Nine Month's Report 2004

January 1 to September 30, 2004

Database for
Commerce and
Industry AG

Board of Management	Michael Mohr (CEO) Dr. Reiner Stecher (CFO)
Date of listing	13.3.2000
IPO lead manager	Concord Effekten AG
Nominal capital / number of share	8.464.592

Ownership structure

Name	Shares	% of common stock
Michael Mohr	3,566,830	42.138%
Free float	4,897,762	57.862%
Total	**8,464,592**	**100.000%**

Share price 30.9.2004	€ 0.68 (XETRA)
High / low in 2004	€ 1.05 / € 0.39 (XETRA)
Market capitalization	(€ 0.68 x 8,464,592) € 5,755,922.56
Sec. identification number	529530
Number of employees	76
Accounting standard	US-GAAP

US-GAAP	**2004** **1.1. – 30.9.**	**2003** **1.1. – 30.9.**
Turnover (K€)	2,308	2,741
Depreciation (K€)	197	432
EBITDA (K€)	-235	-2,666
EBITDA (% of turnover)	-10%	-97%
EBIT (K€)	-432	-3,098
EBIT (% of turnover)	-19%	-113%
Consolidated income (K€)	-450	-3.011
Net income (% of turnover)	-19%	-110%
EPS (€)	-0.05	-0.36
Equity ratio	72%	40%
Staff	72	86

Director holdings	**Shares 30.9.2004**	**Shares 30.6.2004**
Board of Management		
Michael Mohr (CEO)	3,566,830	3,566,830
Supervisory Board		
Michael Böllner (Chairman)	4,500	4,500

Company and products

The DCI Database for Commerce and Industry AG, which emerged from the DCI Database for Commerce and Industry GmbH founded in 1993, is a service company for digital sales management. DCI AG assumes and optimizes electronically based business processes in the areas of purchasing, sales, sales promotion as well as data recording and updating. DCI's competitive advantage is its many years of experience and detailed knowledge of the multiple levels of trading in ITC products (information and telecommunication). The company has special expertise in developing and marketing electronic push and pull media. Key factors for the success of the company are innovative ability and networking with strong partners.

The DCI Group offers tailored solutions with the aim of aligning supply and demand by exploiting the latest technologies:

eCommerce

- Open and closed online trade platforms (DCI WebTradeCenter, acequote.com)

Marketing / Sales

- Electronic product catalogues (.tma Files and DCI TradeManager [.tma Reader and File Management / Procurement Software])

Information Providing

- DCI media: push media for product sales in industry and trade (e.g. fax advertising DCI Highlight Fax, premium email (HTML) for marketing and sales, Verbund-E-Mails)
- Data Services: Data management, licensing, maintenance and filtering of product and address data (subsidiary in Romania [DCI Romania S.R.L.])
- Wide Area Infoboard (WAI): DCI has applied for a patent for this technology, which allows electronic data to be transferred by e-mail to web portals. The content can be viewed on the portals in a structured form and without any downloads. This product is currently in the introductory market phase

Business trends

Development of sales and earnings

<u>Development of sales</u>

After three quarters of 2004, the DCI Group posted consolidated sales of K€ 2,308 (PY: K€ 2,741), a 16% decrease year-on-year.

This sales decline of K€ 433 resulted primarily from the deconsolidation of the Group company, Buying House GmbH due to insolvency at the end of 2003. Buying House GmbH was the only sales generator in the Procurement segment and had generated sales of K€ 130 in the six months of 2003. In the third quarter, Buying House did not generate sales any more.

In addition, this reporting period sees the absence of sales from our English subsidiary, acequote.com Ltd. This company no longer had operational activities in 2004, finally being struck off and deconsolidated in the third quarter. Sales in the first half of the previous year totaled K€ 39 (2004 financial year: K€ 0)

Adjusted for the above effects, the following picture results for the first three quarters of 2004 in comparison to 2003:

The e-Commerce division posted a sales decline of K€ 510 to K€ 338 (-34%). Sales also declined in the Information Providing segment, from K€ 1,956 to K€ 1.799 (-8%). In both segments the sales decline was due primarily to the poor general economic situation. On the other hand, the Marketing/Sales segment posted pleasing growth of K€ 65. With 78% of total sales, the Information Providing division is the main sales driver of the DCI Group.

