

## 3-Months Report 2006

### CENIT AG Systemhaus

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The logo consists of the word "cenit" in a bold, lowercase, sans-serif font, oriented vertically on the right side of the page. The letters are a light blue color, matching the background of the top-left section.

**CENIT AT A GLANCE (unaudified)**

**At a glance - January 1 until March 31, 2006**

in Mill. EUR	March 31, 2006	March 31, 2005
<b>Sales</b>	19,18	16,11
<b>Gross profits</b>	14,80	12,17
<b>EBITDA</b>	2,88	1,77
<b>Operating returns (EBIT)</b>	2,61	1,60
<b>EBT</b>	2,44	1,68
<b>Netincome of the group</b>	1,97	1,07
<b>Result per share (basic) in EURO</b>	0,47	0,26
<b>Result per share (diluted) in EURO</b>	0,47	0,26
<b>Number of employees at end of period</b>	532	481
<b>EBIT - Margin</b>	13,6%	9,9%
<b>Profit - Margin</b>	10,3%	6,7%
in Mill. EUR	March 31, 2006	December 31, 2005
<b>Equity in ratio</b>	58%	58%
<b>Equity</b>	21,62	19,57
<b>Liabilities</b>	15,82	14,34
<b>Balance sheet total</b>	37,44	33,91

## **FOREWORD**

**Dear shareholders, partners, customers and interested parties,**

One of our most important goals is the satisfaction of our customers and one of our maxims is to continually work to improve this. We have thus expanded our range in the medium-sized business segment. The success of this initiative largely depends on our orientation to the customer, our range of products and services and our reliability for our customers. We devote our business actions to this goal. Today, our customers regard CENIT as a strong, trustworthy partner and competent expert in tailoring and optimising their business processes with the appropriate information technology. This trust is also reflected in the CENIT share price, which increased further in the first quarter. CENIT has set the course for earnings-based growth, which will enable us to defend and expand our market share in comparison with our competitors.

We have many plans for the next few years. We will expand the range available to our customers with additional innovative solutions in 2006, thus creating the flexible IT environment that is required for our customers. We have laid the foundations for future growth with our consulting and solutions range and our highly motivated employees, all in the interests of our customers, partners and shareholders.

Thank you for your confidence in CENIT.

**The Executive Board**

## **MANAGEMENT REPORT**

The medium-term economic forecasts for Germany by analysts and institutional investors dampened slightly in April. According to the recently-published study by the Centre for European Economic Research (ZEW), the indicator of economic sentiment fell by 0.7 points from the previous month to 62.7 and was thus not in line with the ifo Index, which has been very strong recently and reached a 15-year high in March. Nevertheless, the indicator remains considerably higher than its historical average value.

However, the current economic situation in Germany received a more positive assessment in light of a flourishing export and industrial economic situation. The corresponding index rose to plus 2.9 (March: minus 8.4) points and is now in positive territory for the first time since April 2001. The indicator for the current economic situation in the euro zone also increased to 14.3 (plus 2.0), although the index was also below expectations here (to 58.7 following 61.1 in March).

Current studies from the PLM and ECM markets relevant to CENIT confirm the sustained positive trend of the past year and forecast average annual growth rates of around 8% in the next few years (see CIMdata PLM study dated 6 April 2006 or PAC study on ECM development in Germany in 2005).

## EARNINGS DEVELOPMENT

The 2006 financial year began well once again for CENIT. The first quarter was characterised by strong sales and earnings growth, which was driven by our software solutions, consulting services and the marketing of CENIT software via the sales channel of our partner FileNet. Both foreign subsidiaries are on track to meet expectations and considerably improve their contribution to the CENIT Group. Development of orders and sales is particularly pleasing in Switzerland.

Group sales were up by 19% to €19.18 million (2005: €16.11 million). Gross income in the Group reached €14.80 million (2005: €12.17 million/ 22%). EBITDA increased by around 63% in the Group to €2.88 million (2005: €1.77 million). Group EBIT was up by €1 million to €2.61 million (2005: €1.60 million/ 63%). Group EBT totalled €2.44 million (2005: €1.68 million/ 45%) and consolidated earnings amounted to €1.97 million (2005: €1.07 million/84%). Basic earnings per share (EPS) were €0.47 (2005: €0.26/81%).

