DCI
Database for Commerce and Industry AG

Annual Report 2004

Database for
Commerce and
Industry AG
DCI

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Company Overview

Management Board	Michael Mohr (CEO) Dr. Reiner Stecher (CFO)		
IPO date	March 13, 2000		
Lead manager	Concord Effekten AG		
Equity capital / Number of shares	8,464,592		
Shareholder structure	Name	Shares	% equity
	Mohr, Michael	3,566,810	42.1%
	Mohr, Ingrid	423,314	5.0%
	Mohr, Roland	429,155	5.1%
	Free float	4,045,313	47.8%
	Total	8,464,592	100.0%
Share ownership of members of executive bodies	Michael Mohr (CEO)		3,566,810
	Michael Böllner (Chairman of the Supervisory Board)		4,500
Stock price Dec. 31, 2004	EUR 0.48 (XETRA)		
Price high/low in 2004	EUR 1.12 (am 12.03.) / EUR 0.38 (am 02.09.) (XETRA)		
Market capitalization	(EUR 0.48 x 8,464,592) EUR 4,063,004.16		
Securities code number	529530	German Regulated Market (Prime Standard)	
ISIN:	DE0005295307		
Number of employees	73 (average)		
Accounting method	IFRS		

Company and Products

DCI Database for Commerce and Industry AG originated from DCI Database for Commerce and Industry GmbH which was founded in 1993. It is a service company for digital sales management. DCI AG performs and optimizes electronically supported business processes in the areas of purchasing, sales, sales promotion as well as capturing and updating data. The DCI competitive advantage is its many years of experience and detailed knowledge of the multi-level supply chain with ITC products (products from the information and telecommunication industry). The Company has specialist expertise in developing and marketing electronic push and pull media. Key success factors in the Company are innovation and rapid adaptability.

The DCI Group markets products and services to bring together supply and demand among market participants using state-of-the-art technologies:

e-Commerce

- Online trading platform (DCI WebTradeCenter, acequote.com)

Marketing / Sales

- Electronic product catalogues (.tma files and DCI TradeManager [.tma reader and file management / order software])

Information Providing

- DCI Media: push media for industry and trade product sales (for example, fax advertising media DCI Highlight Fax, Premium Email (HTML) for marketing and sales, tie-in e-mail)
- Data Services: mass data recording and updating, processing, classification and licensing product and address data
- Wide Area Infoboard (WAI): a patent pending technology. With it, content of all kinds can automatically be made accessible on web portals by e-mail. This product is currently being launched.

DCI DATABASE FOR COMMERCE AND INDUSTRY AG

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2004

IN LINE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

ASSETS	Notes	TEUR	TEUR	PY TEUR
A. Non-current assets				
I. Intangible assets				
1. Concessions, industrial and similar rights and licenses in such rights and assets	F 4	21		83
2. Goodwill	-	0	21	0
II. Property, plant and equipment				
1. Land, land rights and buildings including buildings on third-party land	F 4	18		20
2. Technical equipment	F 4	0		5
3. Operating and office equipment	F 4	376	394	408
III. Financial assets	-		0	0
IV. Deferred tax assets	E 3		4	9
			419	525
B. Current assets				
I. Receivables and other assets				
1. Trade receivables	F 2	241		384
2. Tax receivables	F 3	44		28
3. Other current assets	F 3	7		31
4. Prepaid expenses	F 3	72	364	84
II. Cash	F 1		2255	3146
			2619	3673
			3038	4198

EQUITY AND LIABILITIES	Notes	TEUR	TEUR	PY TEUR
A. Equity				
I. Issued capital	F 9		8465	8465
II. Capital reserves	F 12		79218	79218
III. Net accumulated losses	F 13		-85493	-85142
IV. Foreign exchange differences	-		-7	-4
			2183	2537
B. Minority interests	F 14		0	15
C. Non-current liabilities				
1. Other provisions (non-current share)	F 5	-		20
2. Lease liabilities (non-current share)	F 6	8		1
3. Deferred tax liabilities	E 3	4	12	9
D. Current liabilities				
1. Other provisions (current share)	F 5	518		1253
2. Trade payables	F 7	100		55
3. Lease liabilities (current share)	F 6	6		16
4. Tax liabilities	F 7	20		26
5. Other current liabilities	F 7	62		52
6. Deferred income	F 8	137	843	214
			3038	4198

DCI DATABASE FOR COMMERCE AND INDUSTRY AG
CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2004 IN LINE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