	Q1-Q3 2004		**Q1-Q3 2003**		**Change**	
Information Providing	K€	1,799	K€	1,956	K€	-157
eCommerce	K€	338	K€	510	K€	-172
Marketing/Sales	K€	171	K€	106	K€	65
Total	**K€**	**2,308**	**K€**	**2,572**	**K€**	**-264**

Including acequote.com Ltd. and Buying House GmbH, sales in the DCI Group break down as follows:

	Q1-Q3 2004		**Q1-Q3 2003**		**Change**	
Information Providing	K€	1,799	K€	1,956	K€	-157
eCommerce	K€	338	K€	549	K€	-211
Procurement	K€	0	K€	130	K€	-130
Marketing/Sales	K€	171	K€	106	K€	65
Total	**K€**	**2,308**	**K€**	**2,741**	**K€**	**-433**

Total Group accumulated sales stand at 3.15% below the target figure which was reduced from the previous year.

The third quarter recorded the following sales development:

	Q1-Q3 2004		Q1-Q3 2003		Change	
Information Providing	K€	618	K€	663	K€	-45
eCommerce	K€	106	K€	146	K€	-40
Marketing/Sales	K€	67	K€	73	K€	-6
Total	**K€**	**791**	**K€**	**882**	**K€**	**-91**

At K€ 91, sales in the third quarter 2004 are 10% below those in the third quarter 2003. This is not the result of the subsidiaries acequote.com Ltd. and Buying House GmbH, as these were already posting no sales in the third quarter of 2003.

Development of earnings:

In the third quarter of this financial year, the successes of the cost reduction measures initiated in the previous year and vigorously pursued by the DCI AG parent company, as well as the impact of discontinuation of loss-making operations (insolvency of Buying House GmbH, striking off at acequote.com Ltd., closure and planned liquidation of the subsidiary DCI Malta Ltd.) were evident. Furthermore, in comparison to the previous year, operating expenditure was considerably reduced in almost all areas. As a result, the negative operating result of K€ -3,010 in the first three quarters of 2003 was reduced to minus K€ 1,253, an improvement of K€ 1,757 or 58%.

The result for the Q3 2004 period was K€ -199, while the accumulated result for the first three quarters was K€ -450. This loss was thus reduced by K€ 2,561or 85% year-on-year (PY: K€ -3,011). A key factor here was high income from writing back provisions (K€ 664) in the first quarter. These related entirely to provisions made in connection with the letter of comfort given for MuK GmbH, Berlin, and which is not longer required as a result of the legal victory.

The consolidated financial statements as of September 30, 2004 include the DCI subsidiaries DCI Malta Ltd. and DCI Romania S.R.L. The subsidiary acequote.com Ltd. was deconsolidated in the third quarter. The majority stake in Buying House GmbH was included in the scope of consolidation until it was deconsolidated on November 30, 2003.

As in previous years, the financial year corresponds to the calendar year.

Order book

eCommerce segment:

After the first three quarters of 2004, the DCI **WebTradeCenter** (WTC) generated accumulated sales of K€ 338. This was up on the target values, which are reduced, compared to previous year sales. The WebTradeCenter, unique in Germany, is a product and price overview for ITC articles (information and telecommunication) for the ITC specialist trade. It is used today primarily as an information platform. DCI Premium Content includes the 18,000 most important products from the DCI database (according to details of various different supply sources and prices). Premium Content is now also available as an electronic TradeManager catalogue for retailers and corporate buyers. Users must obtain professional membership. The current sales to corporate buyers lead us to expect an increase in memberships in the fourth quarter.