Operating cash flow totalled €2.18 million in the Group (2005: €1.14 million/91%). The consolidated balance sheet total was €37.44 million (31.12.2005: €33.91 million). The equity ratio remained unchanged at 58%. Equity amounted to €21.62 million at the end of the reporting period (31.12.2005: €19.57 million). Cash and cash equivalents, including securities, totalled €22.10 million as at the reporting date (31.12.2005: €20.81 million).

## **ADDITIONAL EXPLANATORY NOTES**

With effect from the start of this year, income from services is carried using the POC (percentage of completion) method for the first time, based on the extent to which they have been completed in accordance with IAS 18.22 ff. This concerns the periodic consideration of expenses and income during the completion time of the service project. The comparative figures from the first quarter of 2005 using the POC method would thus be as follows: sales €16.03 million; EBITDA €1.70 million; EBIT €1.52 million; EBT €1.60 million; EPS €0.24.

## **DEVELOPMENT OF COSTS**

Other operating expenses developed as planned and increased easily compared to 2005.

## **INVESTMENTS**

Investments in the first 3 months of 2006 amounted to €0.3 million (31.12.2005: €0.2 million). This relates to the customary expansion and replacement investments in the context of computer and software investments and office equipment.

## **BREAKDOWN OF EARNINGS**

CENIT operates in two business segments. Approximately 76% of total sales were attributed to the e-engineering business unit and around 24% to the e-business business unit.

## **CHANGES TO THE EXECUTIVE AND SUPERVISORY BOARDS**

None

## **EVENTS OF PARTICULAR SIGNIFICANCE THAT COULD AFFECT BUSINESS OPERATIONS**

None

## **INTERIM DIVIDENDS**

No interim dividends were distributed.

## **AMOUNT DISTRIBUTED OR PROPOSED FOR DISTRIBUTION**

Due to the positive business development, the Executive Board and the Supervisory Board will propose to the Annual General Meeting that a dividend of 60 cents (2004: 30 cent per share) and a special dividend of 30 cents per share be distributed to shareholders. Both highlight our positive expectations with regard to our business development in 2006 and 2007.

## **NEW ORDERS**

Orders received in the Group were up by 8% to €31.2 million in the first quarter of 2006 (orders received in Q1/2005: €29 million). The order book totalled €28.6 million as at 31.03.2006 (2005: €25.2 million), thus corresponding to an increase of approximately 13%.

## **ORDERS OF PARTICULAR SIGNIFICANCE**

CENIT received the largest single order in the company's history from Airbus at the start of 2006. At the same time, CENIT also signed a "prime supplier" contract with Airbus Deutschland, which grants CENIT preferred IT supplier status.

## **EQUITY INVESTMENTS**

CENIT Switzerland generated unconsolidated sales of €0.6 million and an EBIT of €0.2 million. CENIT North America generated sales of €0.6 million and a positive EBIT of €0.04 million.

## **CASH, CASH EQUIVALENTS AND SECURITIES**

Cash and cash equivalents, including securities amounted to €22.1 million as at the reporting date (31.12.2005: €20.8 million).

## **FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS**

The balance sheet total was €37.44 million. Trade receivables and other assets totalled €35.82 million. CENIT's operating cash flow amounted to €2.2 million.

## **EMPLOYEES**

The number of employees in the Group as at 31.03.2006 totalled 532 (31.03.2005: 481).

## **OUTLOOK**

The Executive Board of CENIT is optimistic that the company will continue to generate growth in the medium-term by focussing on the consulting and software segments for product lifecycle management, enterprise content management and application management and through the international marketing of CENIT software. This optimistic outlook will be accompanied by a corresponding staff expansion, which currently includes plans for 60 vacancies, primarily in the consulting segment.

