

9-MONTH REPORT 2001 / CENIT AG SYSTEMHAUS

III

9 MONTHS 2001 AT A GLANCE

	30.09.2001	30.09.2000
	TEUR	TEUR
Sales Revenue	90,025	73,774
Gross Earnings	51,174	42,490
EBITDA	-3,209	2,255
EBITA	-6,205	509
Operating result (EBIT)	-7,219	-550
Consolidated Profits	-7,749	-919
Profits per Share in EURO	-1.86	-0.22
Number of employees (at end of reporting period)	862	846



DEAR SHAREHOLDERS

In the 9-month report 2001 we want to inform you of the financial situation of the enterprise, the current market situation and further developing operations. The costs and restructuring measures announced in the 6-month report are continued during the current financial year. For this reason, we have decided on finalizing a reverse transaction, returning our subsidiary in North America and have sold our subsidiary in UK. In connection with this, preliminary contracts have been signed. The economic development in the last couple of months as well as the cyclical outlook showed us how to reduce considerable losses and capital lockup there.

Our international operations in France and Switzerland will continue and are running satisfactorily. All measures serve to drive our strategic aims, the consolidation of the group as well as restoring our previous profitability. We want to promote a healthy and solid enterprise as investment to our shareholders, an enterprise that is able to respond quickly and flexibly to changes in the market.

In the 3rd quarter 2001 our share price recorded a substantial revaluation to 2.50 EUR. However, after we had succeeded in convincing some investors of CENIT, the price could recover to 5 EUR.

Thereby a greater volume of trade was achieved and over 150,000 shares were traded per day. Principally, such a volume of trade is positive although it causes a high degree of volatility in the current market. We still see the CENIT share as having a considerable value in the Neuer Markt.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'F. Engelmann'. The signature is fluid and cursive, written over a light blue background.

Falk Engelmann

Chairman of the Executive Board

REVIEW OF THE ECONOMIC SITUATION

The Deutsche Bundesbank expects this year's growth in GDP to be "more likely to be lower than higher than 1 per cent". For the forthcoming year, we would have to calculate on the basis of rather modest growth in production. As a result, a cyclical change becomes improbable this year. Also in the upcoming year the situation may only stabilize in the second half-year. Nevertheless, the Deutsche Bundesbank is not predicting that the German economy is heading for a recession.

Investors are still acting cautiously. 21 per cent of enterprises worldwide want to increase their investments within the next twelve months, according to their own information. 34 per cent, however, want to reduce their investment. (Business Monitor Study Handelsblatt 10/2001). This decrease applies more to small and medium-sized enterprises than to larger ones; the need for restraint is also being acknowledged in the services sector for the first time. IT investments are being long-term postponed.

CENIT RESULT DEVELOPMENT

CENIT reported an increase in sales of 22 per cent, to 90.03 m. EUR in the first 9 months of 2001 (9/2000: 73.77 m. EUR). CENIT Germany achieved sales of 64.96 m. EUR, in comparison with the previous year this means an increase of 13.6 per cent (9/2000: 57.19 m. EUR). Gross profit of the group increased by 20 per cent to 51.17 m. EUR (9/2000: 42.49 m. EUR). The operative result (EBIT) of the CENIT Group scored a negative result of minus 7.22 m. EUR (9/2000: -0.55 m. EUR). EBITDA adds to a minus 3.21 m. EUR (9/2000: 2.26 m. EUR). Depreciation amounts to 3.0 m. EUR (9/2000: 1.75 m. EUR). The EBITA is minus 6.21 m. EUR.

The goodwill amortization adds up to 1.01 m. EUR. The earnings per share (EPS) are minus 1.86 EUR (9/2000: 0.22 EUR). The number of employees of CENIT increased to 862 employees worldwide (reporting date 30.09.2000: 846 employees).

The weaker result relates to the poor performance of our subsidiaries in North America and UK as well as the investment restraint in the e-business environment and in the hardware and software area in Germany. Finalizing a reverse transaction in North America was a reaction to the poor sales and results development of the in the former year acquired subsidiary. This year's first six months showed already a clear results break down in our North America subsidiary mainly due to the crisis in the automotive sector. The 3rd quarter showed a continued weak development as the business crisis also influenced the aerospace industry. As a further cost reduction measure, the subsidiary CENIT UK could be sold to the original owner and present CEO. The sale includes a distribution contract that assures the continuation of the offer of CENIT services and products in UK. After the sale, the company will continue to use the name CENIT UK.