	Notes	TEUR	TEUR PY
Sales	E 1	3010	3520
Cost of sales	-	-1313	-1985
Gross profit		1697	1535
Selling expenses	-	-942	-1374
General and administrative expenses	E 5	-1537	-2723
Research and development expenses	-	-478	-931
Other operating income	E 5	941	1123
Other operating expenses	-	-67	-105
Interest and similar income	-	48	107
Interest and similar expenses	-	-12	- 6
Profit/loss from ordinary business activities		-350	-2374
Income taxes	E 3	-16	-3
Minority interests	F 14	15	- 9
Net loss		-351	-2386
Net loss per share:			
basic and diluted	E 4	0	0
Weighted average shares outstanding:			
basic and diluted	E 4	8464592	8464592

DCI DATABASE FOR COMMERCE AND INDUSTRY AG

CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2004
IN LINE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

			Vorjahr
	Anhang	TEUR	TEUR
Cash flow from operating activities	Notes	TEUR	PY TEUR
Net loss for the year before taxes	-	-335	-2383
Depreciation and write-downs on non-current assets			
Depreciation	E 2	228	544
Write-downs	-	-	59
Reversals of write-downs on property, plant and equipment	E 2	-120	-
Gain/loss on disposal of assets	-	116	-5
Gain/loss from deconsolidation	B	-	-125
Expenses from currency translation	-	-3	99
Interest expense	-	12	6
Interest income	-	-48	-107
Net change in deferred taxes	E 3	0	0
Change in non-current provisions	F 5	-20	-112
Change in minority interests	F 14	-15	9
Gain from sale of minority interests	F 14	0	-6
		-185	-2021
Change in trade receivables	F 2	143	566
Change in other current assets	F 3	20	46
Change in other current provisions	F 5	-735	-1225
Change in trade payables	F 7	45	-1180
Change in other current liabilities	F 7/F 8	-73	-231
		-600	-2024

Consolidated Cash Flow Statement

	Notes	TEUR	PY TEUR
Carryover		-785	-4045
Interest paid	-	-12	-6
Interest received	-	48	107
Income tax paid	E 3	-16	-3
Net cash used in operating activities		-765	-3947
Cash flow from investing activities			
Cash outflow due to deconsolidation	B	-	-27
Proceeds from sale of interests in subsidiaries	F 14	-	12
Investments in intangible assets	F 4	-24	-6
Investments in property, plant and equipment	F 4	-121	-31
Proceeds from the disposal of assets	F 4	22	23
Net cash used in investing activities		-123	-29
Cash flow from financing activities			
Decrease in liabilities from lease agreements	F 6	-3	-27
Net cash used in financing activities		-3	-27
Net decrease in cash and cash equivalents	-	-891	-4003
Cash and cash equivalents at the beginning of the year	-	3146	7149
Cash and cash equivalents at the end of the year	F 1	2255	3146
Composition of cash and cash equivalents			
Unrestricted cash and cash equivalents		2148	3146
Restricted cash and cash equivalents		107	-
		2255	3146

DCI DATABASE FOR COMMERCE AND INDUSTRY AG

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY FOR 2003 AND 2004

IN LINE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

in TEUR	Share capital	Capital reserves	Net accumulated losses	Foreign exchange differences	Total shareholders' equity
Balance at January 1, 2003	8465	79218	-82756	-103	4824
Net loss for 2003			-2386		-2386
Currency translation for 2003			99		99
Balance at December 31, 2003	8465	79218	-85142	-4	2537
Net loss 2004			-351		-351
Currency translation for 2004				-3	-3
Balance at December 31, 2004	8465	79218	-85493	-7	2183

DCI DATABASE FOR COMMERCE AND INDUSTRY

GROUP NOTES FOR THE 2004 FINANCIAL YEAR

A. General information on the parent company and on the DCI Group

DCI Database for Commerce and Industry AG (the Company or DCI) was founded as DCI Database for Commerce and Industry GmbH on March 3, 1993 in Germany. DCI is a service company for digital sales management. It performs and optimizes business processes in the areas of procurement, selling and data management functions. The services offered are based on electronic catalogues (TradeManager), capturing and updating data in electronic form (Data Services), push media (fax and e-mail media) and the DCI WebTradeCenter, an online trade database for ITC (information technology and communication) products. The main customers are manufacturers of ITC products as well as members of the supply chain: distributors, mail order firms and specialist dealers. Since the beginning of 2005, a pull medium has also been marketed (Wide Area Infoboard). This is sector-neutral and will open up new markets outside the ITC area on the basis of a patent pending technology.

The Company operates in Germany and Romania.

By shareholder resolution of August 26, 1999, and the concomitant approval of the articles of incorporation as amended December 2, 1999, the parent company DCI Database for Commerce and Industry AG was converted from a limited liability company (GmbH) to a stock corporation (AG). The change in legal form was entered in the Munich Commercial register on December 15, 1999. The Company' premises are located at Enzianstrasse 2, 82319 Starnberg.

On March 13, 2000, the Company completed an initial public offering (IPO) of its share capital and listed its shares on the Neuer Markt of the Frankfurt Stock Exchange, a German stock exchange. When the Frankfurt Stock Exchange was reorganized into new segments, DCI AG was admitted to the Prime Standard. DCI AG's shares have been traded in this segment since January 1, 2003.