Business trends

Marketing/Sales segment:

At K€ 171, sales of the electronic catalogues (DCI **TradeManager**) are still below target. At the moment, measures are being introduced to increase downloads by expanding the portal base and also to gain orders for the creation of new catalogues. For this reason, we have modified the TradeManager business model. Concrete negotiations with interested parties are already taking place over the new base.

Information Providing segment:

This division comprises the recording and updating of product data (Data Services) as well as their distribution via DCI media. The Wide Area Infoboard was added to the division at the beginning of the third quarter. At K€ 1,799, accumulated sales in this division are above target. Individual positions are as follows:

Data Services have developed very pleasingly through our **Data Service Factory** in Romania. For the last three years we have achieved high annual rates of increase, albeit from a low starting point. Electronic product data for online shops or for our customers' goods trade are created here. Outsourcing services are also provided, whereby we carry out QA tasks or catalogue data management. We have identified a trend towards the shift of data management to external, specialized service providers such as DCI. On this basis, we expect our market share in this sector to increase further. We expect to be up on target sales for 2004.

DCI E-Mail media continue to operate in a difficult and still unmotivated market. As reported, insolvencies in the ITC industry have diminished the customer base, while the increased price pressure is still in evidence. In contrast, measures to increase the quality of our dispatches and recipient addresses are beginning to bear fruit. Nevertheless, sales are below target. Irrespective of this, our customer base includes almost all well-known ITC producers.

We corrected our ambitious targets for the recently launched **Verbund-e-Mails**. Sales expenditure was much higher than could have been foreseen, while the market was less receptive than expected. In addition, sending advertising messages by e-mail (push marketing) was legally considerably restricted. A further difficulty was the fact that addressees are increasingly installing spam filters, which sometimes also filter out permitted advertising e-mails.

We have taken this worsened environment into consideration and developed a new product, the **Wide Area Infoboard (WAI)** which takes into account the expected shifts in the e-mail advertising market. The technology, for which DCI has applied for a patent, allows e-mail senders to archive their messages (additionally) for direct retrieval on selected web portals oriented to the target group (pull marketing). This offers the sender an extremely cost-efficient way to making new contact with the target group without filling up e-mail inboxes and avoiding spam risks. The web portals also gain access to information streams that have heretofore been beyond their reach.

The new solution has already proved its technical feasibility and provoked positive reactions in the market. The business model is based on the fees of the senders of the information (e.g. newsletters), which DCI shares with the portal operators. At the moment, negotiations are underway with well-known topic portals about setting up WAIs.

In-house market research at specialist mass events, among publishers of e-mail newsletters and on web portals have indicated an enormous potential for our new solution. The WAI gives DCI the opportunity to see huge sales growth in bulk business, even at an international level. Reaching the break even threshold in 2005 is therefore still possible. However, we do not expect the latter to occur, but rather envisage development of WAI sales only to become apparent in 2005. In connection with this, we once again point out the planning risk incurred by new products for which there are no comparison possibilities in the market. This was already commented on in the 2003 management report.

Development of costs

The improvement of the operating result from minus K€ 3,010 in the first three quarters of 2003 to minus K€ 1,253 in the first three quarters of 2004 is the result of the cost savings measures initiated in 2003 and continued rigorously in 2004. Overview of the key cost reductions:

(figures in K€)	Q1-Q3 2004	Q1-Q3 2003	Change in K€	Change in %
Total operating expenditure:	2,508	4,014	-1,506	- 38%
Of which				
Cost of sales	806	1,600	-794	- 50%
General administrative costs:	1,260	1,346	-86	- 6%
Research and development:	442	1,068	-626	-59%

As a ratio of sales, cost of sales made only 35% (PY: 58%) and R&D costs 19% (PY: 39%). General administrative costs only fell slightly compared to the comparable period of the previous year. However, it should be noted that here, in the previous year, non-recurring effects had reduced costs.

