

9-Months Report 2003

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, 2003

in Mill. EUR	September 30, 2003	Sept. 30, 2002
Sales	46,12	67,63
Gross profits	30,15	39,58
EBITDA	0,91	1,24
Operating returns (EBIT)	0,12	-0,58
Group results (EBT)	0,05	-0,89
Result per share (basic) in EURO	0,01	-0,17
Result per share (diluted) in EURO	0,01	-0,17
Number of employees at end of period	436	574
Gross profit margin in %	0,12%	-1,09%
in Mill. EUR	September 30, 2003	December 31, 2002
Equity in ratio	44,61%	30,06%
Equity	8,28	8,27
Liabilities	10,28	19,25
Balance sheet total	18,56	27,52

LETTER TO SHAREHOLDERS

Dear Shareholders, Business Associates and Customers,

The persistent orientation towards profitability has returned CENIT to above-par earnings for the Group for the first time in almost three years. The sustainability of our positive earnings development is thereby continuing at an impressive rate and reflects very positive earnings in all regional companies. A solid level of incoming orders and very good utilisation in part in the business areas mean that we can look ahead with confidence to 2003 year-end business. Above all, we thus consolidated and expanded our market position in Product Lifecycle Management and Outsourcing respectively.

In addition to expanding the operating business and increasing profits, CENIT has devoted itself to cultivating investors, analysts and the press over the past few months. Alongside numerous individual discussions with potential institutional investors, two analysts' conferences in September proved to be very successful for us.

As a CENIT shareholder, you have inevitably noticed that the CENIT share has developed extremely positively. If the historic share development of CENIT is examined, it becomes clear that our share price has risen by approximately 30% in the past month. The share has demonstrated an increase of 125% over the past three months and growth of 370% after six months. Following an advance in the share price of 165% within the last 12 months, we are still reporting growth of 36% even when viewing the past two years retroactively. We believe that this pleasing development in the share price is due in part to the positive earnings performance, which continued in the third quarter of 2003.

Analysts continue to value the CENIT share with "Buy" recommendations. At the same time, we successfully arranged press coverage of upwards of 100 articles relating to CENIT, which document this positive trend. With this quarterly report, CENIT is highlighting its positive corporate development on a sustained basis and is regaining investors' trust in a healthy and promising company.

The Executive Office

MANAGEMENT REPORT

Although there are signs of the markets in the European Union recovering, Germany is still falling a long way short of the European average with expected growth in the Gross Domestic Product (GDP) of 0%.

This is also impacting the Information Technology market. Nevertheless, the expected growth in the German IT market is moving in line with the European average at 0.4%. As early as next year, IDC is expecting growth in the German IT market at 5.2% to outstrip the European average of 3.6%. ROI issues and increases in productivity are having a bearing on IT investment across all sectors. Nonetheless, various sector-specific general conditions are triggering a heterogeneous development in IT investment behaviour.

Consequently, IT efficiency in relation to investment decisions in the financial sector remains the priority. However, we are no longer expecting a drop in investment as witnessed in the last two years. According to IDC, it is primarily banks that are once more exhibiting strong propensity to invest in IT with 3.8% in 2003.

For months, the IT sector has been suffering from the restrictive spending policy implemented by firms. However, it can expect demand to increase slowly. The main area in which increased investment is expected in future is outsourcing projects, as borne out by a current analysis by the market research company Forrester Research. Whereas an average of 15% of the IT budget is currently being pumped into projects outsourced outside the company, this ratio is likely to rise to 17 per cent in the next year. According to information available, Groups with annual revenue of more than EUR 10 billion currently spend almost one third of their budget on outsourcers. A market in which CENIT has successfully positioned itself.

