Six Month's Report 2004

January 1 to June 30, 2004

Database for
Commerce and
Industry AG

Facts and Figures

Last update per 30.6.2004

Board of Management	Michael Mohr (CEO) Dr. Reiner Stecher (CFO)
Date of listing	13.3.2000
IPO lead manager	Concord Effekten AG
Nominal capital / no. of shares	8,464,592

Ownership structure

Name	Shares	% Capital Stock
Michael Mohr	3,566,830	42.138%
Free Float	4,897,762	57.862%
Total	**8,464,592**	**100.000%**

Share price 30.06.2004	0.64 Euro (XETRA)
High / low in 2004	1.05 Euro / 0.42 Euro (XETRA)
Market capitalization	(0.64 Euro x 8,464,592) 5,417,339 Euro
Sec. Identification no.	529530
No. of employees	68
Accounting standards which the reporting is based	US-GAAP

Operating results (unaudited)

Last update 30.6.2004

US-GAAP	2004 1.1. – 30.6.	2003 1.1. – 30.6.
Turnover (K€)	1,517	1,859
Depreciation (K€)	152	329
EBITDA (K€)	-88	-1,783
EBITDA (% of turnover)	-6%	-96%
EBIT (K€)	-240	-2,112
EBIT (%of turnover)	-16%	-114%
Consolidated income (K€)	-251	-2,041
Net income (% of turnover)	-17%	-110%
EPS (€)	-0.03	-0.24
Equity capital quotes	74%	48%
Staff	68	89

Directors´ Holding	**Shares 30.6.2004**	**Shares 31.3.2004**
Management Board		
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 optimises 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 particularly innovative ability and flexibility.

The DCI Group offers individualised solutions designed to synchronise supply and demand on the basis of new technology:

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

- Push 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 Service Factory: Cost-saving database management: licensing, maintenance and filtering of product and address data (Subsidiary in Romania [DCI Romania S.R.L.])
- Wide Area Infoboard (WAI): a technology for which a patent has been applied. It allows content to be automatically accessed using web portals via e-mail. This product is in the market launch phase.

Development of sales and earnings

In the first six months of 2004, the DCI Group posted consolidated sales of KEuro 1,517 (PY: KEuro 1,859), a 18% decrease year-on-year.

The sales decline of KEuro 342 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 generated sales of KEuro 130 in the six months of 2003.

In addition, no sales was made by the English subsidiary, acequote.com Ltd. The company is in the process of being struck off and so has no operational activities in 2004. Sales in the first six months of the previous year totalled KEuro 39 (first six months 2004: KEuro 0).

Adjusted for the above effects, the following picture results for the first six months of 2004 in comparison to the first six months of the previous year:

The e-Commerce division posted a sales decline of KEuro 364 to KEuro 232 (-36%). Sales also declined slightly in the Information Providing division, from KEuro 1,293 to KEuro 1,181 (-9%). In both divisions the sales decline was due primarily to the poor general economic situation. On the other hand, the Marketing/Sales division pleasing posted growth of KEuro 71. With 78% of total sales, the Information Providing division is the main sales driver of the DCI Group.

	1.1.-30.6.2004		**1.1.-30.6.2003**		**Change**	
Information Providing	KEuro	1,181	KEuro	1,293	KEuro	-112
eCommerce	KEuro	232	KEuro	364	KEuro	-132
Marketing/Sales	KEuro	85	KEuro	33	KEuro	71
Total	KEuro	**1,517**	KEuro	**1,690**	KEuro	**-173**

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

	1.1.-30.6.2004		**1.1.-30.6.2003**		**Change**	
Information Providing	KEuro	1,181	KEuro	1,293	KEuro	-112
eCommerce	KEuro	232	KEuro	403	KEuro	-171
Procurement	KEuro	0	KEuro	130	KEuro	-130
Marketing/Sales	KEuro	104	KEuro	33	KEuro	71
Total	KEuro	**1,517**	KEuro	**1,859**	KEuro	**-342**

In the second 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.) were evident. Furthermore operating expenditure in comparison to the previous year was considerably reduced in almost all areas. As a result, the negative operating result of minus KEuro 2,259 in the first six months of 2003 was reduced to minus KEuro 1,066, an improvement of KEuro 1,193 or 53%.