The Management Board prepared the Consolidated Financial Statements and the Group Management Report for the year ending December 31, 2004 and submitted them to the Supervisory Board.

Going concern

In 2004, the cost realignment was largely completed, the product portfolio extended, with sales to be adjusted accordingly from the beginning of 2005. From today's perspective, DCI is adequately financed at least to the end of 2006. For the fundamental planning premises, opportunities and risks, please refer to the detailed presentation in the Group Management Report.

We want to be in positive territory in 2006. This requires a considerable increase in sales. WAI, the new development, has potential for significant sales growth. However, as WAI is a new product based on new technology, it is difficult to plan the development of sales. There is a high level of planning risk here, something which is described in detail in the Management Report.

But even in a scenario in which WAI generates no sales at all in 2005 and 2006 (WAI sales in both years: zero), total sales as at the end of 2006 would be: TEUR 3,200 (up 7% against 2004), DCI is therefore adequately financed to the end of 2006.

Assets and liabilities were therefore recognized and measured assuming the continuation of the Company as a going concern.

Scope of consolidation

In the Consolidated Financial Statements, the following subsidiaries were fully consolidated in line with IAS 27:

	December 31, 2004 Interest in %	December 31, 2003 Interest in%
ace-quote.com Ltd., Cardiff, Great Britain	-	100.00 *
DCI Database for Commerce and Industry (Malta) Ltd., Valetta, Malta	75.00**	75.00
DCI Database for Commerce and Industry Romania S.R.L., Brasov, Rumania	100.00	100.00

* The company was deconsolidated in the 2004 financial year.
** The company was consolidated on the basis of the last financial statements as of June 30, 2004.

Information on changes in the scope of consolidation is shown in Section B.

Subsidiaries

> DCI Database for Commerce and Industry Romania S.R.L., Brasov, Rumania

DCI Database for Commerce and Industry Romania S.R.L. (DCI Romania) is the Rumanian subsidiary of DCI Database for Commerce and Industry AG and primarily operates in the following areas: generation, management, maintenance and development of databases from the ITC area in conjunction with the generation and development of software programs.

> DCI Database for Commerce and Industry (Malta) Ltd., Valetta, Malta

DCI Database for Commerce and Industry (Malta) Ltd., based in Valetta Malta, was founded on January 3, 2000. The paid in capital is TEUR 25. The Maltese software experts concentrated in particular on developing the e-catalogue software package “DCI TradeManager”. The company has been shut down and is in the process of being wound up. The company is included in the Consolidated Financial Statements on the basis of the last financial statements as of the reporting date of June 30, 2004.

> ace-quote.com Ltd., Cardiff, Great Britain

The British subsidiary operated a B2B online market place in Great Britain and developed relevant software solutions. The company was deconsolidated as of the end of the third quarter of 2004.

Reporting date

The Consolidated Financial Statements are prepared as of the date of the financial statements of the parent company, December 31, 2004. The consolidated subsidiaries prepare their financial statements as of the same date.

B. Changes in the scope of consolidation

Changes in 2004:

ace-quote.com Ltd., Cardiff, Great Britain (“ace-quote”)

ace-quote was retired with effect from September 30, 2004 and deconsolidated on the basis of the final retirement and deletion from the English Commercial Register. The deconsolidation is a non-monetary transaction. The result from deconsolidation affecting the E-Commerce segment is TEUR 0 and is calculated by subtracting the assets of TEUR 5 from the liabilities of TEUR 5.

To improve comparability of the 2004 income statement with the 2003 income statement, the key effects of the operating activities of ace-quote.com Ltd. (AQ) on performance in 2003 are presented below:

	2003 incl. AQ TEUR	2003 AQ TEUR	2003 not incl. AQ TEUR
Sales	3,520	49	3,471
General administrative costs	- 2,23	- 156	- 2,567
Other income	1,123	238	885
Other expenses	- 105	- 91	-14
Net loss before income taxes and minorities	- 2,374	40	- 2,414

Changes in 2003

> DCI Database for Commerce and Industry (Malta) Ltd., Valetta, Malta (“DCI Malta”).

As of May 15, 2003, DCI AG sold its 25% interest in DCI Malta to DCI Malta. As a result, the Company realized income of TEUR 13. This resulted in earnings of TEUR 2 in the Group.

> Buying House GmbH, Starnberg (“Buying House”)

Buying House was deconsolidated with effect from December 1, 2003 on account of an application for insolvency proceedings filed by the Company. On December 1, 2003, a preliminary trustee was appointed by the Weilheim i. OB District Court. The deconsolidation is a non-monetary transaction. The gain from the deconsolidation totaled TEUR 125 and is calculated by subtracting the assets of TEUR 95 from the liabilities of TEUR 220. The profit from the deconsolidation related entirely to the Procurement segment and was shown as other income in the income statement.