R&D activities

In the third quarter of 2004, the “Wide Area Infoboard”, an archive for electronic newsletters on the internet, was further developed and once more adapted to meet market requirements.

Investments

In the third quarter, the parent company DCI AG invested K€ 16 for copier/printers.

Events of importance that may impact the result

The subsidiary DCI Malta Ltd. was closed as an operating unit with effect from the end of June 2004. The objective of this company was the program development of the TradeManager. With Version 8.6 ready for the market, this is concluded. Should further adaptations/developments of the software prove necessary, these services will be rendered by our subsidiary in Romania. The closure of DCI Malta Ltd. allowed considerable costs savings and a further streamlining of business processes in the Group. These effects are already being felt in part. The process for orderly liquidation ("dissolution“) was initiated per June 30, 2004.

Outlook

Well-known market research companies are sure: the internet boom is not over, but has only just begun. More and more people are on line and buy by mouse click, as a result of which eCommerce will steadily increase its share in total commerce revenues. Analysts confirm that company advertising budgets are increasingly shifting, and at an accelerated pace, to the internet. However, in contrast to this special internet economy scenario, the overall outlook for 2005 in Germany is slightly less positive. Most of the leading German economic research institutes have dropped their growth forecasts for 2005 by 0.3 percentage points in relation to 2004 to 1.5 percentage points. Only the German Institute for Economic Research (DIW) expects a strong upswing in 2005, with 2 percent growth. Private consumer spending is likely to increase by only 0.8% next year.

Against this backdrop, we do not feel that achieving our targets for 2004 is fundamentally in jeopardy. However, negative deviations from the 2004 sales plan may be possible.

On the contrary, the new internet-based product (Wide Area Infoboard) offers considerable potential to stimulate lasting development of the company.

Summary

Overall, we are convinced that our universal service offer, which covers the total client value-added from data collection via the creation of electronic catalogues to the distribution of these using various channels, offers a competitive edge over niche suppliers. Our market requires a performance where there can be a short-term return on investment. We have again focused our product range along these lines, always supporting direct promotion of sales. The most recent example has been the “Wide Area Infoboard”, which represents the essence of our experience in information management. In our view, a further competitive advantage is the strong innovative ability of our company. This is a decisive factor for success in business areas with relatively short innovation cycles.

This is also entails particular planning risks. While companies with traditionally established products can largely base their corporate planning by extrapolating past values, we must use business models as a planning basis for which there are few or no experience values. Recent experience has shown that management and staff are able to successfully meet this challenge.

We particularly point to the appraisal of the company as a going concern in the appendix.

Interim dividend and distribution payout

In the reporting period, neither dividends nor distributions are planned.

Consolidated balance sheet (unaudited)

US-GAAP		Notes	9-month report 30.9.2004	Annual report 31.12.2003
ASSETS			€(000)	€(000)
Current assets				
	Cash and cash equivalents	5	2,344	3.146
	Short-term investments/ marketable securities			
	Trade accounts receivable		311	392
	Inventories			
	Prepaid expenses and other assets		88	143
Total current assets			2,743	3,681
Property, plant and equipment		6	352	433
Intangible assets		6	30	83
Investments				
Goodwill				
Deferred taxes				
Total assets			3,125	4,197
Liabilities and shareholders` equity				
Current liabilities				
	Current portion of capital lease obligation	7	8	16
	Short term debt and current portion of long-term debt			
	Trade accounts payable		59	55
	Accrued expenses	9	523	1.141
	Deferred revenues		167	181
	Deferred taxes			
	Other current liabilities		95	78
Total current liabilities			852	1,471
Capital lease obligation, less current portion		7	9	1
Long-term debt, less current portion				
Other long-term liabilities				
Total non-current liabilities			9	1
Minority interest			0	15
Shareholders` equity				
	Share capital		8,465	8.465
	Additional paid-in capital		80,060	80.060
	Deferred compensation		-87	-87
	Accumulated deficit		-86,174	-85.724
	Accumulated other comprehensive loss		0	-4
Total Shareholders’ equity			2,264	2,710
Total Liabilities and shareholders’ equity			3,125	4,197

