EUR				
basic	E14		0,12	0,36
diluted	E14		0,12	0,36

CENIT Aktiengesellschaft Systemhaus Consolidated Income Statement prepared in accordance with IFRS for the period from April 1 to June 30, 2008			
in EUR k		2nd Quarter, 2008	2nd Quarter, 2007
1. REVENUE		18.467	20.443
2. Increase/decrease in inventories of work in process		255	55
Total operating performance		18.722	20.498
3. Other operating income		159	155
Operating performance		18.881	20.653
4. Cost of materials	4.417		6.802
5. Personnel expenses	9.802		8.743
6. Amortization of intangible assets and depreciation on property, plant and equipment	283		268
7. Other operating expenses	3.836		3.184
		18.338	18.997
NET OPERATING INCOME		543	1.657
8. Other interest and similar income	47		-93
9. Interest and similar expenses	2		2
10. Result from financial instruments at fair value through profit or loss	0		239
		45	145
RESULT FROM ORDINARY ACTIVITIES		588	1.801
11. Income taxes		42	695
12. NET INCOME OF THE GROUP FOR THE YEAR		546	1.106
13. thereof attributable to the equity holders of CENIT AG		546	1.102
14. thereof attributable to minority interests		0	4
Earnings per share in EUR			
basic		0,07	0,13
diluted		0,07	0,13

CENIT Aktiengesellschaft Systemhaus Consolidated Statement of Cash Flows prepared in accordance with IFRS for the period from January 1 to June 30, 2008		
in EUR k	June 30,2008	June 30,2007
Cash flow from operating activities		
Earnings before tax	1.121	4.946
Adjusted for:		
Amortization of intangible assets and depreciation of property, plant and equipment	555	528
Losses on disposals of non-current assets	2	2
Gains on disposals of non-current assets	0	0
Other non-cash expenses and income	-48	835
Change in other financial assets	-15	0
Interest income	-156	-86
Interest expenses	4	39
Net operating income before changes in net working capital	1.463	6.264
Increase/decrease in trade receivables and other current, non-monetary assets	-2.846	1.273
Increase/decrease in inventories	-1.765	-1.016
Increase/decrease in current liabilities and provisions	3.328	-3.045
Interest paid	-4	-39
Interest received	156	86
Income taxes paid	-1.662	-2.356
Net cash flow from operating activities	-1.330	1.168
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets		
Cash received from the disposal of property, plant and equipment	-607	-791
Investments	-2.167	0
Proceeds from the disposal of property, plant and equipment	0	0
Change in other financial assets that are not allocable to cash and cash equivalents	7.003	0
Net cash paid for investing activities	4.229	-791
Cash flow from financing activities		
Repayment of longterm bank loans	0	0
Dividends paid to shareholders	-4.184	-4.184
Change in convertible bond	0	0
Net cash paid for investing activities	-4.184	-4.184
Net increase/decrease in cash and cash equivalents	-1.283	-3.807
Cash and cash equivalents at the beginning of the period	8.995	15.667
Cash and cash equivalents at the end of the period	7.712	11.860

CENIT Aktiengesellschaft Systemhaus									
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IN ACCORDANCE WITH IFRS) (unaudited)									
as of June 30, 2008									
in EUR k	Equity allocable to the parent company's shareholders								
	Subscribed capital	Capital reserve	Currency translation reserve	Revenue reserve	Other revenue reserves	Group result per shareholder of CENIT AG	Group result	Minority interests	Total
As of January 1, 2007	8.368	863	-212	418	2.899	11.968	24.304	0	24.304
Exchange differences			-160				-160	-1	-161
Net income of the Group for the year						6.090	6.090	26	6.116
Total income recognized for the period	0	0	-160	0	0	6.090	5.930	25	5.955
Reversal of minority interests					56			56	56
Transfer from stock options		195					195		195
Dividend distribution						-4.184	-4.184	-27	-4.211
Allocations to other revenue reserves					3.652	-3.652	0		0
Put option minority interests as of Dec. 31, 2007					-124			-64	-188
As of December 31, 2007	8.368	1.058	-372	418	6.483	10.222	26.177	0	26.177
Currency fluctuation			60				60		60
Net income of the Group for the year						1.000	1.000		1.000
Total income recognized for the period			60			1.000	1.060		1.060
Dividend distribution						-4.184	-4.184		-4.184
Allocations to other revenue reserves					1.700	-1.700	0		0
As of June 30, 2008	8.368	1.058	-312	418	8.183	5.340	23.055	0	23.055