To improve comparability of the 2004 income statement with the 2003 income statement, the key effects of the operating activities and deconsolidation of Buying House GmbH (BH) on performance in 2003 are presented below:

	2003 incl. BH TEUR	2003 BH TEUR	2003 not incl. BH TEUR
Sales	3,520	135	3,385
Cost of sales	- 1,985	- 72	- 1,913
Selling costs	- 1,374	- 73	- 1,301
General administrative costs	- 2,723	- 148	2,575
Other income	1,123	125*	998
Net loss before income taxes and minority interests	- 2,374	- 158	- 2,216

* Income from deconsolidation

C. Summary of key accounting policies

General information

The Consolidated Financial Statements as of December 31, 2004 were prepared in line with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) for the first time. The figures for the previous year were calculated according to the same principles. Previously, the Consolidated Financial Statements were prepared in line with the United States Generally Accepted Accounting Principles (“US GAAP”).

The accounts are presented in TEUR.

The income statement is prepared using the cost of sales method.

Deviations in the presentation of the Consolidated Financial Statements and in the recognition and the measurement of individual items of the financial statements in comparison to the previous year are the result of the first-time application of IFRSs. In the previous year, US GAAP was applied. To the extent required in line with IFRS 1, the reconciliations are shown below.

Equity reconciliation as of Jan, 1, 2003

	US GAAP TEUR	Reconciliation a)	b)	c)	IAS TEUR
Issued capital	8,465				8,465
Capital reserves	80,060	- 78	- 764		79,218
Stock option compensation	- 87	87			0
Loss carryforward	- 83,352	-9	764	-159	- 82,756
Currency differences	- 103				-103
Equity	4,983	0	0	- 159	4,824

To a) Under US GAAP, the Company treated share-based compensation plans using the intrinsic value method in line with APB 25 *"Accounting for Stock issued to Employees"*. On February 19, 2004, the IASB published IFRS 2, which regulates accounting of share-based compensation for the first time. In particular, it requires that the impact of granting share-based compensation be recognized both in income and in assets. For share-based compensation issued before November 7, 2002, IFRS 2 must be applied for the first time in reporting periods beginning on or after January 1, 2005. The Company waived any earlier application.

To b) Under US GAAP, in line with APB 25 "*Accounting for Stock issued to Employees*" the sale of shares by the main shareholder Michael Mohr to other members of the Management Board is treated as "cheap stock compensation". On February 19, 2004, IASB published IFRS 2, which regulates accounting of share-based compensation for the first time. In particular, it requires that the impact of granting share-based compensation be recognized both in income and in assets. For share-based compensation issued before November 7, 2002, IFRS 2 must be applied for the first time in reporting periods beginning on or after January 1, 2005. The Company waived any earlier application.

To c) The difference of TEUR 159 between the 2002 net loss under US GAAP and IAS results as follows:

Reconciliation of the net loss for 2002	TEUR
Global valuation allowances on trade receivables are permitted according to IAS (IAS 39.112 ff)	- 9
Provisions for onerous contracts are permitted according to IAS (IAS 37)	- 150
Difference in 2003 result according to US GAAP and IAS	- 159

Reconciliation of equity as of December 31, 2003

	US GAAP TEUR	Reconciliation a)	b)	c)	d)	IAS TEUR
Issued capital	8,465					8,465
Capital reserves	80,060	- 78	- 764			79,218
Stock option compensation	- 87	87				0
Loss carryforward	- 83,352	- 9	764	- 159		- 82,756
Foreign currency differences	- 4					- 4
Net loss	- 2,372				- 14	-2,386
Equity	4,983	0	0	- 159	- 14	4,824

To a), b) and c) See reconciliation as of January 1, 2003.
To d) The difference of TEUR 14 between the 2003 net loss under US GAAP and IAS results as follows:

Reconciliation of the 2003 net loss	TEUR
Realization of sales from licensing software – realized in line with SOP 97-2 under US GAAP, under IAS 18 sales are accrued over the licensing period	- 33
Adjustment of global valuation allowances on receivables (permitted according to IAS 39)	1
Adjustment of provisions for onerous contracts (IAS 37) including interest expense TEUR 2	

	18
Difference in 2003 result according to US GAAP and IAS	- 14

Principles of consolidation

In line with IAS 7, the financial statements of the companies included in the Consolidated Financial Statements are prepared using uniform accounting policies. Assets, liabilities and the operating results of companies that the Company controls are consolidated. All material intercompany positions and transactions were eliminated (IAS 27).

Capital of the fully consolidated companies is consolidated according to the purchase method. The acquisition costs of the participation are netted against the equity posted by the subsidiary at the time of acquisition. Any differences are assigned to assets. Any further differences are capitalized as goodwill and amortized as required.

