

9-Months-Report 2004

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, 2004

in Mill. EUR	Sept. G2330, 2004	Sept. 30, 2003
Sales	50,95	46,12
Gross profits	34,30	30,15
EBITDA	4,43	0,91
Operating returns (EBIT)	3,93	0,12
EBT	3,98	0,05
Netincome/loss of the group	2,97	0,05
Result per share (basic) in EURO	0,71	0,01
Result per share (diluted) in EURO	0,71	0,01
Number of employees at end of period	463	436
EBIT - Margin	7,7%	0,3%
Profit - Margin	5,8%	0,1%
in Mill. EUR	Sept. 30, 2004	Dec. 31, 2003
Equity in ratio	51,8%	41,4%
Equity	13,07	10,06
Liabilities	12,14	14,23
Balance sheet total	25,21	24,29

LETTER TO SHAREHOLDERS

Dear Shareholders, Business Partners, Customers and Interested Parties,

current studies of CIMdata or the edm report verify the excellent positioning of CENIT in the market for Product Lifecycle Management in Europe and Germany. In these, CENIT is always in the top 5. Such a result is corroborated in the long term here in this 9-monthly report. In all relevant business areas, CENIT clearly improved its earnings and confirmed or extended the earnings and growth development already taken in the first two quarters.

We remain optimistic, not only for further share development but also for the current financial year with respect to sales and growth earnings.

The Executive Board

MANAGEMENT REPORT

After three calm years, the German Information and Telecommunication sector (IT) is expecting sustained growth again. In the current year, the confederation of Information Technology, Telecommunication and New Media (Bitkom) expects a rise in earnings of 2.5 percent to EUR 132 billion. In the next years, the figures are predicted to turn out considerably higher. Most companies were again looking with confidence to the future. With its prognosis for 2004, Bitkom (the association of IT companies for Germany) reaffirmed Spring expectations. Growth in the IT field would therefore turn out higher than the overall economic growth for the first time since 2001. For 2005, the association is now expecting a sales increase of 3.7 percent in the meantime. In 2006, five percent could even be reached.

Bitkom referred to the fact that the IT field, with more than 700,000 employees, is currently number three in economic significance in Germany, after the construction and energy industries.

The association is especially pleased that the order books filled further in the first 6 months. In a survey, almost every second company reported increasing incoming orders at home and abroad. More than half (58 percent) are expecting a sales increase in the current year.

EARNINGS REVIEW

CENIT records a significant increase in earnings up to 3.9 Mill. EUR in the past 9 months. The utilisation of the employees and the level of orders were extremely pleasant and confidently indicate the coming months. The consultancy business can be increased by 17 %, which had been downcast in the gross profit in particular.

Consolidated sales rose by 10.5 % up to EUR 50.95 million (September 2003: EUR 46,12 million). The group gross profit reached EUR 34.3 million (2003: EUR 30.15 million/ 14%). EBITDA for the group amounted to EUR 4.43 million (2003: EUR 0.91 million EUR/ 387%). Group EBIT rose up to EUR 3.93 million (2003:EUR 0.12 million/3175%). Group EBT was at EUR 3.98 million (2003:EUR 0.05 million/7860%). Group EPS amounted to 0.71 EUR (2003: 0.01 EUR/ 7000%) undiluted.

Group cash flow from operating activities totalled EUR 4.05 million. The Group's total assets amounted from EUR 24.29 million to EUR 25.21 million. The equity ratio improved from 41% in 2003 to 52%. At the end of the period under review, equity was at EUR 13.07 million (31 December 2003: EUR 10.06 million). Short-term liabilities from banks include only a goods financing loan of EUR 2.2 million (31 December 2003: EUR 3.25 million). At 30.09.2004, cash and cash equivalents totalled EUR 9.31 million (31 December 2003: EUR 7.15 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 were reduced by 4% compared with 2003.

CAPITAL EXPENDITURE

Capital expenditure in the first 9 months of 2004 amounted to EUR 0.45 million (31 December 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

In the first 9 months, CENIT saw incoming orders rise by 5% to round about EUR 54 million. As at 30 September 2004, the volume of orders in hand totalled approx. EUR 17 million, up about 8 % on the previous figure.

ORDERS OF PARTICULAR SIGNIFICANCE

None

EQUITY INVESTMENTS

CENIT Switzerland achieved earnings before interest and tax (EBIT) of EUR - 0.09 million on unconsolidated sales of EUR 1.21 million. CENIT North America achieved sales of EUR 0.75 million and positive EBIT of EUR 0.09 million.