CENIT Aktiengesellschaft Systemhaus

Segment Reporting by Business Unit (in accordance with IFRS) for the Period from January 1 to Juni 30, 2008

in EUR k		EIM	PLM	not allocated	Group
External Sales	Q1 - Q2 2008	11.180	23.102		34.282
	Q1 - Q2 2007	14.619	23.430	0	38.049
EBIT	Q1 - Q2 2008	999	-128		871
	Q1 - Q2 2007	2.219	2.462	0	4.681
Share of profit of an associate	Q1 - Q2 2008	0	0	-1	-1
	Q1 - Q2 2007	0	0	0	0
Other interest and financial result	Q1 - Q2 2008	0	0	250	250
	Q1 - Q2 2007	0	0	265	265
Income Taxes	Q1 - Q2 2008	0	0	-121	-121
	Q1 - Q2 2007	0	0	-1.840	-1.840
Net income of the Group for the period	Q1 - Q2 2008	999	-128	129	1.000
	Q1 - Q2 2007	2.219	2.462	-1.575	3.106
Segment assets	Q1 - Q2 2008	5.595	17.895	13.155	36.645
	Q1 - Q2 2007	4.484	14.037	16.881	35.402
Investment in an associate	Q1 - Q2 2008	0	0	51	51
	Q1 - Q2 2007	0	0	0	0
Segment liabilities	Q1 - Q2 2008	4.026	8.648	966	13.640
	Q1 - Q2 2007	4.182	7.085	730	11.997
Investments in property, plant and equipment and intangible assets	Q1 - Q2 2008	212	395	0	607
	Q1 - Q2 2007	143	648	0	791
Amortization and depreciation	Q1 - Q2 2008	140	415	0	555
	Q1 - Q2 2007	135	393	0	528

EIM = Enterprise Information Management; PLM = Product Lifecycle Management

CENIT Aktiengesellschaft Systemhaus

Segment Reporting by Country (in accordance with IFRSs) for the Period from January 1 to June 30, 2008

in EUR k		Germany	CENIT DE	cad scheidler	Switzerland	North America	Romania	France	Not allocated	Consolidation	Group
Internal sales	Q1 - Q2 2008	1.129	1.129	0	874	171	420	129	0	-2.723	0
	Q1 - Q2 2007	706	706	0	982	145	34	0	0	-1.867	0
External sales	Q1 - Q2 2008	30.708	29.415	1.293	1.064	2.510	0	0	0	0	34.282
	Q1 - Q2 2007	34.924	34.924	0	592	2.457	76	0	0	0	38.049
Segment assets	Q1 - Q2 2008	23.379	21.835	1.544	3.241	1.687	139	3	13.155	-4.908	36.696
	Q1 - Q2 2007	17.690	17.690	0	1.562	1.315	86	0	16.881	-2.132	35.402
Investment in an associate	Q1 - Q2 2008	53	53	0	0	0	0	0	0	0	53
	Q1 - Q2 2007	0	0	0	0	0	0	0	0	0	0
Investment in property, plant and equipment and intangible assets	Q1 - Q2 2008	553	529	24	2	48	3	0	0	0	606
	Q1 - Q2 2007	713	713	0	7	18	53	0	0	0	791

INFORMATION ON SHARES AND OPTIONS HELD BY BOARD MEMBERS AND EMPLOYEES IN ACCORDANCE WITH § 160 para. 1 No. 2 AND 5 AktG

DIRECTORS' HOLDINGS

CENIT's Executive and Supervisory Boards hold subscription rights to 39,000 share options. CENIT employees hold subscription rights to 166,000 share options.

Directors' Holdings:

Share Portfolio as at 30.06.2008

Total number of shares: 8,367,758

Executive Board:

Kurt Bengel: 0
Christian Pusch: 0

Supervisory Board:

Andreas Schmidt: 191,792
Hubert Leypoldt: 1,600
Andreas Karrer: 0

Financial Calendar:

14.08.2008 III. IFF – Investment Forum Frankfurt
06.11.2008 Publication of 3rd quarter results