Currency translation

The Consolidated Financial Statements are prepared in euro.

The balance sheets of foreign group companies are translated according to the functional currency concept with the middle rate on the balance sheet date. For the income statement the average rates for the year are used. Any resulting exchange differences are recognized as equity without impacting earnings (IAS 21).

Transactions currencies other than the functional currency are translated with the translation rate at the time of the transaction. Profit and losses from foreign currency transactions are recognized in the operating result. In the 2004 financial year, the loss from foreign current transactions recognized in the income statement totaled TEUR 28, the profits TEUR 7 (2003: loss TEUR 105, profits TEUR 11).

Intangible Assets

Purchased intangible assets are recognized at acquisition cost and, to the extent that they are subject to wear, are reduced in line with their useful life using straight-line depreciation (IAS 38).

Generally, costs resulting in connection with developing and updating software programs are recognized in the income statement in the year of origin. If the costs can be clearly attributed to software products which can be used by the company over several accounting periods and if the expected economic benefit exceeds the costs incurred, they are then capitalized as intangible assets. Direct costs relate to staff costs of the software

development team. Development costs are only capitalized when the technical and economic practicability can be demonstrated.

For capitalized software development costs, straight-line depreciation is used over the expected used life.

Depreciation is included under the income statement positions cost of sales, administrative expenses and research and development expenses.

Property, plant and equipment

Property, plant and equipment is recognized at cost and, to the extent that it is subject to depreciation, reduced by straight-line depreciation (IAS 16).

Low-cost assets with acquisition costs of up to EUR 410.00 are written off in full in the year of addition (depreciation in 2004: TEUR 3, 2003: TEUR 0).

Receivables and other assets

Receivables and other assets are recognized at nominal value. Appropriate valuation allowances are established for all items with risk.

Cash and cash equivalents

Cash and cash equivalents covers cash and bank deposits which can be converted into liquid assets at short notice (with an original term of three months or less) and which are subject to immaterial value fluctuation risks.

Other provisions

According to IAS 37, other provisions are to be recognized at the amount equating to the best estimate of expenses for fulfilling the current obligations at the balance sheet date. They take into account all identifiable risks and uncertain obligations which relate to past events and whose level and maturity is uncertain. Obligations to pay cash for which no interest is to be paid are recognized at present value.

Liabilities

Liabilities are recognized at the repayment amount. Non-interest bearing liabilities are recognized at present value.

Receivables and liabilities in foreign currencies are translated at the closing rate in line with IAS 21.

Leases

Leases in which the Group is the contractual partner as lessee are classified either as operating or finance leases

In operating lease contracts, the lease installments are recognized in the income statement as expenses on a straight-line basis over the term of the contracts.

Applying IAS 17, with finance leases the leased objects allocated to the Company as beneficial owner are capitalized and written down over the normal useful life. Accordingly, a liability from which the lease originates is deferred and reduced by repayment element of the lease installments which have already been made.

Deferred taxes

Deferred taxes are established on existing loss carryforwards and by applying the liability method for those temporary differences resulting from the comparison of the tax value of an asset or a liability to its carrying amount. Deferred taxes on advantages from tax loss carryforwards which have not been used are capitalized, provided future taxable income is anticipated with sufficient probability. In agreement with IAS 12.47, deferred taxes are assessed on the basis of the tax rates which apply or which are to apply in the individual countries at the time of realization.

Financial instruments

The fair value of financial instruments is the price which would be agreed by two willing independent partners concluding a contract on these instruments. According to IAS 39, financial instruments concluded within the Group are recognized at fair value on the reporting date. The carrying amounts of the liquid assets, receivables, liabilities and provisions in the Group balance sheet correspond to their fair value. Profits and losses resulting from changes to the fair value are recognized in income. According to German law, only losses are recognized in income.

Application of International Financial Reporting Standards (IFRSs)

The DCI AG Consolidated Financial Statements are based on the IFRSs valid when the financial statements were being prepared. The present Consolidated Financial Statements include the following accounting policies which differ from German commercial law.

- Accounting for deferred taxes in line with the balance sheet-oriented liabilities method in line with IAS 12

- Capitalization of assets and expensing residual liabilities for finance leases in line with the IAS 17 allocation criteria.

- Capitalization of costs for internally developed intangible assets.

D. Risk management for financial instruments

The material financial instruments of the Group consist of cash, term monies and trade receivables. The objective of these financial instruments is to finance operating business. The material risks are liquidity risks and credit risks.

- Liquidity risk

The liquidity risk lies in the reduction of cash and cash equivalents. Ongoing liquidity management is implemented on the basis of detailed finance and liquidity planning with monthly target/actual comparisons. The objective is to limit and plan liquidity risk.