Consolidated income statement (unaudited)

US-GAAP	Quarterly report III/2004 1.7.-30.9.2004 €(000)	Quarterly report III/2003 1.7.-30.9.2003 €(000)	9-month report 1.1.-30.9.2004 €(000)	9-month report 1.1.-30.9.2003 €(000)
Revenues	791	882	2,308	2,741
Cost of revenue	-310	-492	-1,053	-1,737
Gross profit	481	390	1,255	1,004
Selling and marketing expenses	-219	-493	-806	-1,600
General and administrative expenses	-361	-446	-1,260	-1,346
Research & development expenses	-88	-202	-442	-1,068
Operating loss	-187	-751	-1,253	-3,010
Interest income and expenditure	1	16	0	87
Other operating income and expenses	-5	-234	806	-80
Result before income taxes (and minority interest)	-191	-969	-447	-3,003
Income tax	-8	0	-18	0
Result before minority interest	-199	-969	-465	-3,003
Minority interests	0	-1	15	-8
Net income / loss	-199	-970	-450	-3,011

Net income per share, basic and diluted	-0.02€	-0.11 €	-0.05€	-0.36€
Weighted average shares outstanding, basic and diluted	8,464,592	8,464,592	8,464,592	8,464,592

Consolidated statement of cash flow (unaudited)

US-GAAP	1.1.-30.9.2004 €(000)	1.1.-30.9.2003 €(000)
Cash flow from operating activities		
Net loss	-450	-3.011
Minority interests	-15	14
Depreciation and amortization	197	432
Other non-cash charges	32	20
Non-cash charges associated with changes in consolidated companies		
Deferred taxes		
Changes in operating assets and liabilities		
Inventories		
Trade accounts receivable	81	655
Prepaid expenses and other current assets	55	48
Trade accounts payable	4	-1.099
Accruals, other liabilities and deferred income	-615	-435
Net cash used by operating activities	-711	-3.376
Cash flow from investing activities		
Cash from sale of shares to minorities	0	12
Purchase of investments and cash from sale of equipment	-91	0
Net expenditure for investments	-91	12
Cash flow from financing activities	0	-20
Net cash resulting from financing activities	0	-20
Net decrease in cash and cash equivalents	-802	-3,384
Cash and cash equivalents at beginning of the year	3,146	7,149
Cash and cash equivalents at end of the period	2,344	3,765
thereof tied up	107	
Free funds	2,237	

Consolidated statement of shareholders' equity to September 30, 2004

US-GAAP	Common stock €(000)	Additional paid-in capital €(000)	Deferred compensation €(000)	Accumulated retained earnings / deficit €(000)	Other comprehensive income / loss €(000)	Total shareholders´ equity €(000)	Comprehensive Income €(000)
Balance December 31, 2001	8,465	79,952	-78	-71,008	-86	17,245	-47,562
Cheap Stock Compensation		108				108	
Stock Options Compensation							
Net loss				-7,889		-7,889	-7,889
Marketable securities adjustment					14	14	14
Foreign currency translation adjustment					156	156	156
Comprehensive loss							-7,719
Balance September 30, 2002 (adjusted to the audited financial statements 2002)	8,465	80,060	-78	-78,897	84	9,634	
Balance December 31, 2002	8,465	80,060	-87	-83,352	-103	4,983	
Cheap Stock Compensation							
Stock Options Compensation							
Net loss				-3,011		-3,011	-3,011
Foreign currency translation adjustment					12	12	12
Comprehensive Loss							-2,029
Balance September 30, 2003 (adjusted to the audited financial statements 2003)	8,465	80,060	-87	-86,363	-91	1,984	
Balance December 31, 2001	8,465	79,952	-78	-71,008	-86	17,245	-47,562
Cheap Stock Compensation		108				108	
Stock Options Compensation			-9			-9	
Net loss				-12,344		-12,344	-12,344
Marketable securities adjustment					-31	-31	-31
Foreign currency translation adjustment					14	14	14
Comprehensive Loss							-12,361
Balance December 31, 2002	8,465	80,060	-87	-83,352	-103	4,983	
Net loss				-2,372		-2,372	-2,372
Foreign currency translation adjustment					99	99	99
Comprehensive Loss							-2,273
Balance December 31, 2003	8,465	80,060	-87	-85,724	-4	2,710	
Net gain				-450		-450	-450
Foreign currency translation adjustment					4	4	4
Comprehensive Loss							-446
Balance September 30, 2004	8,465	80,060	-87	-86,174		2,264	