The period result (Q2 2004) was again negative at minus KEUR 251 after income of KEUR 266 in the first quarter. However, the loss was narrowed by KEUR 1,790 or 88% in comparison to the previous year (PY: minus KEUR 2,041). The key contribution here was high income from writing back provisions (KEUR 664) in the first quarter. This related entirely to provisions made in connection with the letter of comfort given for MuK GmbH, Berlin, and which was no longer required as a result of the legal victory.

Business trends

The consolidated financial statements as of June 30, 2004 include the DCI subsidiaries acequote.com Ltd., DCI Malta Ltd. and DCI Romania S.R.L. 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 division:

In HY1 the DCI **WebTradeCenter** (WTC) generated sales of KEUR 232. This was slightly up on the target values, but down year-on-year. The WebTradeCenter is a product and price overview for ITC articles (information and telecommunication articles), unique in Germany. However, the WTC focus is shifting from use as a trading platform to deployment as an information platform. As sales are ongoing from revenues relating to membership fees distributed over the course of the year, we anticipate achieving the annual target. Any terminations of individual members are likely to be cushioned or even more than compensated for by the new WTC offline variant, the DCI Premium Content. Premium Content contains the 18,000 most important products from the DCI database (with information of various sources of supply and prices). Premium Content is also available as an electronic TradeManager catalogue for resellers and company buyers. To receive it, Profi level membership is required.

Marketing/Sales division:

At KEUR 104, sales for the electronic catalogue (DCI **TradeManager**) are on schedule. New customers were gained, particularly in the Technical Trade area. It is particularly companies from the Industrial Equipment and Automobile Parts sectors which are increasingly realizing that the TradeManager which specializes in a rational search buy is a suitable tool. It can be used for increasing customer loyalty by including the catalogue on CD when sending out goods or for gaining new customers using a software download from the DCI partner portals. With this development, we expect to reach the annual target.

Information Providing division

In this segment we bundle the capture and updating of product data (data services) and their distribution using DCI media. New from the beginning of the third quarter is the “Wide Area Infoboard”. In HY1 2004 segment sales at KEUR 1,181 are still slightly below target:

Data services via our **Data Service Factory** in Rumania developed very pleasingly. For three years now we have been posting annual growth rates of approx. 100% - but starting from a low level. Electronic product data for web shops or the merchandise information systems of our customers are created as well as outsourcing services where we implement QA functions or catalogue data management. We are seeing a trend of outsourcing data management to specialized service providers such as DCI and anticipate being able to improve our market share in this area. Sales have been reinforced accordingly.

In the reporting period, we were down at DCI Media against the relatively good previous year and the annual target. Insolvencies in the ITC business reduced the client basis and with new competitors coming onto the market there has been a temporary increase in the price pressure. However, the quality of what we send out and the recipient addresses will ensure that we remain market leader in this area – almost all well-known ITC manufacturers are our customers.

With the newly launched Verbund-e-Mails we have had to correct our ambitious sales targets. Sales expenses were far higher than scheduled, the market less receptive than expected. Furthermore, on a legal basis, considerable restrictions have been introduced for the dispatch of advertising messages by e-mail (push marketing). Advertising e-mails may only be sent to recipients who have declared their prior agreement. An additional difficulty is that addressees are increasingly using spam filters which also filter out some authorized advertising e-mails. We have taken account of these aggravated conditions and developed a new product, the **Wide Area Infoboard (WAI)** which takes into consideration the expected shifts in the e-mail advertising market. The technology for which a patent has been applied allows those sending e-mails to send their messages (additionally) directly to web portals selected in line with target group for them to be retrieved there (pull marketing). In this way, the senders achieve new contacts from their target group in a very cost-effective manner, without filling up any e-mail post boxes and thus without any spam risk. At the same time, web portals obtain access to information which was previously out of their reach.

This new solution has already demonstrated its technical feasibility, generating very positive reactions from the market. The business model is based on fee income from the sender for the information (e.g. newsletters) which DCI shares with the portal operators. Currently negotiations are taking place with well-known special-subject portals on switching WAIs, with a preference for those which have their own distribution.

