Quarterly Report 2003

January 1 to March 31, 2003

Database for
Commerce and
Industry AG

Facts and figures

Last update 31.3.2003

Board of Management	Michael Mohr (CEO) Dr. Reiner Stecher (CFO)
Date of listing	13.3.2000
IPO lead manager	WestLB Panmure
Nominal capital / no. of shares	8.464.592

Ownership structure

Name	Shares	% Capital Stock
Michael Mohr	3.566.830	42,138%
Michael Mohr Beteiligungs-GmbH	969.750	11,457%
Free Float	3.928.012	46,405%
Total	**8.464.592**	**100,000%**

* The Michael Mohr Beteiligungs GmbH holds 852.508 shares in trust for Mrs. Ingrid Mohr and Mr. Roland Mohr

Share price 31.03.2003	0,34 Euro (XETRA)
High / low in 2003	0,56 Euro / 0,34 Euro (XETRA)
Market capitalization	(0,34 Euro x 8.464.592) 2.877.961 Euro
Sec. Identification no.	529530
No. of employees	95
Accounting standards which the reporting is based	US-GAAP

Operating results (unaudited)

Last update 31.3.2003

US-GAAP	2003 1.1. – 31.3.	2002 1.1. – 31.3.
Turnover (K€)	990	3.581
Depreciation (K€)	210	1.046
EBITDA (K€)	-1.141	-1.647
EBITDA (% of turnover)	-115%	-46%
EBIT (K€)	-1.351	-2.693
EBIT (%of turnover)	-136%	-75 %
Consolidated income (K€)	-1.308	-2.971
Net income (% of turnover)	-132%	-83%
EPS (€)	-0,15	-0,35
Equity capital quotes	51%	52%
Staff	95	259

Directors´ Holding	**Shares 31.3.2003**	**Shares 31.12.2002**
Management Board		
Michael Mohr (CEO)	3.566.830	3.566.830
Supervisory Board		
Michael Böllner (Chairman)	4.500	4.500
Dr. Jack Schiffer	294	294
John Thorpe	5.874	5.874

Company and products

Founded in 1993, DCI Database for Commerce and Industry AG specialises in digital supply chain management (SCM) optimisation. The company manages and streamlines procurement, sourcing, sales, marketing and data management processes. Our long-standing experience and in-depth understanding of the multi-tiered trade chain for IT and telecom products and our know how of database management gives us a distinct competitive advantage. Our success is built around a strong innovative drive and strategic alliances with leading partners.

The DCI Group offers individualised solutions designed to intelligently synchronise supply and demand:

eCommerce

- Open and closed online trade platforms (DCI WebTradeCenter, acequote.com)
- PC HIS: Information system for ITK dealers (offline/online)
- Cost-saving Database management: licensing, maintenance and filtering of product and address data (Data Service Factory in Romania [DCI Romania S.R.L.]

Marketing / Sales

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

Procurement

- Implementing and optimising procurement processes (The Buying House GmbH)

Information providing

- Push media (e.g. DCI Highlight Fax advertising bulletin, Premium Email (HTML) for marketing & advertising)
- Content licensing for online IT portals, e.g. SYSTEMS-WORLD (Messe München) and IDG portals

Turnover and income

Sales revenue for the first three months of the 2003 fiscal year amounted to 990 KEuro, less than the corresponding prior-year figure (3,581 KEuro) by 2,591 KEuro , or approximately 72 %. The main reason for this development is that the Group's report for the earlier period still contained sales revenue (2,434 KEuro) from its subsidiary MuK. GmbH, which was deconsolidated on October 31, 2002.

The Information Providing division was the biggest sales contributor, generating 664 KEuro or 67 % of sales.

The e-commerce business unit, which primarily comprises the DCI WebTradeCenter trade platform, accounted for 23 % of total revenue (or 225 KEuro). This sales trend corresponds to our estimation.

The division Marketing / Sales generated 2 % of sales (16 KEuro). After the loss of the subsidiary MuK this unit is mainly active in creating and distributing electronic product catalogues. This unit is in progress.

The procurement business unit (Buying House GmbH) generated 85 KEuro.

The DCI Group's consolidated operating result amounted to minus 1,382 KEuro as compared to minus 2,693 KEuro for the same period last year. Though clearly an improvement, the ongoing economic downturn and the resultant reluctance of purchasers to invest prevented the figures from improving even more.

Consolidated EBITDA amounted to minus 1,141 KEuro (compared with minus 1,647 KEuro last year). The consolidated income was thus posted at minus 1,308 KEuro (minus 2,971 KEuro last year).

Order book

Turnover in the e-commerce sector is generated from membership fees. Since turnover is realised each time a member joins, there are no outstanding orders.