CASH, CASH EQUIVALENTS AND SECURITIES

As at 30 September 2004, cash and cash equivalents, including marketable securities, amounted to EUR 9.31 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 25.21 million. Trade receivables and other assets stood at EUR 9.4 million. Cash flow from operating activities at CENIT amounted to EUR 4.05 million. Year-on-year staff costs for the Group rose 5 percent as a result of recruitment.

EMPLOYEES

As at 30 September 2004, the number of employees within the Group was 463 (2003: 436). In total, 452 people were employed in Germany, 3 in North America and 8 in Switzerland.

OUTLOOK

The CENIT Executive Board assumes that the positive sales and earnings trend of recent months will also continue in the remaining months of 2004. As a result of the higher significance of Outsourcing, Product Lifecycle Management solutions in the manufacturing industry and extending document archiving solutions for automated business process solutions, in particular for banks and retail companies, we expect that CENIT will not only strengthen its position but also extend it.

CENIT Aktiengesellschaft Systemhaus

Consolidated Balance Sheet prepared in accordance with IFRS (unaudited)

for the period from January 1 to September 30, 2004

in EUR '000	Sept. 30, 2004	Dec. 31, 2003
ASSETS		
FIXED ASSETS		
Intangible assets	85	113
Property, plant and equipment	1.187	1.225
Intangible assets	0	0
	1.272	1.338
DEFERRED TAX ASSETS (long-term)	1.445	1.935
CURRENT ASSETS		
Inventories	3.488	1.855
Trade receivables	9.366	11.672
Tax receivables	21	7
Other receivables	42	96
Securities	2	2
Cash and cash equivalents	9.313	7.152
Prepaid expenses	265	231
	22.497	21.015
	25.214	24.288

CENIT Aktiengesellschaft Systemhaus

Consolidated Balance Sheet prepared in accordance with IFRS (unaudited)

for the period from January 1 to September 30, 2004

in EUR '000	Sept. 30, 2004	Dec. 31, 2003
EQUITY AND LIABILITIES		
EQUITY		
Subscribed capital	4.184	4.184
Capital reserve	418	418
Foreign currency reserve	-80	-122
Revenue reserves	1.239	1.239
Treasury stock	0	0
Convertible bond	0	0
Net income/loss of the Group	7.312	4.340
	13.073	10.059
MINORITY INTERESTS	0	0
LIABILITIES (long-term)		
Deferred tax liabilities	455	485
Long-term liabilities to banks	0	240
	455	725
LIABILITIES (short-term)		
Short-term liabilities to banks	2.205	3.248
Trade payables	863	2.951
Other liabilities	7.650	6.699
Tax Provisions	612	74
Other Provisions	175	297
Deferred Income	181	235
	11.686	13.504
	25.214	24.288

CENIT Aktiengesellschaft Systemhaus

Consolidated Income Statement prepared in accordance with IFRS (unaudited)

for the period from January 1 to September 30, 2004

in EUR '000		Sept. 30, 2004	Sept. 30, 2003
1. Sales		50.950	46.120
2.Changes in inventories in finished goods and work in process		1.353	1.842
Total operating performance		52.303	47.962
3. Other operating income		1.081	367
Operating performance		53.384	48.330
4. Cost of materials	19.085		18.181
5. Personnel expenses	21.573		20.628
6. Amortization of intangible assets and depreciation on property, plant and equipment	498		795
7. Other operating expenses	8.298		8.609
		49.454	48.213
Operating result		3.930	117
8. Other interest and similar income	100		22
9. Amortization of financial assets and securities classified as current assets	0		27
10. Interest and similar expenses	47		58
		54	-63
Result of ordinary activities		3.983	54
11. Extraordinary result		0	0
12. Income taxes	1.011		0
		1.011	0
13. Net loss for the period before minority interests		2.972	54
14. Minority interests		0	0
15. Net income/loss of the Group		2.972	54
Earnings per share (undiluted) in EUR		0,71	0,01
Earnings per share (diluted) in EUR		0,71	0,01

CENIT Aktiengesellschaft Systemhaus
Consolidated Income Statement prepared in accordance with IFRS (unaudited)
for the period from July 1 to September 30, 2004

in EUR '000	3rd Quarter, 2004		3rd Quarter, 2003
1. Sales		18.610	15.823
2.Changes in inventories in finished goods and work in process			
Total operating performance		-14	1.387
3. Other operating income		406	182
Operating performance		19.002	17.393
4. Cost of materials	7.212		7.598
5. Personnel expenses	6.806		6.601
6. Amortization of intangible assets and depreciation on property, plant and equipment	146		228
7. Other operating expenses	2.678		2.713
		16.842	17.141
Operating result		2.160	252
8. Other interest and similar income	34		7
9. Amortization of financial assets and securities classified as current assets	0		-19
10. Interest and similar expenses	9		13
		25	-14
Result of ordinary activities		2.185	266
11. Extraordinary result		0	0
12. Income taxes	666		0
		666	0
13. Net loss for the period before minority interests		1.519	266
14. Minority interests		0	0
15. Net income/loss of the Group		1.519	266
Earnings per share (undiluted) in EUR		0,36	0,06
Earnings per share (diluted) in EUR		0,36	0,06