EARNINGS REVIEW

On review, CENIT has made considerable progress with the 9-monthly figures and achieved consolidated growth of 107% to EUR 0.05 million (2002: EUR -0.7 million). Consequently, we are reporting above-par earnings throughout the Group at the end of the third quarter of 2003. The main factor behind the pleasing earnings situation is the stable development of business in the highest-revenue business areas for Product Lifecycle Management Consulting and IT Outsourcing Services. The e-business segment, with a focus on document management solutions, also confirmed the positive trend first seen in the second quarter. The expectation for the coming weeks is of continuing positive development in this area. Sales revenue continued to fall throughout the Group this year, as hardware revenue is still declining at a considerable rate and the expansion of the more profitable consulting business is being strategically promoted.

CENIT Germany once more performed admirably in the period under review, generating above-par EBITDA of EUR 1.98 million (2002: EUR 1.38 million/ 44%) despite a 16% decline in revenue to EUR 44.81 million. EBIT once more increased significantly and reached EUR 1.23 million (2002: EUR 0.12 million/ 925%). EBT amounted to EUR 1.24 million (2002: EUR -0.10 million / 1340%).

CENIT's consolidated revenue was EUR 46.12 million (2002: EUR 67.63 million/ -31.8%). Consolidated gross profit stood at EUR 30.15 million (2002: EUR 39.58 million / -23.8%). EBITDA for the Group amounted to EUR 0.91 million (2002: EUR 1.24 million / -27%). After nine months, consolidated EBIT was positive again for the first time since 1999 and reached EUR 0.12 million (2002: EUR -0.58 million / 121%). Consolidated EBT was EUR 0.05 million (2002: EUR -0.89 million / 106%). EPS for the Group works out at EUR 0.01 (2002: EUR -0.17 / 106%) undiluted. Group cash flow from operating activities totalled EUR 5.22 million (2002: EUR -2.27 million / 330%). The consolidated balance sheet total declined from EUR 27.52 million to EUR 18.56 million. The equity ratio improved from 30.06% in 2002 to 44.61%. At the end of the reporting period, equity amounted to EUR 8.3 million (31.12.2002: EUR 8.3 million). Short-term borrowings were reduced dramatically and only amount to EUR 1.02 million (31.12.2002: EUR 6.15 million). Cash and cash equivalents stood at EUR 2.9 million as at 30 September 2003 (31.12.2002: EUR 2.5 million).

ADDITIONAL EXPLANATORY NOTES

There were no change in accounting policies.

DEVELOPMENT OF COSTS

Operating costs developed in line with our financial planning and decreased by 20% compared to 2002.

CAPITAL EXPENDITURE

Capital expenditure in the first nine months of 2003 amounted to EUR 0.4 million (31.12.2002: EUR 0.9 million). This included the usual expansion and replacement investments in connection with IT, software and office equipment.

BREAKDOWN OF EARNINGS

CENIT operates within two business segments. Approx. 67% of total revenue was attributable to the Company's "e-engineering" business unit, while approx. 33% of total revenue was generated in the "e-business" business unit.

CHANGES IN EXECUTIVE BOARD AND SUPERVISORY BOARD

Not applicable.

EVENTS OF PARTICULAR SIGNIFICANCE THAT COULD EFFECT BUSINESS OPERATIONS

Not applicable.

INTERIM DIVIDEND

No interim dividend was distributed.

DIVIDEND PAID OR PROPOSED AMOUNT TO BE PAID

No dividends were paid and no proposals for dividend payments were put forward.

NEW ORDERS

CENIT recorded incoming orders of EUR 14 million in the third quarter. As at 30 September 2003, the volume of orders in hand totalled EUR 15.6 million.

ORDERS OF PARTICULAR SIGNIFICANCE

In particular, the cooperation with SAP in the PLM area delivered a very successful performance in the past quarter. Major licence agreements were concluded with our SAP/PLM integration software, which links the development and production areas with SAP world. Renowned customers have opted for our solution in the form of Aesculap, the global leading manufacturer for medical instruments and OP equipment, and two of the leading manufacturers of sanitary products, namely hansgrohe AG and the Geberit Group. We are also pleased to report success in the training area, for example a major training order from the automotive supplier Georg Fischer.