Finalizing the reverse transaction in the North America and selling our subsidiary in UK, CENIT continues to implement the restructuring and cost saving program. Through these measures, CENIT expects to achieve substantially improved results in 2002. The still to be determined restructuring costs and depreciation in 2001 will have an adverse effect on the results for the current year, yet they form an essential basis for improved earnings in the future.

In the past 9 months, our Germany operations scored an EBITDA of minus 635 kEUR, mainly caused by hardware and software business falling below expectations. A direct effect of this was the decision of an additional 10 per cent cut in the workforce in Germany and the reduction of our activities in the e-commerce area. At the same time the hardware business will be cut back and our services sector will be developed further. Cost reductions, implemented in the 3rd quarter, proved effective. In the 3rd quarter, CENIT Group could reduce overall costs by 3.3 m. EUR.

NEW ORDERS

The current stock of orders could be improved up to 30 per cent in comparison to the same period last year.

As first shipyard in Europe the Howaldtswerke-Deutsche Werft AG (HDW) in Kiel, switched their entire development, construction and product data to digitally integrated processes. Concerning this, the German shipyard, world-leader in conventionally driven submarines, completed a two-digit million EUR contract with IBM Deutschland GmbH and CENIT AG Systemhaus.

Furthermore, an order worth more than 2.5 m. EUR, providing an electronic document management system, has been placed by DFS Deutsche Flugsicherung GmbH (German Air traffic control), a long-standing partner. Included is the electronic safe revision filing of documents from previous paper based DFS documents. CENIT as a general contractor will establish and integrate into the job sequence of the respective areas the electronic archives based on the software family Panagon of the world market leading software house FileNET. The hardware infrastructure is also delivered by CENIT.

PARTICIPATIONS

CENIT UK achieved in the last 9 months sales of 3,352 kEUR, with an operative result (EBIT) of minus 837 kEUR. CENIT Switzerland shows sales in the same period of 2,113 TEUR kEUR with a slight negative operative result (EBIT) of -105 kEUR.

CENIT France and Spring reached sales of 12,715 kEUR with an EBIT of minus 19 kEUR. CENIT America scored sales of 8,377 kEUR with a negative result (EBIT) of minus 2,167 kEUR.

INVESTMENTS

In total, until the 30th of September, investments for the amount of 1,661 kEUR were made, mainly in Germany.

LIQUID FUNDS AND SECURITIES

The liquid funds including securities scored 1,829 kEUR as of 30th September. For further details please refer to the cash flow statement in this report.

SITUATION OF THE ASSETS AND LIABILITIES, CASH FLOW AND RESULT

The balance sheet of CENIT shows in total a balanced and long-term-secured structure. The balance sheet total scored 60,131 kEUR. The trade receivables score 21,948 kEUR.

Sales out of merchandise decreased because of the bad market conditions, especially in the Hardware business.

The increase of the human resources expenditures of 17.5 per cent compared to the previous year in Germany leads to additional charges. Overhead expenses where increased by 28.5 per cent.

RESEARCH AND DEVELOPMENT

There have been no expenses in Research and Development.

EMPLOYEES

As of the reporting date, the number of employees in Germany records 527, in Switzerland 16, in UK 27, in France 156 and in America (USA, Canada, Mexico) 136. The CENIT AG Systemhaus Group employs 862 employees worldwide; this is an increase of 2 per cent compared with the comparative time period of the previous year (30.09.2000: 846). In the 3rd quarter, the number of employees was reduced by 3 per cent.

AWARDS

CENIT continued receiving further awards from its customers and partners. As an example SAP Alliance Management awarded CENIT as worldwide "Special Expertise Partner SAP/PDM".

CENIT's current annual report 2000 received an award out of the Deutsche Druckschriftwettbewerb 2001 – Berliner Type (German Contest for Publications). The justification of the Deutsche Kommunikationsverband (German Association for Communication) mentions a decided annual report that combines bravely and clearly illustrations, colors and fonts. The text-supporting picture analogies are taken to the point and transport the content without any further ado.

VIEW

With finalizing a reverse transaction in North America and the sale of the subsidiary in UK, CENIT continues the consistent restructuring and cost saving program. By separation from those deficit-producing subsidiaries, CENIT expects to achieve a substantial improvement in the group result for 2002. However, the restructuring expenses and depreciation costs in 2001 will weigh down on the result for the year, but will form the necessary base for a future profit situation. In the 4th quarter, we expect an improvement in the cost structure as well as a slight increase of the business at the end of the year. We assume that we still gain a positive operative result in the 4th quarter before goodwill amortization in Germany.

With regards to the development of our share price we expect that the capital market judge the separation from the previous loss making factors to be a positive signal.