CENIT Aktiengesellschaft Systemhaus
Consolidated Statement of Cash Flows prepared in accordance with IFRS (unaudited)"
for the period from January 1 to September 30, 2004

in EUR '000	Sept. 30, 2004	Sept. 30, 2003
Cash flow from operating activities		
Earnings before income taxes and deferred taxes	3.983	54
Adjusted for		
Amortization of intangible assets and depreciation of property, plant and equipment	498	795
Amortization of intangible assets	0	27
Loss on the disposal of fixed assets	-15	-261
Extraordinary amortization/depreciation and loss from the disposal of deconsolidated companies		
Other non-cash expenses and income	-362	-44
In/Decrease of provisions	0	
Interest income	-100	-22
Interest expenses	47	58
Operating result before changes to net working capital	4.052	607
Increase/decrease in trade receivables and other assets	2.346	10.022
Increase/decrease in inventories	-1.633	-1.790
Increase/decrease in trade liabilities	-2.088	-3.471
Other short-term provisions and liabilities	118	-111
Cash flow from ordinary operations	2.795	5.257
Cash paid for interest	-47	-58
Cash received for interest	100	22
Cash paid for income taxes	0	
Net cash received from operating activities	2.848	5.221
Proceeds from extraordinary items		
Cash payments from restructuring items (Assumption of liabilities)		
Net cash received from operating activities	2.848	5.221
Cash flow from investing activities		
Formation of subsidiaries that are not consolidated		
Purchase of property, plant and equipment and intangible assets	-447	-409
Proceeds from the disposal of property, plant and equipment		1
Decrease of fixed assets carrying amount		
Increase in other loans		0
Net cash paid for investing activities	-447	-408
Cash flow from financing activities		
Equity finance		
Payment for shareholder		
Cash proceeds (+) from bank loans		-5.134
Cash payments (-) from long-term bank loans	-240	-95
Change in convertible bond	0	15
Net cash paid for investing activities	-240	-5.214
Net increase/decrease in cash and cash equivalents	2.161	401
Cash and cash equivalents at the beginning of the period	7.152	2.450
Net increase/decrease in cash and cash equivalents	2.161	401
Effect on cash and cash equivalents of changes in exchange rates	0	0
Cash and cash equivalents at the end of the period	9.313	2.851

CENIT Aktiengesellschaft Systemhaus

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

for the period from January 1 to September 30, 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		0
Changes in equity interest in convertible bonds							0
Disposal of treasury shares					-429	511	82
Currency fluctuation			-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
Disposal of treasury shares							0
Currency change			42				42
Net income for the Group					2.972		2.972
as of Sept.30, 2004	4.184	418	-80	1.239	7.312	0	13.073

CENIT Aktiengesellschaft Systemhaus

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

for the period from January 1 to September 30, 2004

	EB	EE	not allocated	Group
in EUR `000				
Sales to third parties				
Q1 - Q3 2004	17,085	33,865	0	50,950
Q1 - Q3 2003	15,079	31,041	0	46,120
Gross Margin				
Q1 - Q3 2004	9,370	24,929	0	34,299
Q1 - Q3 2003	7,573	22,576	0	30,149
EBIT				
Q1 - Q3 2004	1,521	2,424	-15	3,930
Q1 - Q3 2003	-572	662	0	90
Interest				
Q1 - Q3 2004	0	0	54	54
Q1 - Q3 2003	0	0	-36	-36
Taxes on income & deferred				
Q1 - Q3 2004	0	0	-1,011	-1,011
Q1 - Q3 2003	0	0	0	0
Net Income/loss of the group				
Q1 - Q3 2004	1,521	2,424	-973	2,972
Q1 - Q3 2003	-572	662	-36	54
Segment assets				
30.09.2004	4,645	9,788	10,781	25,214
31.12.2003	5,435	9,757	9,096	24,288
Segment liabilities				
30.09.2004	2,247	6,622	3,272	12,141
31.12.2003	3,143	7,039	4,047	14,229
Capital expenditure				
30.09.2004	87	360	0	447
31.12.2003	95	580	0	675
Amortization & depreciation				
Q1 - Q3 2004	112	386	0	498
Q1 - Q3 2003	254	541	0	795