In-house market research on special trade fair events and publishing e-mail newsletters as well as for with web portals indicate enormous potential for our new solution. WAI opens up opportunities for DCI for exponential sales growth in mass business, also on an international basis. It is possible that the break-even will be reached in 2005. However, reference must be made to the planning risk for new products where there is no possibility for comparison on the market. This was described in the annual report of the 2003 financial year.

Development of costs

The improvement of the operating result from minus KEuro 2,259 in the first six months of 2003 to minus KEuro 1,066 in the first six months of 2004 is the result of the cost savings measures initiated in 2003 and continued rigorously in 2003 and 2004. Overview of the key cost reductions:

(figures in KEuro)	HY 2004	HY 2003	Change in K€	Change in%
Total operating expenditure:	1,840	2,873	-1,033	-36%
Of which				
Cost of sales	587	1,107	-520	-47%
General administrative costs:	899	900	-1	0%
Research and development	354	866	-512	-59%

As a ratio of sales, the cost of sales now makes up only 39% (PY: 60%) and R&D costs 23% (PY: 47%). Year-on-year general administrative costs have remained the same in terms of the figures. However, it should be taken into consideration that non-recurring effects reduced costs in the previous year.

R&D activities

In the second quarter of 2004 the Wide Area Infoboard, an archive for newsletters sent by e-mail was developed further and aligned to market requirements. Furthermore development work was done on version 8.6 of the DCI TradeManager. This version contains many innovations and simplifications in dealing with electronic catalogues.

Furthermore, the online version of the Electronic Procurement market overview was created as an order from BMEnet GmbH.

Investments

In the first six months no material investments were made.

Events of importance that may impact the result

With effect of the end of June 2004, the subsidiary DCI Malta Ltd. was closed. The task of this company was developing the TradeManager. With Version 8.6, work was terminated with a version ready for the market. Should adjustments or further software development be necessary, the performance will be rendered by our subsidiary in Rumania. Closing DCI Malta Ltd. will result in considerable cost savings and a further streamlining of the business processes.

Outlook

Well-known market research institutes are sure: the internet boom is not over. Rather it has only just started. More and more people online are making purchases by the click of a mouse with the consequence that eCommerce will steadily increase its share of overall trade. With this long-term scenario for internet business, the outlook is again slightly positive in comparison to the first quarter of 2004.

In July the ifo business climate index rose more strongly than expected. The new Bundesbank head is also nourishing expectations of an economic recovery.

There is renewed optimism, particularly in the computer industry. World wide PC unit sales have risen surprisingly strongly. Tech shares are rising in Germany and the USA.

In light of this, we do not see any real reason why our 2004 targets should not be met.

Moreover, our new product, the Wide Area Infoboard, provides considerable potential for promoting the development of the company on a sustained basis

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. As a current example we present the “Wide Area Infoboard”, which displays the quintessence of all our experiences in the sector information management. In our view the strong innovative ability of our company is a further competitive advantage. This ability is a decisive factor of success in our business areas with relatively short innovation cycles.

On the other hand 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.

Interim dividend and distribution payout

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

Consolidated balance sheet (unaudited)

US-GAAP	Notes	6 months report 30.6.2004	Annual report 31.12.2003
Assets		€(000)	€(000)
Current assets			
Cash and cash equivalents	5	2,542	3,146
Short-term investments/ marketable securities			
Trade accounts receivable		296	392
Inventories			
Prepaid expenses and other assets		110	143
Total current assets		2,948	3,681
Property, plant and equipment	6	358	433
Intangible assets	6	39	83
Investments			
Goodwill			
Deferred taxes			
Total assets		3,345	4,197

Liabilities and shareholders` equity			
Current liabilities			
Current portion of capital lease obligation	7	12	16
Short term debt and current portion of long-term debt			
Trade accounts payable		43	55
Accrued expenses	9	567	1,141
Deferred revenues		180	181
Deferred taxes			
Other current liablities		71	78
Total current liabilities		873	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		-85,975	-85,724
Accumulated other comprehensive loss		0	-4
Total Shareholders` equity		2,463	2,710
Total Liabilities and shareholders` equity		3,345	4,197

Consolidated income statement (unaudited)