Similarly, advertisements in the information providing sector were sold, produced and published on a day-by-day basis, so that here too sales revenues were realized at the same time as the sale of the advertisement and no backlog of orders can be cited. Sales revenues have developed in excess of budget expectations, yielding an increase of some 41 % compared to the first quarter of 2002.

The Marketing/Sales (TradeManager) business unit consists entirely of project business as far as the creation of electronic catalogs (.tma files) and their distribution on CD (e.g. trade fair CDs) are concerned. Here we have started concrete takeover negotiations with a number of companies, primarily from the specialist retail, consumer goods and lifestyle sectors, as well as several German trade fair companies, in some cases even entering the bidding or finalization stages. Another new development was the distribution of .tma files via the Internet as "paid content." DCI AG quickly convinced renowned Internet portals (e.g. t-info) to offer electronic catalogs to their visitors along with the DCI TradeManager for downloading. Preparation of the catalogs is financed by the product suppliers concerned. All in all, our chances of boosting TradeManager sales to substantial quantities are favorable at the moment. This assessment is strengthened by the fact that Detlev Louis GmbH, the market leader in motorcycle accessories, gave DCI AG a six-figure order on May 8, 2003.

Costs trends

Owing to the deconsolidation of MuK. GmbH, a significant improvement is also evident in production costs, which dropped from 2,937 KEuro (Q1/2002) to 666 KEuro.

Sales costs were considerably reduced compared to the first quarter of 2002, dropping by 650 KEuro or 56 %. The same applies to general and administrative costs (964 KEuro or 58 % lower). These savings have led to an improved operating result compared to the first quarter of 2002, with minus 1,308 KEuro compared to minus 2,971 KEuro the previous year.

Building on the basis of its successful cost-saving measures, the DCI Group intends to adapt its cost structure to the prevailing circumstances on a continuous basis and carry out further streamlining activities.

Research and development activities

In the TradeManager sector, development activities in the first quarter of 2003 focused on the completion of the new release (version 8.4). The main new features included the convenient load facility for product catalogs (.tma files) by double-click or by downloading from the Internet, as well as general improvements and an expanded BMEcat compatibility.

The principal activity for the WebTradeCenter was the inclusion of new modules on the welcome page of the retail platform. These modules provide statistics e.g. on the most popular products or the most interesting new entries. Moreover, the WebTradeCenter was converted in such a way that all users now require registration.

The main emphasis of developments at DCI Medien particularly involve the transmission of HTML e-mails: now e-mail recipients can decide for themselves which DCI mails to receive on the basis of their individual preferences.

Investments

No substantial investments were made in the first three months.

Occurrences of special importance that may have an impact on results

On March 25, 2003, DCI AG reported the loss of more than half of its capital stock in accordance with Section 92, Para. 1 German Stock Corporation Act (AktG).

Outlook

It is not certain whether we can reckon with an increased propensity to invest and a resultant growth in demand during the next quarter of 2003. This will have indirect repercussions on DCI AG's business performance.

However, the DCI Group also sees a window of opportunity in the difficult market environment: in further pursuing the DCI strategy, we are responding in particular to challenges on the sales side and offering solutions that can lead directly to increased sales revenue for our customers. DCI AG firmly believes that these products are precisely tailored to meet our customers' current needs and thus harbor the greatest opportunities for medium- to long-term growth.

Interim dividend and dividend payout

Neither interim dividends nor dividend payments were made during the period under review.

Consolidated balance sheet (unaudited)

US-GAAP	Notes	3 months report 31.3.2003	Annual report 31.12.2002
Assets		€(000)	€(000)
Current assets			
Cash and cash equivalents		4.790	7.149
Short-term investments/ marketable securities	3	0	0
Trade accounts receivable		1.245	1.017
Inventories		0	0
Prepaid expenses and other assets		228	189
Total current assets		6.263	8.355
Property, plant and equipment		703	798
Intangible assets	4	206	312
Investments		0	0
Goodwill	2, 6	0	0
Deferred taxes		9	9
Total assets		7.181	9.474

Liabilities and shareholders` equity			
Current liabilities			
Current portion of capital lease obligation		27	27
Short term debt and current portion of long-term debt		0	0
Trade accounts payable		915	1.356
Accrued expenses	7	2.082	2.461
Deferred revenues		256	322
Deferred taxes	8	9	9
Other current liablities		196	299
Total current liabilities		3.485	4.474
Capital lease obligation, less current portion		11	17
Long-term debt, less current portion		0	0
Other long-term liabilities		0	0
Total non-current liabilities		11	17
Minority interest		0	0
Shareholders` equity			
Share capital		8.465	8.465
Additional paid-in capital		80.060	80.060
Deferred compensation		-87	-87
Accumulated deficit		-84.556	-83.352
Accumulated other comprehensive loss	3, 13	-197	-103
Total Shareholders` equity		3.685	4.983
Total Liabilities and shareholders` equity		7.181	9.474