INCOME STATEMENT 9 MONTH (UNAUDITED)

	1 st -3 rd quarter	1 st -3 rd quarter	Change in	
	2001	2000	absolute terms	%
	TEUR	TEUR		
Revenues	90,025	73,774	16,251	22
Other operating income	503	703	-200	-28
Changes in inventories of finished goods and work in progress	-1,580	7,253	-8,833	-122
Production of own fixed assets capitalized	0	0		
Cost of purchased materials and services	37,774	39,240	-1,466	-4
Personell expenses	37,953	28,183	9,770	35
Depreciation and amortization	2,996	1,746	1,250	72
Amortization (and impairment) of goodwill	1,014	1,059	-45	-4
Other operating expenses	16,430	12,052	4,378	36
Operating income/loss	-7,219	-550	-6,669	1213
Interest income and expense	-672	-56	-616	
Income from investments and participations	0	0		
Income/expense from investments accounted for by the equity method	0	0		
Other income/expenses	0	0		
Result before income taxes (and minority interest)	-7,891	-605	-7,286	
Income tax	42	-223	265	
Extraordinary income/expenses	90	-91	181	
Result before minority interest	-7,759	-919	-6,840	
Minority interest	10	0	10	
Net income/loss	-7,749	-919	-6,830	
Net income per share (basic)	-1.86	-0.22		
Net income per share (diluted)	-1.78	-0.21		
Weighted average shares outstanding (basic)	4,169,242	4,088,733		
Weighted average shares outstanding (diluted)	4,363,162	4,353,353		
Financial characteristic numbers				
EBITDA	-3,209	2,255		
EBITA	-6,205	509		
EBIT	-7,219	-550		
EBT	-7,801	-696		

INCOME STATEMENT Q 3 (UNAUDITED)

	3 rd quarter 2001	3 rd quarter 2000	Change in	
	TEUR	TEUR	absolute terms	%
Revenues	27,486	29,045	-1,559	-5
Other operating income	209	449	-240	-53
Changes in inventories of finished good and work in progress	-617	5,444	-6,061	-111
Production of own fixed asstes capitalized	0	0	0	
Cost of purchased materials and services	11,607	18,233	-6,626	-36
Personell expenses	11,891	10,877	1,014	9
Depreciation and amortization	965	656	309	47
Amortization (and impairment) of goodwill	241	629	-388	-62
Other operating expenses	4,608	4,724	-116	-2
Operating income/loss	-2,234	-181	-2,053	1134
Interest income and expense	-158	-142	-16	
Income from investments and participations	0	0		
Income/expense from investments accounted for by the equity method	0	0		
Other income/expenses	0	0		
Result before income taxes (and minority interest)	-2,392	-322	-2,070	
Income tax	181	189	-8	
Extraordinary income/expenses	120	-124	244	
Result before minority interest	-2,091	-257	-1,834	
Minority interest	1	0	1	
Net income/loss	-2,090	-257	-1,833	
Net income per share (basic)	-0.50	-0.06		
Net income per share (diluted)	-0.48	-0.06		
Weighted average shares outstanding (basic)	4,169,242	4,088,733		
Weighted average shares outstanding (diluted)	4,363,162	4,353,353		
Financial characteristic numbers				
EBITDA	-1,028	1,105		
EBITA	-1,993	448		
EBIT	-2,234	-180		
EBT	-2,272	-445		

BALANCE SHEET (UNAUDITED)

Liabilities and Shareholders' Equity	30.09.2001	31.12.2000
	TEUR	TEUR
Current liabilities		
Short term debt and current portion of long-term debt	15,910	13,268
Trade accounts payable	3,950	15,603
Accounts payable due to related parties	0	0
Accrued expenses	0	0
Deferred revenues	3,108	3,958
Income tax payable	0	0
Deferred tax liability	193	232
Other current liabilities	6,706	5,445
Total current liabilities	29,867	38,506
Non-current liabilities		
Long-term debt, less current portion	528	623
Capital lease obligations, less current portion	0	0
Deferred revenues	59	0
Others	77	87
Total non-current liabilities	664	710
Minority interest	-64	-50
Shareholders' equity		
Share capital	4,184	4,184
Additional paid-in capital	30,525	36,505
Treasury stock	0	0
Retained earnings/accumulated deficit	-9,575	-991
Accumulated other comprehensive income/loss	3,869	2,769
Others	661	-128
Total shareholders' equity	29,664	42,339
Total liabilities and shareholders' equity	60,131	81,505