US-GAAP	Quarterly report II/2004 1.4.-30.6.2004 €(000)	Quarterly report II/2003 1.4.-30.6.2003 €(000)	Six months´ statement 1.1.-30.6.2004 €(000)	Six months´ statement 1.1.-30.6.2003 €(000)
Revenues	670	869	1,517	1,859
Cost of revenue	-345	-579	-743	-1,245
Gross profit	325	290	774	614
Selling and marketing expenses	-275	-590	-587	-1,107
General and administrative expenses	-429	-203	-899	-900
Research & development expenses	-175	-374	-354	-866
Amortization of goodwill				
Operating loss	-554	-877	-1,066	-2,259
Interest income and expenditure	0	28	-1	71
Other operating income and expenses	24	123	811	154
Results before income taxes (and minority interest)	-530	-726	-256	-2,034
Income tax	-3	0	-10	0
Result before minority interest	-533	-726	-266	-2,034
Minority interest	16	-7	15	-7
Net income / loss	-517	-733	-251	-2,041

Net income per share, basic and diluted	-0.06€	-0.09€	-0.03€	-0.24€
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.-30.6.2004 €(000)	1.1.-30.6.2003 €(000)
Cash flow from operating activities		
Net loss	-251	-2,041
Minority interests	-15	13
Depreciation and amortisation	152	329
Other non-cash charges	30	-11
Non-cash charges associated with changes in consolidated companies		
Deferred taxes		
Changes in operating assets and liabilities		
Inventories		
Trade accounts receivable	96	315
Prepaid expenses and other current assets	33	-52
Trade accounts payable	-12	-714
Accruals, other liabilities and deferred income	-582	-606
Net cash used by operating activities	-549	-2,767
Cash flow from investing activities		
Purchase of shares to minorities	0	12
Purchase of investments and cash from sale of equipment	-42	-17
Net expenditure for investments	-42	-5
Cash flow from financing activities	-13	-13
Net cash resulting from financing activities	-13	-13
Net increase in cash and cash equivalents	-604	-2,785
Cash and cash equivalents at beginning of the year	3,146	7,149
Cash and cash equivalents at the end of the second quarter	2,542	4,364
Funds tied up	107	
free	2,435	

Consolidated statement of shareholders' equity (unaudited) ending June 30, 2004

US-GAAP	Common stock €(000)	Additional paid-in captial €(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		150				150	
Stock options compensation							
Net loss				-5,645		-5,645	-5,645
Marketable securities adjustment					14	14	14
Foreign currency translation adjustment					416	416	416
Comprehensive loss							-5,215
Balande June 30, 2002	8,465	80,102	-78	-76,653	344	12,180	
Balance December 31, 2002	8,465	80,060	-87	-83,352	-103	4,983	
Cheap stock compensation							
Stock options compensation							
Net loss				-2,041		-2,041	-2,041
Foreign currency translation adjustment					12	12	12
Comprehensive loss							-2,029
Balance June 30, 2003 (adjusted to audited financial statements 2003)	8,465	80,060	-87	-85,393	-91	2,954	
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				-251		-2,284	-251
Foreign currency translation adjustment					4	4	4
Comprehensive loss							-247
Balance June 30, 2004	8,465	80,060	-87	-85,975		2,463	

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 optimises 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 particularly innovative ability and flexibility.

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

E-Commerce

- 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), 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 Rumanian subsidiary [DCI Romania S.R.L.]

- Wide Area Infoboard

  A technology for which a patent has been applied. It allows content to be automatically accessed using web portals via e-mail. This product is in the market launch phase

Procurement (no longer included in the 2004 financial year)

- Implementation and optimisation 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 “WAI” [patent registered]) promising considerable sales potential.

While cost reductions and rationalization can be implemented internally – and these efforts will also be continued in 2004 – the development of 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 premise, key DCI products, especially new developments, are well suited to support our customers in selling, especially in economically difficult periods. For example, with "Medien" we demonstrated last year that sales can be expanded, despite the situation in the industry showing an opposite trend.