Notes to the consolidated financial statements (unaudited)

1. The company

The DCI Database for Commerce and Industry AG, which emerged from the DCI Database for Commerce and Industry GmbH founded in 1993 is a service company for digital sales management. DCI AG assumes and optimizes electronically based business processes in the areas of purchasing, sales, sales promotion as well as data recording and updating. DCI's competitive advantage is its many years of experience and detailed knowledge of the multiple levels of trading in ITC products (information and telecommunication). The company has special expertise in developing and marketing electronic push and pull media. Key factors for the success of the company are innovative ability and ability to adapt rapidly to changing environmental factors.

In line with accounting standards, DCI reports on its operations broken down by segment. DCI currently operates in three segments:

eCommerce

- Open and closed online-trading platforms (DCI WebTradeCenter, acequote.com)

  This division relates to the business models that formed the strategic focus at the time of the IPO. However, they are not being pursued as a priority today

Marketing/Sales

- Electronic product catalogues (.tma files and DCI TradeManager, .tma reader and file management / ordering software).

  Product catalogues for marketing via the internet or using other electronic media are created here. The special feature is in the TradeManager software that can be used to display different catalogues of various manufacturers on a uniform interface that can be learned quickly on an intuitive basis. TradeManager also makes it possible to give orders via different media as well as central order management by the user

Information Providing

- DCI media

  Push media for product sales in industry and trade (e.g. fax advertising DCI Highlight Fax, premium email (HTML) for marketing and sales, Verbund-E-Mails).

- Data Services

  Electronic recording and updating mass data for deployment in electronic media of all types in line with individual requirements and the standards of the respective customer. This service is provided on an economical basis by our Romanian subsidiary [DCI Romania S.R.L.].

- Wide Area Infoboard (WAI)

  DCI has applied for a patent for this technology, which allows electronic information of all kinds to be automatically made accessible on web portals. This product is currently in the market introductory phase.

Notes to the consolidated financial statements (unaudited)

Procurement (no longer included in the 2004 financial year)

Implementation and optimization of C-article purchasing for third parties (Buying House GmbH).
As the Buying House GmbH subsidiary was deconsolidated in the 2003 financial year, this division does not apply in the 2004 financial year.

2. Going Concern

DCI is adequately financed for the foreseeable future. It has the potential to make the turnaround. The basis for this assessment is the considerable cost reductions which were successfully implemented, the adjustments of the business area strategies as well as the development of a new product (Wide Area Infoboard [patent registered]) which promises considerable sales potential.

While cost reductions and rationalization can be implemented internally – and these efforts are being continued – gaining market share, i.e. gaining additional sales depends not only on management and employees. A supportive business environment is also necessary.

The basic premise of the company and financial planning is that economic conditions and the positive development of the economy will increasingly support the marketing of our products and services. This premise remains unchanged. Irrespective of this, key DCI products, in our view, are well suited to support our customers in selling, especially in economically difficult periods.

However, the uncertainty regarding the launch of new products should not be underestimated (here: particularly Wide Area Infoboard, but also Verbund-e-Mails and TradeManager). In this respect, there is a risk that an initially positive response from a test client does not subsequently apply on a general basis. This risk has since been realized in Verbund-e-Mails. However, we see our new “Wide Area Infoboard” as an offsetting of risk and a growth in opportunity which far exceeds the market possibilities of Verbund-e-Mail.