Consolidated income statement (unaudited)

US-GAAP	Quarterly report I/2003 1.1.-31.3.2003 €(000)	Quarterly report I/2002 1.1.-31.3.2002 €(000)
Revenues	990	3.581
Cost of revenue	-666	-2.937
Gross profit	324	644
Selling and marketing expenses	-517	-1.167
General and administrative expenses	-697	-1.661
Research & development expenses	-492	-458
Amortisation of goodwll	0	-51
Operating loss	-1.382	-2.693
Interest income and expenditure	43	-96
Other operating income and expenses	31	-182
Result before income taxes (and minority interest)	-1.308	-2.971
Result before minority interest	-1.308	-2.971
Minority interest	0	0
Net income / loss	-1.308	-2.971
Net income per share, basic and diluted	-0,15	-0,35
Weighted average shares outstanding, basic and diluted	8.464.592	8.464.592

Consolidated statement of cash flow (unaudited)

US-GAAP	1.1.-31.3.2003 €(000)	1.1.-31.3.2002 €(000)
Cash flow from operating activities		
Net loss	-1.308	-2.971
Minority interests	0	0
Depreciation and amortisation	210	1.046
Other non-cash charges	3	0
Non-cash charges associated with changes in consolidated companies	0	0
Deferred taxes	0	0
Changes in operating assets and liabilities		
Inventories	0	-171
Trade accounts receivable	-228	-1.669
Prepaid expenses and other current assets	-29	-330
Trade accounts payable	-441	1.235
Accruals, other liabilities and deferred income	-548	140
Net cash used by operating activities	-2.341	-2.720
Cash flow from investing activities		
Purchase of investments and cash from sale of equipment	-12	-37
Net expenditure for investments	-12	-37
Cash flow from financing activities	-6	-50
Net cash resulting from financing activities	-6	-50
Net increase in cash and cash equivalents	-2.359	-2.807
Cash and cash equivalents at beginning of the year	7.149	13.953
Cash and cash equivalents at the end of the first quarter	4.790	11.146

Consolidated statement of shareholders' equity from Dec 31, 1998 to March 31, 2003

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, 1998	153			239		392	
Net loss				-1.733		-1.733	-1.733
Capital transfer							
Capital increase	408	9.093				9.501	
Comprehensive loss							-1.733
Balance December 31, 1999	561	9.093		-1.494		8.160	
Net loss				-22.230		-22.230	-22.230
Capital transfer	5.439	-5.439					
Marketable securities adjustment					-27	-27	-27
Foreign currency translation adjustment					219	219	219
Shares issued in IPO, net of issuance costs and tax	2.000	56.991				58.991	
Shares issued as greenshoe, net of issuance costs and tax	300	8.534				8.834	
Shares issued for acquisition of acequote.com Ltd.	165	10.040				10.205	
Cheap stock compensation		346				346	
Comprehensive loss							-22.038
Balance December 31, 2000	8.465	79.565		-23.724	192	64.498	
Cheap stock compensation		300				300	
Stock options compensation		87	-78			9	
Net loss				-47.284		-47.284	-47.284
Marketable securities adjustment					13	13	13
Foreign currency translation adjustment					-291	-291	-291
Comprehensive loss							-47.562
Balance December 31, 2001	8.465	79.952	-78	-71.008	-86	17.245	
Cheap stock compensation		108				108	
Stock options compensation			-9			-9	
Net loss				-12.344		-12.344	-12.344
Marketable securities adjustment					14	14	14
Foreign currency translation adjustment					-31	-31	-31
Prior period adjustments							
Comprehensive loss							-12.361
Balance December 31, 2002	8.465	80.060	-87	-83.352	-103	4.983	
Cheap stock compensation							
Stock options compensation							
Net loss				-1.308		-1.308	--1.308
Marketable securities adjustment							
Foreign currency translation adjustment					-94	-94	-94
Prior period adjustments				104			
Comprehensive loss							-1.402
Balance March 31, 2003	8.465	80.060	-87	-84.556	-197	3.685	

Notes to the consolidated financial statements

1. About DCI

Founded in 1993, DCI Database for Commerce and Industry AG specialises in digital supply chain management (SCM) optimisation. The company manages and streamlines procurement, sourcing, sales, marketing and data management processes. Our long-standing experience and in-depth understanding of the multi-tiered trade chain for IT and telecom products and our know how of database management gives us a distinct competitive advantage. Our success is built around a strong innovative drive and strategic alliances with leading partners.

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2. Going Concern

If the tight economic and business constraints continue in 2003, lapses in our corporate planning could seriously jeopardize the existence of our company. However, we are proceeding on the assumption that our target customers recognize the sales-enhancing benefits of our products, particularly in the current straitened business climate, and will reward them appropriately with their orders.