INVESTMENTS

CENIT Switzerland achieved earnings before interest and tax (EBIT) of EUR 0.07 million on non-consolidated sales of EUR 1.56 million. CENIT North America continued its positive performance with sales of EUR 0.59 million and above-par earnings before interest and tax of EUR 0.08 million.

CASH, CASH EQUIVALENTS AND SECURITIES

Cash and cash equivalents, including marketable securities, amounted to EUR 2.9 million as at 30 September 2003. For further details, please refer to the Cash Flow Statement included in this report.

FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS

Total assets amounted to EUR 18.56 million. Trade receivables stood at EUR 6.84 million. CENIT's cash flow from operating activities amounted to EUR 5.22 million. Staff costs for the Group fell by 25 per cent relative to the previous year.

EMPLOYEES

The number of employees within the Group as at 30 September 2003 was 436 (2002:547). In total, 423 people were employed in Germany, 2 in North America and 11 in Switzerland. We are also particularly encouraged by the fact that CENIT was able to employ a further 12 employees and is currently publishing recruitment advertisements for 25 vacancies - a direct result of the company's solid business performance compared with the second quarter.

OUTLOOK

CENIT is also expecting to generate a profit in the fourth quarter of 2003, thereby reaffirming its earlier forecast for the year of achieving slightly above-par earnings for the Group. The positive market trend now in evidence, which affects CENIT's consulting business, is reflected in the order and capacity utilisation situation at CENIT. The Executive Board is expecting this trend to continue beyond 2004 and confirms the adopted corporate strategy with regard to the growth and profitability outlook.

CENIT Aktiengesellschaft Systemhaus

**Consolidated Balance Sheet prepared in accordance with IFRS (unaudited)
for the period from January 1 to September 30, 2003**

in EUR '000	September 30, 2003	Dec. 31, 2002
ASSETS		
FIXED ASSETS		
Intangible assets	152	265
Property, plant and equipment	1,227	2,038
Intangible assets	0	201
	1,379	2,504
DEFERRED TAX ASSETS (long-term)	2,450	2,450
CURRENT ASSETS		
Inventories	4,744	2,954
Trade receivables	6,840	16,429
Tax receivables	8	105
Other receivables	18	276
Securities	2	2
Cash and cash equivalents	2,851	2,450
	14,463	22,216
PREPAID EXPENSES	271	349
	18,563	27,519
<i>Discontinuing operations</i>		5,373

CENIT Aktiengesellschaft Systemhaus

Consolidated Balance Sheet prepared in accordance with IFRS (unaudited)

for the period from January 1 to September 30, 2003

in EUR '000	Sept. 30, 2003	Dec. 31, 2002
EQUITY AND LIABILITIES		
EQUITY		
Subscribed capital	4,184	4,184
Capital reserve	23,350	23,350
Foreign currency reserve	-134	-90
Revenue reserves	3,950	3,950
Treasury stock	0	-511
Convertible bond	2	3
Net income/loss of the Group	-23,070	-22,612
	8,282	8,273
MINORITY INTERESTS	0	
LIABILITIES (long-term)		
Deferred tax liabilities	370	370
Pension provisions	0	154
Long-term liabilities to banks	336	431
	706	955
LIABILITIES (short-term)		
Short-term liabilities to banks	1,017	6,151
Trade payables	2,115	5,586
Other liabilities	5,831	5,641
Provisions	352	422
	9,315	17,800
DEFERRED INCOME	260	491
	18,563	27,519
<i>Discontinuing operations</i>		5,373