However, the uncertainty regarding the launch of new products should not be underestimated (here: particularly the Wide Area Infoboard, basically also TradeManager and Verbund-e-Mails). In this respect there is a risk that an initially positive response from a test client does not apply on a general basis. This risk became a reality in the case of the Verbund-e-Mails. However, in our new Wide Area Infoboard we see risk compensation and an increase in the opportunities which go far beyond the market possibilities for the Verbund-e-Mails.

However, should there be large, sustained and detrimental variations from the budget, this could result in jeopardizing the continued existence of our company.

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. The ability for DCI to survive has considerably improved since last year, not least due to the massive cost cuts and further budget savings which can now be realized.

Overall, but with the reservation of the above risks, we continue to see potential for moving into profitability in 2005. However, 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.

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 (consisting of periodical 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 fiscal 2004 as a whole. It is recommended that the present consolidated financial statements for the first six months 2004 will be read in conjunction with the audited consolidated statements for 2003 and the corresponding notes.

All substantial inter-company clearing accounts and group-internal transactions were eliminated for consolidation purposes. The present financial statements were prepared on the assumption of a going concern 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 KEUR 2,542 posted in the balance sheet, KEUR 107 serve as collateral for a bank direct debit procedure and thus are not available at short notice to cover liquidity

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 of KEUR 7.5 for the Wide Area Infoboard software product were capitalized, as its sale was in line with the criteria of SFAS 86 “Accounting for the costs of Computer-Software to be Sold, Leased or Otherwise marketed. Annual amortization is taken on a straight-line basis over the estimated remaining useful life of the product from the launch in July 2004. The useful life used for amortization purposes is 1.5 years.

7. Capital Lease

One of the subsidiaries has entered into lease agreements for vehicles. The lease agreements expire in 2005 at the latest. The current portion of capital lease obligation amount to 12 KEuro, the capital lease obligation, less current portion to 9 KEuro.

8. Minorities

As at June 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 KEuro
Provisions for accounting and auditing charges	124 KEuro
Provisions for holidays	38 KEuro
Other provisions	300 KEuro
Total	**567 KEuro**

In 2004 provisions of 664 KEuro 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 favour 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) 90.2%, risk-free rate of interest 3.50%, expected period to exercise five and a half years. The total number of potential common shares that were left out of the calculation of diluted loss per share was exactly 168,200 on June 30, 2004 and relates entirely to stock options.

Using the SFAS 123 method, net income and the earnings per share would have been lower by the pro forma amounts shown below:

Net income for the year	-251 KEuro
Calculation in accordance with SFAS	-237 KEuro
Average number of common shares issued	8,464,592
Unverwässertes und verwässertes Nettoergebnis je Aktie laut Konzer GuV	-0.03 Euro
Unverwässertes und verwässertes Nettoergebnis je Aktie pro forma	-0.06

11. Employees

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

DCI AG Germany	16
DCI Malta Ltd.	6
DCI Romania S.L.R.	46
Total	**68**

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. – 30-6.2003	**External sales**	**Operating result**
eCommerce	403 KEuro	-731 KEuro
Marketing/Sales	33 KEuro	-878 KEuro
Procurement	130 KEuro	-615 KEuro
Information Providing	1,293 KEuro	-615 KEuro
Consolidation / Transfer from operating result to consolidated result		218 KEuro
Total	**1,859 KEuro**	**-2,041 KEuro**

1.1. – 30-6.2004	**External sales**	**Operating result**
eCommerce	232 KEuro	-269 KEuro
Marketing/Sales	104 KEuro	-590 KEuro
Procurement	0 KEuro	0 KEuro
Information Providing	1,182 KEuro	-207 KEuro
Consolidation / Transfer from operating result to consolidated result		815 KEuro
Total	**1,517 KEuro**	**-251 KEuro**

13. Subsidiaries

As the operating activities of the subsidiary **Acequote Ltd**. declined strongly in recent years, it is planned to strike off the company in 2004. For this reason, there were no operating activities in the first quarter and in the first six months as scheduled.

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

	June 30, 2004	June 30, 2003
Material expenses		
Goods received	35 KEuro	42 KEuro
Services received	903 KEuro	1,171 KEuro
Personnel expenditure		
Wages and salaries	857 KEuro	1,444 KEuro
Social security contributions	149 KEuro	231 KEuro

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		**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 / Main

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