- Default risk (credit risk)

Cash and cash equivalents are predominantly invested at two large German banks. There is no significant default risk. Active receivables management is implemented to minimize the default risk for receivables. Furthermore, the risk is covered by valuation allowances on the receivables portfolio.

- Interest rate risk

Due to the subordinate importance to the Group of interest-bearing assets and liabilities, the interest change risk can be disregarded.

- Exchange rate risk

The exchange rate risk is limited to the assets and liabilities of the Rumanian subsidiary. In view of the absolute level of these items and the low exchange rate movements in the recent past, the exchange rate risk is assessed as low.

E. Notes on the Group income statement

Segment reporting

According to IAS 14, segment reporting is required by business areas and geographical segments. The individual segments are distinguished on the basis of different risks and rewards.

The primary segment reporting format is the business area.
The Group is divided into four business areas:

e-Commerce

- Online-Trading platform (DCI WebTradeCenter, ace-quote.com)

Marketing/Sales

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

Information Providing

- DCI media: push media for industry and trade product sales (e.g. fax advertising media DCI Highlight Fax, Premium Email (HTML) for marketing and sales, tie-in e-mail)

- Data Services: mass data recording and update, processing, classification and licensing product and address data (subsidiary in Rumania [DCI Romania S.R.L.])

- Wide Area Infoboard (WAI): a patent pending technology. With it, content of all kinds can automatically be made accessible on web portals by e-mail. This product is currently being launched.

Procurement (as of the end of 2003)

- Implementation and optimization of purchasing C-articles for third parties (The Buying House GmbH)

2003	e-Commerce TEUR	Information Providing TEUR	Marketing/ Sales TEUR	Procurement TEUR	Not allocated TEUR	Group TEUR
External sales	682	2,492	211	135	-	3,520
% of sales	19.4%	70.8%	6.0%	3.8%	-	100.0%
Profit or loss from ordinary activities	-802	-1,558	-847	-33	764	-2,475
Interest income	-	-	-	-	107	107
Interest expense	-3	-3	-	-	-	-6
Net loss before income taxes and minority interests	-805	1,561	-847	-158	996	-2,374
Income taxes	-	-3	-	-	-	-3
Minority interests	-	-	- 9	-	-	-9
Net loss						-2,386
Segment assets	94	730	171	-	3,194	4,189
Segment liabilities	184	57	46	-	1,350	1,637
Investments	1	23	4	-	9	37
Depreciation	87	318	27	42	129	603

2004	e-Commerce TEUR	Information Providing TEUR	Marketing/ Sales TEUR	Procurement TEUR	Not allocated TEUR	Group TEUR
External sales	436	2,356	218	-	-	3,010
% of sales	14.5%	78.3%	7.2%	0.0%	-	100.0%
Profit or loss from ordinary activities	-131	-668	-442	-	875	-386
Interest income	-	1	-	-	47	48
Interest expenses	-	-3	-	-	-9	-12
Net loss before income taxes and minority interests	-131	-690	-442	-	913	-350
Income taxes	-	-16				-16
Minority interests	-	-	15	-	-	15
Net loss						-351
Segment assets	50	615	134	-	2,235	3,034

Segment liabilities	137	50	22	-	642	851
Investments	4	111	4	-	26	145
Reversals of impairment losses	-	-	-	-	120	120
Depreciation	7	154	20	-	47	228

This year at DCI AG, trade receivables were allocated to segments in line with sales ratios and non-current assets, investments and depreciation were allocated in line with segment employees. The previous year was adjusted accordingly.

The part of the loss from ordinary activities which was not allocated includes income from reversing provisions (TEUR 719) and the reversal of impairment losses on property, plant and equipment at DCI AG of TEUR 120.

As far as possible, all transactions within segments were treated on an arms-length basis, as were sales and procurement.

In 2003, the deconsolidation of the subsidiary Buying House GmbH resulted in a profit of TEUR 125. This was allocated entirely to the Procurement segment.

In 2004 and 2003, the following sales were made between the segments. These were entirely eliminated in the context of consolidation.

Sales by Information Providing to	2004 TEUR	2003 TEUR
• e-Commerce	117	254
• Marketing	26	45

The secondary segment reporting format is the geographical segment.

Sales with external customers by geographical regions on the basis of the geographical location of customers break down as follows:

Geographical segments:	2004 TEUR	2003 TEUR
Germany	2,890	3,275
European Union	116	186
Rest of world	4	59

Sales were generated exclusively with services in Germany (PY: service sales of TEUR 49 in Great Britain). All material assets of the Groups are located in Germany. As of December 31, 2004, there were assets of TEUR 0 (December 31, 2003: TEUR 5) in

Great Britain and of TEUR 0 (December 31, 2003: TEUR 129) in Malta. As of December 31, 2004, in Rumania there were assets of TEUR 234 (December 31, 2003: TEUR 219). All other assets are located in Germany.