**CENIT Aktiengesellschaft Systemhaus**

Consolidated Balance Sheet prepared in accordance with IFRS (unaudited)

for the period from January 1 to March 31, 2006

in EUR k	March 31, 2006	Dec. 31, 2005
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	148	122
Property, plant and equipment	1.383	1.399
	<b>1.531</b>	<b>1.521</b>
<b>DEFERRED TAX ASSETS</b>	<b>86</b>	<b>87</b>
<b>NON-CURRENT ASSETS</b>	<b>1.617</b>	<b>1.608</b>
<b>CURRENT ASSETS</b>		
Inventories	2.824	1.057
Trade receivables	10.154	10.102
Current income tax assets	34	18
Other receivables	95	164
Other financial assets at fair value through profit or loss	17.506	13.021
Cash and cash equivalents	4.594	7.786
Prepaid expenses	613	153
<b>CURRENT ASSETS</b>	<b>35.820</b>	<b>32.301</b>
<b>TOTAL ASSETS</b>	<b>37.437</b>	<b>33.909</b>

**CENIT Aktiengesellschaft Systemhaus**

Consolidated Balance Sheet prepared in accordance with IFRS (unaudited)

for the period from January 1 to March 31, 2006

in EUR k	March 31, 2006	Dec. 31, 2005
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	4.184	4.184
Capital reserve	623	543
Currency translation reserve	-126	-119
Revenue reserves	5.039	5.039
Net income of the Group allocable to the shareholders of CENIT AG	11.853	9.879
Minority Interests	43	43
<b>TOTAL EQUITY</b>	<b>21.616</b>	<b>19.569</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	46	97
<b>CURRENT LIABILITIES</b>		
Short-term liabilities to banks	1.337	1.321
Trade payables	1.354	2.048
Other liabilities	11.557	8.478
Current income taxes	1.360	2.256
Other Provisions	153	122
Deferred Income	14	18
	<b>15.775</b>	<b>14.243</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>37.437</b>	<b>33.909</b>

**CENIT Aktiengesellschaft Systemhaus**
**Consolidated Income Statement prepared in accordance with IFRS (unaudified)**
**for the period from January 1 to March 31, 2006**

in EUR k	March 31, 2006	March 31, 2005
<b>1. SALES</b>	<b>19.181</b>	<b>16.112</b>
2. Decrease in inventories of work in process	1.237	1.005
Total operating performance	20.417	17.118
3. Other operating income	157	251
Operating performance	20.575	17.368
4. Cost of materials	5.777	5.195
5. Personnel expenses	8.787	7.827
6. Amortization of intangible assets and depreciation on property, plant and equipment	277	172
7. Other operating expenses	3.128	2.571
	17.968	15.765
<b>NET OPERATING INCOME</b>	<b>2.606</b>	<b>1.603</b>
8. Other interest and similar income	57	80
9. Interest and similar expenses	5	2
10. Result from financial instruments at fair value through profit or loss	-220	0
	-168	78
<b>RESULT FROM ORDINARY ACTIVITIES</b>	<b>2.438</b>	<b>1.680</b>
11. Income taxes	464	608
<b>12. NET INCOME OF THE GROUP FOR THE YEAR</b>	<b>1.974</b>	<b>1.072</b>
13. Thereof allocable to the shareholders of CENIT AG	1.950	1.071
14. Thereof allocable to minority interests	24	1
Earnings per share in EUR		
undiluted	0,47	0,26
diluted	0,47	0,26

**CENIT Aktiengesellschaft Systemhaus**

**Consolidated Statement of Cash Flows prepared in accordance with IFRS (unaudited)**

**for the period from January 1 to March 31, 2006**

in EUR k	March 31,2006	March 31,2005
<b>Cash flow from operating activities</b>		
Earnings before income taxes and deferred taxes	2.438	1.680
Adjusted for:		
Amortization of intangible assets and depreciation of property, plant and equipment	277	172
Losses on disposals of non-current assets	0	-1
Gains on disposals of non-current assets	2	0
Other non-cash expenses and income	-487	-632
Interest income	-57	-80
Interest and similar expenses	5	2
<b>Net operating income before changes in net working capital</b>	<b>2.178</b>	<b>1.141</b>
Increase/decrease in trade receivables and other current, non-monetary assets	-459	4.531
Change in other financial assets that are not allocable to cash and cash equivalents	0	0
Increase/decrease in inventories	-1.767	-1.174
Increase/decrease in current liabilities and provisions	1.578	-1.064
<b>Cash flow from ordinary operations</b>	<b>1.530</b>	<b>3.434</b>
Interest paid	-5	-2
Interest received	57	80
Income taxes paid	0	0
<b>Net cash flow from ordinary activities</b>	<b>1.582</b>	<b>3.512</b>
<b>Net cash flow from operating activities</b>	<b>1.582</b>	<b>3.512</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	-289	-209
Proceeds from the disposal of property, plant and equipment	0	
<b>Net cash paid for investing activities</b>	<b>-289</b>	<b>-209</b>
<b>Cash flow from financing activities</b>		
Repayment of longterm bank loans	0	0
Dividends paid to shareholders	0	
Change in convertible bond	0	0
<b>Net cash paid for investing activities</b>	<b>0</b>	<b>0</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>1.293</b>	<b>3.303</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>17.827</b>	<b>14.684</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>19.120</b>	<b>17.987</b>