CENIT Aktiengesellschaft Systemhaus

Consolidated Income Statement prepared in accordance with IFRS (unaudited)

for the period from January 1 to September 30, 2003

in EUR '000		Sept. 30, 2003	Sept. 30, 2002
1. Sales		46,120	67,626
2.Changes in inventories in finished goods and work in process		1,842	1,484
Total operating performance		47,962	69,110
<i>Discontinuing operations</i>		0	12,907
<i>Continuing operations</i>		0	56,203
3. Other operating income		367	426
Operating performance		48330	69,536
4. Cost of materials	18,181		29,961
5. Personnel expenses	20,628		27,633
6. Amortization of intangible assets and depreciation on property, plant and equipment	795		1,812
7. Other operating expenses	8,609		10,707
		48,213	70,113
Operating result		117	-577
<i>Discontinuing operations</i>		0	-391
<i>Continuing operations</i>		0	-186
8. Other interest and similar income	22		54
9. Amortization of financial assets and securities classified as current assets	27		0
10. Interest and similar expenses	58		367
		62	313
Result of ordinary activities		54	-890
11. Extraordinary result		0	-32
12. Taxes on income	0		0
13. Deferred taxes	0		213
14. Other taxes	0		0
			181
15. Net loss for the period before minority interests		54	-709
16. Minority interests		0	0
17. Net income/loss of the Group		54	-709
Earnings per share (undiluted) in EUR		0,01	-0,17
Earnings per share (diluted) in EUR		0,01	-0,17

CENIT Aktiengesellschaft Systemhaus

Consolidated Income Statement prepared in accordance with IFRS (unaudited)

for the period from July 1 to September 30, 2003

in EUR '000		3rd Quarter, 2003	3rd Quarter, 2002
1. Sales		15,823	21,745
2.Changes in inventories in finished goods and work in process			
		1,387	875
Total operating performance		17,210	22,620
<i>Discontinuing operations</i>		0	3,757
<i>Continuing operations</i>		0	18,863
3. Other operating income		182	130
Operating performance		17,393	22,750
4. Cost of materials	7,598		9,622
5. Personnel expenses	6,601		8,901
6. Amortization of intangible assets and depreciation on property, plant and equipment	228		553
7. Other operating expenses	2,713		3,550
		17,141	22,626
Operating result		252	124
<i>Discontinuing operations</i>		0	-153
<i>Continuing operations</i>		0	277
8. Other interest and similar income	7		15
9. Amortization of financial assets and securities classified as current assets	-19		0
10. Interest and similar expenses	13		102
		-14	87
Result of ordinary activities		266	37
11. Extraordinary result		0	-11
12. Taxes on income	0		48
13. Deferred taxes	0		0
14. Other taxes	0		0
		0	37
15. Net loss for the period before minority interests		266	74
16. Minority interests		0	0
17. Net income/loss of the Group		266	74
Earnings per share (undiluted) in EUR		0,06	0,02
Earnings per share (diluted) in EUR		0,06	0,02

CENIT Aktiengesellschaft Systemhaus

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

for the period from January 1 to September 30, 2003

	Subscribed capital	Capital reserve	Currency reserve	Revenue reserve	Net result of the Group	Treasury shares	Convertible bonds	Total
in EUR '000								
as of January 1, 2003	4,184	23,350	-90	3,950	-22,612	-511	3	8,274
Transfers in treasury shares					-511	511		0
Changes in equity interest in convertible bonds							-1	-1
Change in minority interests								0
Currency change			-44					-44
Net income for the Group					54			54
as of Sept. 30, 2003	4,184	23,350	-134	3,950	-23,069	0	2	8,283

CENIT Aktiengesellschaft Systemhaus
Consolidated Statement of Cash Flows prepared in accordance with IFRS (unaudified)
for the period from January 1 to September 30, 2003