Nonetheless, should this result in large, unfavorable deviations from the budget, this could result in the continuation of our company being jeopardized.

However, in the short and medium term, we assume that the further development of the company does not need to be regarded from a pessimistic perspective. DCI’s survival ability has improved significantly since last year, not least because of massive cost reductions.

Overall, but with the reservation of the above risks, we continue to see potential for moving into profitability in 2005. However, we do not expect this to happen, but rather see a development of WAI sales coming along in the course of 2005. This will only result in improved earnings during next year but will not cause a definitive, sustained turnaround already in 2005.

However, in connection with this, express reference is made to the planning premises, planning risks and planning uncertainties, especially those described in the Group management report of the 2003 annual report.

Notes to the consolidated financial statements (unaudited)

3. Generally accepted accounting principles and methods

These interim financial statements have been prepared in accordance with US GAAP (generally accepted accounting principles) and outline the activities of the DCI Group and its subsidiaries. Financial information contained in this report has not been audited.

This information does, however, reflect all adjustments deemed necessary by company management to give a realistic view of the results achieved during the period under review. These results do not necessarily give an indication of the results to be expected for the 2004 financial year as a whole. It is recommended that the present consolidated financial statements for the first three quarters 2004 will be read in conjunction with the audited consolidated statements for 2003 and the corresponding notes.

All material inter-company clearing accounts and group transactions were eliminated for consolidation purposes. The present financial statements were prepared on a going concern basis with all its rights, assets and liabilities.

4. Accounting principles

The accounting principles employed are as outlined in the Annual Report for the year ending December 31, 2003.

5. Cash and cash equivalents

Of the cash and cash equivalents of K€ 2,344 recorded in the balance sheet, K€ 107 are earmarked for security for a direct debiting system. These funds are therefore not available for covering liquidity in the short term.

6. Tangible and intangible assets

Intangible assets acquired are capitalized and depreciated over their expected useful life using the straight-line method. The depreciation period is determined individually for each asset and ranges from two to five years.

Assets are valued at cost of acquisition and are depreciated using the straight-line method. The depreciation period is determined individually for each asset over the expected useful life for the asset that ranges from three to twenty years.

In the second quarter, costs amounting to K€ 7.5 for the software product Wide Area Infoboard were capitalized in accordance with the criteria stipulated in SFAS No. 86, “Accounting for the costs of Computer-Software to be Sold, Leased or Otherwise marketed”. Annual depreciation is carried out using the straight-line method over the remaining expected useful life of the product from the market launch in July 2004; the useful life underlying the depreciation is 1.5 years. Up to now, scheduled depreciation of K€ 1 was planned.

7. Capital Lease

One of the subsidiaries has entered into lease agreements for vehicles. The lease agreements expire in 2006 at the latest. The current portion of capital lease obligation amounts to K€ 8, the capital lease obligation, the long-term portion to K€ 9.

8. Minorities

As at September 30, 2004 minority shareholders held 25% in DCI Malta (December 31, 2003: 25%).

9. Provision

Provisions have been created in the following amounts:

Provisions for outstanding invoices	105 K€
Provisions for accounting and auditing charges	127 K€
Provisions for holidays	24 K€
Other provisions	267 K€
TOTAL	**523 K€**

In 2004 provisions of K€ 664 established in connection with the letter of comfort given to MuK GmbH, Berlin was written back due to the fact that in the first quarter of 2004 the legal case was finally settled in favor of DCI AG.

10. Earnings per Share

DCI calculated the earnings per share in accordance with SFAS No. 128, “Earnings per Share”. The procedure for calculating diluted and undiluted earnings per share is the same as that applied for the 2003 Annual Report. However, the following weighted average assumptions are made: dividend yield of 0%, standard deviation (volatility) of 102.57%, risk-free investment rate of 3.5%, expected period until exercise of 5.25. years. The total number of potential common shares that were not included in the calculation of diluted loss per share was exactly 102,250 on September 30, 2004 and relates entirely to stock options.