1. Sales realization

The Company generates sales from the provision of product and business information and from services (primarily creating and updating electronic data – "Data Services"). It also generates sales from licenses (WebTradeCenter – "WTC" –, and also TradeManager) for the use of software products.

Sales from the provision of product and business information are realized after the relevant information has been provided. License sales, providing they relate to annual licenses (WTC membership) which are generally paid as a single fee per year are generated pro rata as revenue and accrued accordingly. The recognition of income to the correct period and the reversals of accrued income take place on a monthly basis. Otherwise, the Company books service sales when the service is rendered, i.e. the consumer receives information from a database or another information medium and from software licensing when this is made available.

Software sales and the relevant services are realized in line with IAS 18. With a temporarily restricted license agreement which extends over several periods, the assumption is made that the sales are realized pro rata across the periods.

Sales include TEUR 532 (PY: TEUR 630) from license revenues.

2. Depreciation and reversals of impairment losses on intangible assets and property, plant and equipment

Depreciation of TEUR 76 was charged on intangible assets (PY: TEUR 213) and write-downs of TEUR 0 (PY: TEUR 22).

On the basis of an analysis of the discounted cash flows, in 2003 write-downs were charged on intangible assets totaling TEUR 22. These were contained in the income statement under administrative expenses and relate to the Procurement segment

In 2004, there was depreciation on property, plant and equipment of TEUR 152 (PY: TEUR 331) but no write-downs (PY: TEUR 37). In 2003, the write-downs on property plant and equipment were posted in income statement under general and administrative expenses. TEUR 8 was allocated to the Procurement segment and TEUR 29 to the e-Commerce segment.

Depreciation is posted in the income statement under cost of sales, selling costs, general administrative expenses and research and development expenses.

In 2004, DCI AG terminated part of its rental agreement for office space at its domicile in Starnberg and again used the remaining available office space. For this reason, impairment losses of TEUR 120 on property, plant and equipment (primarily fixtures) were reversed. The income from the reversal was posted to other operating income. The fixtures are allocated to the e-Commerce, Information Providing and Marketing/Sales segments.

3. Income taxes

To calculate deferred taxes a corporation tax rate of 25% was applied. Taking into account the impact of the solidarity surcharge, the corporation tax rate is 26.4%.

German companies are also subject to a trade tax which is assessed by the municipalities in which the branch of the Company is located. It normally is between 13% and 21% of taxable income.

	Dec. 31, 2004 TEUR	Dec. 31, 2003 TEUR
Actual tax expense:		
Germany	0	0
International	16	3
	16	3

In calculating the deferred taxes as of December 31, 2004 and as of December 31, 2003, an average tax rate of 36.7% (PY: 36.7%) was used for corporate and trade tax. This is calculated from the weighted tax rates of DCI AG (ca. 38%) and DCI Romania (25%), with a 90% weighting for DCI AG and a 10% weighting for DCI Romania.

A reconciliation of tax expenses in line with IAS 12 is shown below:

	2004 TEUR	2003 TEUR
Earnings before tax	-350	-2,374
Theoretical tax expense 36.7%	-128	-871
Differences from varying tax rates	-2	-4
Effects of HGB - IFRS differences	3	1
Differences between the tax result and Group result according to IFRS	11	-367
Change of the valuation allowances on deferred		

taxes from loss carryforwards	132	1,290
Effect of deconsolidation of Buying House	0	-46
Actual tax expense	16	3
Effective tax rate	-4.66%	-0.12%

The deferred tax assets and tax liabilities are as follows:

	Dec. 31, 2004 TEUR	Dec. 31, 2003 TEUR
Deferred taxes on tax loss carryforwards	29,848	33,695
Valuation allowances on the same	-29,846	-33,690
Measurement differences for lease liabilities	2	4
Total deferred taxes (assets):	4	9
Deferred taxes (liabilities):		
Measurement differences for lease liabilities	-4	-9
Total deferred taxes (liabilities):	-4	-9
Net deferred taxes	0	0

The Company established valuation allowances on the share of tax receivables where it is probable that they can be used to reduce taxes in the future.

4. Reconciliation of earnings per share according to IAS 33

		Dec. 31, 2004	Dec. 31, 2003
Basic number of shares		8,464,592	8,464,592
Earnings	TEUR	-351	-2,386
Basic earnings per share	EUR	-0,04	-0,28
Options		97,250	187,400
Dilutive shares		0	0

Diluted number of shares		8,464,592	8,464,592
Diluted earnings per share	EUR	-0.04	-0.28

5. Prior-period income and expenses

Other operating income includes prior-period income from the reversal of provisions totaling TEUR 719 (PY: TEUR 487) and from the reversal of impairment losses on property, plant and equipment of TEUR 120. Administrative expenses include prior-period expenses from the disposal of non-current assets totaling TEUR 127 (PY: TEUR 13).