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, 2004

in EUR '000	D	CH	USA	Other	Consolidation	Group
Intercompany Sales						
Q1 - Q3 2004	482	289	99	0	-870	0
Q1 - Q3 2003	571	236	35	0	-842	0
Sales to third parties						
Q1 - Q3 2004	49,414	880	656	0	0	50,950
Q1 - Q3 2003	44,239	1,326	555	0	0	46,120
Segment assets						
30.09.2004	25,249	291	384	23	-733	25,214
31.12.2003	23,908	754	332	37	-743	24,288
Capital expenditure						
30.09.2004	438	6	3	0	0	447
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 September 30, 2004

in EUR '000	Sept. 30, 2004	Dec. 31, 2003
ASSETS		
FIXED ASSETS		
Intangible assets	78	103
Property, plant and equipment	1.119	1.102
Financial assets	28	28
	1.224	1.234
DEFERRED TAX ASSETS (long-term)	0	0
CURRENT ASSETS		
Inventories	3.425	1.853
Receivables and other assets	9.336	11.262
Tax receivables	21	46
Other receivables	40	21
Securities	2	2
Cash and cash equivalents	8.873	6.639
	21.697	19.823
PREPAID EXPENSES	199	217
	23.120	21.273

CENIT Aktiengesellschaft Systemhaus
EQUITY AND LIABILITIES CENIT Germany (with HGB) unaudited
for the period from January 1 to September 30, 2004

in EUR '000	Sept. 30, 2004	Dec.31.2003
EQUITY AND LIABILITIES		
EQUITY		
Subscribed capital	4.184	4.184
Capital reserve	418	418
Foreign currency reserve	0	0
Revenue reserves	1.155	1.155
Treasury stock	0	0
Convertible bond	0	0
Net income/loss	3.933	0
	9.690	5.757
MINORITY INTERESTS	0	0
Provisions		
Provisions	6.206	6.327
	6.206	6.327
LIABILITIES		
liabilities to banks	2.205	3.488
Trade payables	810	2.875
Other liabilities	4.029	2.596
	7.043	8.959
DEFERRED INCOME	181	231
	23.120	21.273

CENIT Aktiengesellschaft Systemhaus, Stuttgart

INCOME STATEMENT (with HGB) unaudited

for the period from January 1 to September 30,2004

in EUR '000	September 30, 2004		September 30, 2003
1. Sales		49.896	44.810
2.Changes ininventories in finished goods and work in process		1.310	1.790
Total operating performance		51.206	46.600
3. Other operating income		1.529	432
Operating performance		52.734	47.033
4. Cost of materials	19.003		18.239
5. Personnel expenses	20.701		19.469
6. Amortization of intangible assets and depreciation on property, plant and equipment	445		743
7. Other operating expenses	8.160		7.383
		48.308	45.834
Operating result		4.426	1.198
8. Other interest and similar income	104		70
9. Amortization of financial assets and securities classified as current assets	0		0
10. Interest and similar expenses	47		58
		57	12
Result of ordinary activities		4.483	1.210
11. Extraordinary result		0	0
12. Taxes on income	550		0
13. Other taxes	0		0
		550	0
14. Net income/loss		3.933	1.210
EBITDA		4.871	1.941
EBIT		4.426	1.198

* Change

according to a new reporting structure figures were adapted

CENIT Aktiengesellschaft Systemhaus
INCOME STATEMENT (with HGB) unaudited
for the period from 1 to September 30, 2004

in EUR '000	3rd Quarter, 2004		3rd Quarter, 2003 *
1. Sales		18.218	15.385
2. Changes in inventories in finished goods and work in process		32	1.335
Total operating performance		18.250	16.720
3. Other operating income		420	170
Operating performance		18.670	16.891
4. Cost of materials	7.180		7.602
5. Personnel expenses	6.592		6.051
6. Amortization of intangible assets and depreciation on property, plant and equipment	130		210
7. Other operating expenses	2.620		2.631
		16.522	16.494
Operating result		2.147	397
8. Other interest and similar income	34		21
9. Amortization of financial assets and securities classified as current assets	0		0
10. Interest and similar expenses	9		13
		25	8
Result of ordinary activities		2.173	405
11. Extraordinary result		0	0
12. Taxes on income	360		0
13. Other taxes	0		0
		360	0
14. Net income/loss		1.812	405
EBITDA		2.277	607
EBIT		2.147	397

* Change

according to a new reporting structure figures were adapted

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.

Options on convertible loans have expired as at September 5, 2004

Directors´ Holding: Number of shares as at September 30, 2004

Total Number of Shares 4.183.879

Shares owned by the Executive Board:

Hubertus Manthey 322.008

Christian Pusch 2.350

Andreas Schmidt 388.496

Shares owned by the Supervisory Board:

Falk Engelmann 170.000

Hubert Leypoldt 800

Dr. Dirk Lippold 0