As far as our subsidiary Buying House is concerned, major contracts with business partners will expire in the course of fiscal 2003. This may jeopardize the existence of the subsidiary. At present, negotiations are underway regarding the avoidance of a potential crisis. However, this situation has no effect on DCI AG's planning status insofar as Buying House is not included.

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 2002 as a whole. It is recommended that the present consolidated financial statements for the second quarter of 2002 be read in conjunction with the audited consolidated statements for 2001 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.

Accounting principles:

The accounting principles employed are as outlined in the Annual Report for the year ending December 31, 2002.

4. Intangible assets

Intangible assets were depreciated on a straight-line basis.

5. Capital Lease

The Company 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 27 KEuro, the capital lease obligation, less current portion to 11 KEuro.

6. Provision

Provisions have been created in the following amounts :

Risks from guarantees and letters of comfort	1,050 KEuro
Provisions for outstanding invoices	523 KEuro
Provisions for accounting and auditing charges	223 KEuro
Provisions for holidays	92 KEuro
Other provisions	194 KEuro
Total	**2,082 KEuro**

7. Deferred income taxes

Deferred income taxes were accrued to compensate for the valuation differences between HGB (German Commercial Code) and US-GAAP. This essentially involved valuation differences arising from capitalised leased assets.

8. 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 2002 Annual Report. The total number of potential common shares that were left out of the calculation of diluted loss per share was exactly 247,550 on March 31, 2003 and relates entirely to stock options.

Net loss for the year	-1,308 KEuro
Average number of common shares issued	8.464.592
Undiluted and diluted earnings per share	-0,15 Euro

9. Employees

Number of employees at DCI as per March 31, 2003:

DCI AG Germany	31
DCI Malta Ltd.	5
Acequote.com Ltd.	0 (1 freelancer)
DCI Romania S.L.R.	54
Buying House GmbH	5
Total	**95**

10. Segment Reporting

As outlined in the 2002 Annual Report, there are currently four different segments in the DCI Group:

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

	Total sales	Internal sales	External sales	Operating result
ECommerce	225 KEuro		225 KEuro	-465 KEuro
Marketing/Sales	84 KEuro	-68 KEuro	16 KEuro	-495 KEuro
Procurement	85 KEuro		85 KEuro	-9 KEuro
Information Providing	870 KEuro	-206 KEuro	664 KEuro	-413 KEuro
Consolidation / Transfer from operating result to consolidated result				74 KEuro
Total	**1,264 KEuro**	**-274 KEuro**	**990 KEuro**	**- 1,308 KEuro**

11. Subsidiaries

No changes have been made within the DCI Group since December 31, 2002.

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

	31. March 2003	31. March 2002
Material expenses		
Goods received	20 KEuro	695 KEuro
Services received	581 KEuro	725 KEuro
Personnel expenditure		
Wages and salaries	780 KEuro	2.078 KEuro
Social security contributions	116 KEuro	348 KEuro

Currency gains/losses

In accordance with US-GAAP, currency gains/losses are entered under “Other comprehensive income” in the balance sheet.

Prior Period Adjustment

Due to adjustments for currency exchange rate differences in last year's financial statements from one of our subsidiaries, earnings for 2002 increased by € 104,000. This resulted in a corresponding adjustment of the loss carried forward in the Group's equity, with no effect on operating results.

Balance (primarily) per 1. January 2003	KEuro	-83,352
Prior Period Adjustment	KEuro	104
Balance per 1. January 2003 after adjustment	KEuro	-83,248

13. Company Boards

Executive Board

Michael Mohr	CEO Manager Berg
Dr. iur. Reiner Stecher	CFO Business consultant Frankfurt/Main

Supervisory Board		Other Boards
Michael Böllner	Chairman of the Supervisory Board Certified public accountant, tax advisor Munich	IPO Management, Berlin H.C.M. Capital-Management AG, Oberhaching SID Spatial Identifier AG, Berlin
Dr. Jack Schiffer	Deputy Chairman Lawyer, tax advisor Munich	SE Spezial-Electronic AG, Bückeburg
John Thorpe	Board member Manager Richmond, UK	Paragon Publishing Holdings Ltd.

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DCI Database for Commerce and Industry AG
Enzianstraße 2
82319 Starnberg

Telefon: +49 (0) 8151 265 0
Telefax: +49 (0) 8151 265 501

Contact

DCI Database for Commerce and Industry AG
Cornelia Schreiber
Public and Investor Relations
Enzianstraße 2
82319 Starnberg

Phone: +49 (0) 8151 265 268
Telefax: +49 (0) 8151 265 501
E-Mail: cornelia.schreiber@dci.de