According to the method in SFAS No. 123, net income and earnings per share were reduced to the pro forma amounts given below.

Net loss for the year	-450 K€
Calculation according to SFAS No.123	-149 K€
Average number of common shares issued	8,464,592
Undiluted and diluted net earnings per share according to Group P&L	-0.05 Euro
Undiluted and diluted net earnings per share pro forma	-0.07 Euro

Notes to the consolidated financial statements (unaudited)

11. Employees

Number of employees at DCI as per September 30, 2004:

DCI AG Deutschland (full time employees)	9
DCI AG Deutschland (part time employoss)	11
DCI Malta Ltd.	0
DCI Romania S.L.R.	56
Total	**76**

12. Segment reporting

As outlined in the 2003 Annual Report, there are currently the following segments in the DCI Group:

- **eCommerce**
- **Marketing / Sales**
- **Information Providing**

Last year the **Procurement** included only the subsidiary, Buying House GmbH, Starnberg, which was deconsolidated in the fourth quarter. For this reason, this division no longer applied in the current 2004 financial year.

1.1. – 30.9.2003 (in K€)	**External sales**	**Operating result**
eCommerce	549	-908
Marketing/Sales	106	-1,155
Procurement	130	-92
Information Providing	1,956	-665
Consolidation / Transfer from operating result to consolidated result		-191
Total	**2,741**	**-3,011**

1.1. – 30.9.2004 (in K€)	**External sales**	**Operating result**
eCommerce	338	- 340
Marketing/Sales	171	-710
Procurement	0	0
Information Providing	1,799	-203
Consolidation / Transfer from operating result to consolidated result		803
Total	**2,308**	**-450**

13. Subsidiaries

In the third quarter of 2004, the subsidiary **acequote.com Ltd**. was struck off, so that at the end of the third quarter the company was deconsolidated (income from the deconsolidation was K€ 0). For this reason, there were no operating activities in this subsidiary in the 2004 financial year as scheduled.

The operating activities of the subsidiary **DCI Malta Ltd**. were stopped at the end of the second quarter. The subsidiary is currently in an orderly liquidation procedure. Inclusion in the Group occurred on the basis of the adjusted financial statements on June 30, 2004.

14. Information on the company's profit and loss account

In K€	September 30, 2004	September 30, 2003
Material expenses		
Goods received	46	62
Services received	1,242	1,853
Personnel expenditure		
Wages and salaries	1,239	2,049
Social security contributions	219	315

15. Currency gains/losses
In line with US GAAP, currency gains/losses are posted under "other comprehensive income". For DCI Romania the rules for highly inflationary accounting apply, i.e. in contrast to the other companies, the functional currency is not the local currency, but the currency of the parent company (=euro). Transactions in currencies other than the functional current are translated at the rate at the time of the transaction. Gains and losses from foreign currency transactions are recorded in the operating result.

16. Company Boards

Supervisory Board	**DCI AG**	**Other boards**
Michael Böllner	Chairman of the Supervisory Board Certified public accountant, tax advisor Munich	H.C.M. Capital-Management AG
Dr. Hubert Krieger	Deputy Chairman Lawyer Munich	
Michael Reuss	Public Trustee Munich	Cariba Internet Technology AG

Executive Board		
Michael Mohr	CEO Manager Berg	
Dr. iur. Reiner Stecher	CFO Business consultant Frankfurt am Main	

Impressum

Published by

DCI Database for Commerce and Industry AG
Enzianstraße 2
82319 Starnberg

Phone: +49 (0) 8151 265 0
Fax: +49 (0) 8151 265 501

Contact

DCI Database for Commerce and Industry AG
Dr. Reiner Stecher
Public and Investor Relations
Enzianstraße 2
82319 Starnberg

Phone: +49 (0) 8151 265 611
E-mail: rstecher@dci.de