CASH FLOW STATEMENT

	01.01.-30.09. 2001	01.01.-30.09. 2000
	TEUR	TEUR
Cash flows from operating activities		
Net profit / loss	-7,759	-919
Adjustments for Minority interest	10	0
Depreciation and amortization	4,010	2,805
Increase / decrease in provisions and accruals	-850	-1,838
Losses / gains on the disposal of fixed assets	0	0
Foreign exchange gains / losses	0	0
Change in inventories	1,927	-7,743
Change in accounts receivable for goods and other assets	11,324	-7,376
Change in advance payments received, bills payable and liabilities for goods and services and other liabilities	-10,439	9,411
Change in net working capital	0	0
Net cash provided by operating activities	-1,777	-5,660
Cash flows from investing activities		
Aquisition of subsidiaries, net of cash acquired	0	-7,033
Proceeds from disposal of a subsidiary, net of cash transferred	0	0
Purchase of property, plant and equipment	-1,661	-4,213
Proceeds from sale of equipment	365	35
Other	0	0
Net cash used in investing activities	-1,296	-11,211
Cash flows from financing activities		
Proceeds from issuance of share capital	0	184
Cash repayments of amounts borrowed	0	0
Proceeds from short or long-term borrowings	2,547	4,615
Payment of capital lease liabilities	0	0
Other	0	-1,692
Net cash provided by financing activities	2,547	3,107
Net effect of currency translation in cash and cash equivalents	0	-46
Net increase (decrease) in cash and cash equivalents	-526	-13,810
Cash and cash equivalents at beginning of period	2,355	15,517
Cash and cash equivalents at end of period	1,829	1,707

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTHS
ENDS SEPTEMBER 30, 2001

	Share capital	Additional paid-in capital	Currency transl. adjustment	Acc.other compr.income	Retained Earnings	Convertible options	Result
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Balance at January 1, 2001	4,184	36,505	-138	2,769	-991	10	42,339
Increases in capital				1,100	-1,100		0
Dividends paid							0
Change in previous period					275		275
Increases in convertible options						-1	-1
Net income					-7,759		-7,759
Change in additional paid-in capital for acquisitions		-5,980					-5,980
Change in currency translation adjustment			790				790
Balance at September 30, 2001	4,184	30,525	652	3,869	-9,575	9	29,664

9-MONTH DIVISION REPORT CENT GROUP PER DIVISION

		EB	EE	not allocated to any BU	consol. Bookings	total
sales, intercompany	2001	546	942		-1,488	0
	2000	49	196		-245	0
sales, external	2001	27,554	62,471			90,025
	2000	20,658	53,116			73,774
EBIT	2001	-1,711	-4,633	-1,014	139	-7,219
	2000	721	-323	-1,059	111	-550
assets	2001	20,614	50,725		-11,208	60,131
	2000	18,956	59,315		-6,772	71,499
liabilities	2001	8,904	30,869		-9,242	30,531
	2000	5,503	28,248		-4,378	29,373
capital expenditures	2001	510	1,151		0	1,661
	2000	855	2,330		0	3,185
depreciation	2001	-1,128	-1,868	-1,014	0	-4,010
	2000	-622	-1,124	-1,059	0	-2,805

9-MONTH DIVISION REPORT CENT GROUP PER REGION

		DE	UK	CH	France	America	allocation not possible	consol. Bookings	Group
sales, intercompany	2001	566	192	298	230	202		-1,488	0
	2000	134	69	29	13	0		-245	0
sales, external	2001	64,389	3,161	1,815	12,485	8,175			90,025
	2000	57,061	2,685	941	7,848	5,239			73,774
Assets	2001	55,396	1,710	1,929	6,399	5,890	15	-11,208	60,131
	2000	63,186	1,914	935	6,277	5,959	0	-6,772	71,499
Capital Expenditure	2001	1,386	29	39	137	70	0	0	1,661
	2000	2,430	45	256	72	382	0	0	3,185

EXPLANATION TO OWNING SHARES AND THE PRE-EMPTIVE RIGHTS OF DIRECTORS AND OFFICERS AND EMPLOYEES ACCORDING TO §160 ABS. 1 NR. 2 AND 5 AKTG.

Directors and Officers of the company have no share pre-emptive rights.
 CENIT employees have pre-emptive rights on 168,788 convertible bonds according to the employee shares participation program.

DIRECTORS HOLDING

Total Number of Shares	4,183,879
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Shares owned by the Executive Board

Falk Engelmann	Hubertus Manthey	Andreas Schmidt
333,396	379,712	398,596

Shares owned by the Supervisory Board

Hubert Leyboldt	Dr. Axel Sigle	Dr. Dirk Lippold
800	0	0

CHANGE OF MANAGEMENT AND SUPERVISORY BODY

No changes.

CENIT AG SYSTEMHAUS

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