in EUR '000	Sept. 30, 2003	Sept. 30, 2002
Cash flow from operating activities		
Earnings before income taxes and deferred taxes	54	-709
Adjusted for:		
Amortization of intangible assets and depreciation of property, plant and equipment	795	1,812
Amortization of intangible assets	27	
Loss on the disposal of fixed assets	0	
Extraordinary amortization/depreciation and loss from the disposal of deconsolidated companies	-261	
Other non-cash expenses and income	-44	
In/Decrease of longterm provisions		
Interest income	-22	-54
Interest expenses	58	367
Operating result before changes to net working capital	607	1,416
Increase/decrease in trade receivables and other assets	10,022	9,935
Increase/decrease in inventories	-1,790	-1,077
Increase/decrease in trade liabilities	-3,471	-3,417
Other short-termprovisions and liabilities	-111	-8,818
Cash flow from ordinary operations	5,257	-1,961
Cash paid for interest	-58	-367
Cash received for interest	22	54
Cash paid for income taxes	0	
Net cash received from operating activities	5,221	-2,274
Proceeds from extraordinary items		
Cash payments from restructuring items (Assumption of liabilities)		
Net cash received from operating activities	-5,221	-2,274
Cash flow from investing activities		
Formation of subsidiaries that are not consolidated		
Purchase of property, plant and equipment and intangible assets	-409	-676
Proceeds from the disposal of property, plant and equipment	1	34
Decrease of fixed assets carrying amount		
Increase in other loans		
Net cash paid for investing activities	-408	-642
Cash flow from financing activities		
Equity finance		
Payment for shareholder		
Cash proceeds (+) from bank loans	-5,134	
Cash payments (-) from long-term bank loans	-95	
Change in convertible bond	1	
Net cash paid for investing activities	-5,228	0
Net increase/decrease in cash and cash equivalents	401	-2,916
Cash and cash equivalents at the beginning of the period	2,450	3,571
Net increase/decrease in cash and cash equivalents	401	-2,916
Effect on cash and cash equivalents of changes in exchange rates		
Cash and cash equivalents at the end of the period	2,851	655

CENIT Aktiengesellschaft Systemhaus

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

for the period from January 1 to September 30, 2003

in EUR '000	EB	EE	not allocated	Elimination	Continuing Operations	Discontinuing Operations			Group
						EB	EE	not allocated / Elimination	
Sales to third parties									
Q1 - Q3 2003	15,079	31,041	0	0	46,120	0	0	0	46,120
Q1 - Q3 2002	16,615	38,104	0	0	54,719	0	12,907	0	67,626
EBIT									
Q1 - Q3 2003	-572	662	0	0	90	0	0	0	90
Q1 - Q3 2002	-1,468	1,488	0	-206	-186	0	-204	* -187	-577
Interest									
Q1 - Q3 2003	0	0	0	0	-36	0	0	0	-36
Q1 - Q3 2002	0	0	0	0	-275	0	-38	0	-313
Extraordinary result									
Q1 - Q3 2003	0	0	0	0	0	0	0	0	0
Q1 - Q3 2002	0	0	0	0	12	0	-44	0	-32
Taxes on income & deferred									
Q1 - Q3 2003	0	0	0	0	0	0	0	0	0
Q1 - Q3 2002	0	0	0	0	96	0	117	0	213
Net Income/loss of the group									
Q1 - Q3 2003	0	0	0	0	54	0	0	0	54
Q1 - Q3 2002	0	0	0	0	-353	0	-169	* -187	-709
Segment assets									
30.09.2003	7,004	8,698	2,861	0	18,563	0	0	0	18,563
31.12.2002	5,644	14,064	2,438	0	22,146	0	5,255	118	27,519
Segment liabilities									
30.09.2003	2,573	6,356	1,352	0	10,281	0	0	0	10,281
31.12.2002	2,502	5,948	6,374	0	14,824	0	4,215	207	19,246
Capital expenditure									
30.09.2003	63	346	0	0	409	0	0	0	409
31.12.2002	230	527	0	0	757	0	116	0	873
Amortization & depreciation									
Q1 - Q3 2003	254	541	0	0	795	0	0	0	795
Q1 - Q3 2002	426	882	0	321	1,629	0	183	0	1,812

EB = e-business; EE = e-engineering

* = Elimination

** = not allocated

CENIT Aktiengesellschaft Systemhaus

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

for the period from January 1 to September 30, 2003

in EUR `000	D	CH	USA	Elimination	Continuing Operations	Discontinuing Operations	Group
Intercompany Sales							
Q1 - Q3 2003	571	236	35	-842	0	0	0
Q1 - Q3 2002	417	377	48	-1,053	-211	211	0
Sales to third parties							
Q1 - Q3 2003	44,239	1,326	555	0	46,120	0	46,120
Q1 - Q3 2002	52,716	1,395	608	0	54,719	12,907	67,626
Segment assets							
30.09.2003	17,603	687	273	0	18,563	0	18,563
31.12.2002	21,037	806	303	0	22,146	5,373	27,519
Capital expenditure							
30.09.2003	395	7	7	0	409	0	409
31.12.2002	749	1	7	0	757	116	873