**CENIT Aktiengesellschaft Systemhaus**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IN ACORDANCE WITH IFRS) (unaudified)**  
for the period from January 1 to March 31, 2006

in k	Wquity allocable to the parent company's shareholders				Revenue reserve	Group result per shareholder of CENIT AG	Minority interests	Total
	Subscribed capital	Capital reserve	Currency translation reserve					
<b>as of January 1,2005</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
Currency fluctuation			-4					-4
Dividend distribution						-1.255		-1.255
Kap,RL Aktienoptionen		125						125
Net income for the Group						6.742	6	6.748
<b>as of Dec. 31,2005</b>	<b>4.184</b>	<b>543</b>	<b>-119</b>		<b>5.039</b>	<b>9.879</b>	<b>43</b>	<b>19.569</b>
Transfers to revenue reserves								0
Transfer from stock options		80						80
Dividend distribution								0
Currency fluctuation			-7					-7
Net income of the Group for the year						1.974		1.974
<b>as of March 31,2006</b>	<b>4.184</b>	<b>623</b>	<b>-126</b>		<b>5.039</b>	<b>11.853</b>	<b>43</b>	<b>21.616</b>

CENIT Aktiengesellschaft Systemhaus

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

for the period from January 1 to March 31, 2006

	EB	EE	not allocated	Group
in EUR `000				
<b>Sales to third parties</b>				
Q1 2006	4,629	14,552	0	19,181
Q1 2005	5,300	10,812	0	16,112
<b>EBIT</b>				
Q1 2006	50	2,556	0	2,606
Q1 2005	421	1,182	0	1,603
<b>Interest and financial result</b>				
This optimistic outlook will be accompanied by	0	0	-168	-168
Q1 2005	0	0	78	78
<b>Taxes</b>				
Q1 2006	0	0	-464	-464
Q1 2005	0	0	-608	-608
<b>Net Income/loss of the group</b>				
Q1 2006	50	2,556	-632	1,974
Q1 2005	421	1,182	-530	1,072
<b>Segment assets</b>				
Mar 31, 2006	4,598*	10,619*	22,220	37,437
Dec 31, 2005	3,760	9,237	20,912	33,909
<b>Segment liabilities</b>				
Mar 31, 2006	5,275*	7,803*	2,743	15,821
Dec 31, 2005	3,214	7,452	3,674	14,340
<b>Capital expenditure</b>				
Mar 31, 2006	72	217	0	289
Dec 31, 2005	201	799	0	1,000
<b>Amortization &amp; depreciation</b>				
Q1 2006	56	221	0	277
Q1 2005	38	134	0	172

EB = e-business; EE = e-engineering

\*change in disclosure

**CENIT Aktiengesellschaft Systemhaus**

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

**for the period from January 1 to March 31, 2006**

in EUR `000	D	CH	USA	not allocated	Consolidation	Group
<b>Intercompany Sales</b>						
Q1 2006	444	141	42	0	-627	0
Q1 2005	208	134	0	0	-342	0
<b>Sales to third parties</b>						
Q1 2006	18,317	308	556	0	0	19,181
Q1 2005	15,636	203	273	0	0	16,112
<b>Segment assets</b>						
Mar 31, 2006	14,770	607	282	22,220	-442	37,437
Dec 31, 2005	12,629	247	405	20,912	-284	33,909
<b>Capital expenditure</b>						
Mar 31, 2006	288	0	1	0	0	289
Dec 31, 2005	957	0	43	0	0	1,000

## 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:

Total Number of Shares            4.183.879

#### Shares owned by the Executive Board:

Hubertus Manthey                    93.108

Christian Pusch                        0

Andreas Schmidt                    145.896

#### Shares owned by the Supervisory Board:

Falk Engelmann                      130.000

Hubert Leypoldt                      800

Dr. Dirk Lippold                      0