CENIT Aktiengesellschaft Systemhaus
EQUITY AND LIABILITIES CENIT Germany
for the period from January 1 to September 30, 2003

in EUR '000	Sept. 30, 2003	Dec.31.2002
EQUITY AND LIABILITIES		
EQUITY		
Subscribed capital	4,184	4,184
Capital reserve	23,350	23,350
Foreign currency reserve	0	0
Revenue reserves	3,869	3,869
Treasury stock	0	33
Convertible bond	0	0
Net income/loss	-26,364	-27,574
	5,039	3,862
MINORITY INTERESTS	0	0
LIABILITIES (long-term)		
Deferred tax liabilities	0	0
Pension provisions	0	0
Long-term liabilities to banks	336	431
	336	431
LIABILITIES (short-term)		
Short-term liabilities to banks	1,017	5,865
Trade payables	2,151	3,908
Other liabilities	2,867	2,085
Provisions	3,443	2,427
	9,478	14,285
DEFERRED INCOME	261	0
	15,113	18,578

CENIT Aktiengesellschaft Systemhaus, Stuttgart

PROFIT AND LOSS CENIT Germany

for the period from January 1 to September 30,2003

in T EUR		Sept. 30, 2003	Sept. 30, 2002
1. Sales		44,810	53,346
2.Changes in inventories in finished goods and work in process		1,790	1,453
Total operating performance		46,600	54,799
3. Other operating income		397	321
Operating performance		46,997	55,120
4. Cost of materials	18,239		24,860
5. Personnel expenses	19,469		20,188
6. Amortization of intangible assets and depreciation on property, plant and equipment	743		1,256
7. Other operating expenses	7,314		8,694
		45,765	54,998
Operating result		1,232	122
8. Other interest and similar income	70		82
9. Amortization of financial assets and securities classified as current assets	0		0
10. Interest and similar expenses	58		309
		12	-227
Result of ordinary activities		1,244	-105
11. Extraordinary result		0	0
12. Taxes on income	0		0
13. Other taxes	34		47
		34	47
14. Net income/loss		1,210	-152

CENIT Aktiengesellschaft Systemhaus

Consolidated Income Statement prepared in accordance with IFRS (unaudited)

for the period from July 1 to September 30, 2003

in EUR '000	3rd Quarter, 2003		3rd Quarter, 2002
1. Sales		15,385	17,661
2. Changes in inventories in finished goods and work in process		1,335	515
Total operating performance		16,720	18,177
3. Other operating income		162	94
Operating performance		16,882	18,271
4. Cost of materials	7,602		8,262
5. Personnel expenses	6,051		6,442
6. Amortization of intangible assets and depreciation on property, plant and equipment	210		372
7. Other operating expenses	2,610		2,945
		16,473	18,021
Operating result		409	250
8. Other interest and similar income	21		24
9. Amortization of financial assets and securities classified as current assets	0		0
10. Interest and similar expenses	13		99
		8	75
Result of ordinary activities		417	175
11. Extraordinary result		0	0
12. Taxes on income	0		0
13. Other taxes	12		0
		12	0
14. Net income/loss		405	160

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 6,840 convertible bonds in accordance with employee equity programme

Direktors' Holding: Numbers of shares as at September 30, 2003

Total Number of Shares 4,183.879

Shares owned by the Executive Board:

Hubertus Manthey	337,508
Christian Pusch	0
Andreas Schmidt	398,596

Shares owned by the Supervisory Board:

Falk Engelmann	292,100
Hubert Leyboldt	800
Dr. Dirk Lippold	0