F. Notes on the consolidated balance sheet

1. Cash and cash equivalents

As of December 31, 2004, cash and cash equivalents totaled TEUR 2,255 (PY: TEUR 3,146). TEUR 107 of this is determined as security for a direct transfer procedure and thus is not available to cover liquidity at short notice.

2. Trade receivables

All trade receivables have a remaining duration of up to one year.

3. Other current assets and prepaid expenses

The deferred items and other current assets are posted at amortized cost and have a remaining term of up to one year.

Deferred positions on the assets side relate primarily to fees paid in advance and insurance premiums.

4. Non-current assets

The development of the individual items of non-current assets is shown in the statement of changes in non-current assets under depreciation and write-downs in the financial year.

Intangible assets relate primarily to purchased intangible assets such as software and licenses. They are capitalized at cost and written-down on a straight-line basis over

their expected useful life. The amortization period for each asset is determined individually and ranges from two to ten years.

Internally developed software of TEUR 7.5 was capitalized for the "WAI Wide Area Infoboard" in the financial year. This is amortized a straight-line basis over the anticipated useful life of 1.5 years. For the financial year, amortization is TEUR 2.5.

Additions to property plant and equipment are measured at cost and depreciated on a straight-line basis over their expected useful life. The depreciation period ranges between three and twenty years. The objects are depreciated as follows:

	Min. years	Max. years
Land, land rights and buildings including buildings on third-party land	10	10
Technical equipment and machinery	3	3
Other equipment, operating and office equipment	3	20

Disposed or scrapped assets are written off at historical cost plus cumulative depreciation. Any profit or losses from disposed assets are posted as other operating income or expenses. Maintenance and small-scale repairs are booked immediately as operating expenses.

Purchased assets with acquisition costs up to EUR 51 are booked fully as expenses.

Since 2004, low-cost assets (acquisition cost up to EUR 410) were fully written off in the year of addition (depreciation in 2004: TEUR 3)5.

5. Other provisions

Other provisions contain the following items:

	Dec. 31, 03 TEUR	Reversal TEUR	Addition TEUR	Interest TEUR	Utilization TEUR	Dec. 31, 04 TEUR
Legal, consultancy and audit costs	145	-55	62	0	-8	144
Annual general meeting costs	100	0	100	0	-93	107
Outstanding invoices	112	-23	34	0	-33	90
Supervisory Board compensation	55	0	60	0	-50	65
Short-term share in provision for onerous contracts	112	0	0	9	-101	20
Risks from letter of comfort	640	-640	0	0	0	0
Other	89	-1	6	0	-2	92

Current provisions	1,253	-719	262	9	-287	518
Non-current provisions	20	0	0	0	-20	0
	1,273	-719	262	9	-307	518

All provisions are current (PY: non-current share in provision for onerous rental agreements of TEUR 20).

Due to office premises not being used last year, the Company established a provision for onerous rental agreements.

The provision for risks from the letter of comfort was established as a result of risk from a suit by the MuK GmbH bankruptcy administrator. In the first quarter of 2004, the legal dispute was decided in favor of DCI AG, as a result of which the provision were reversed in income.

6. Finance lease

A subsidiary concluded hire purchase agreements for vehicles. These expire in 2006 at the latest. These assets are capitalized under the item other equipment, operating and office equipment. For 2004, depreciation on assets in connection with such lease contracts totaled TEUR 11 (2003: TEUR 22).

The lease installments of the finance lease to 2006 (time of the last lease installment) are shown below:

Lease installments:	TEUR
2005	7
2006	9
Total	16
minus interest component	- 2
Net payments	14
of which current (to 1 year)	6
of which non-current (2 years)	8

Further information in connection with the finance lease is shown below:

	Dec. 31, 2004 TEUR	Dec. 31, 2003 TEUR
Costs	61	111
Cumulative amortization	- 24	- 57
Remaining carrying amount	37	54

7. Liabilities

All liabilities have a remaining duration of less then one year. There is no collateral.

8. Deferred income

Deferred income relates to fees charged to members of the Web Trade Center for the use of the database one year in advance. The deferred amount corresponds to the pro rata license for the period after the balance sheet date.

9. Issued capital

The issued capital is divided into 8,464,592 bearer shares, each with a nominal value of EUR 1.00. The share capital is unchanged as of the previous year at EUR 8,464,592 and is fully paid up.

10. Authorized capital

On the basis of the Annual General Meeting resolution of July 13, 2004 (entry into the Commercial Register on July 27, 2004), the Management Board is authorized until June 30, 2009 to increase the share capital with the approval of the Supervisory Board by issuing new ordinary bearer shares against cash or non-cash contributions on one or more occasions, up to a total nominal amount not exceeding TEUR 4,200 by issuing 4,200,000 shares (Authorized Capital 2004/I). Furthermore, the Management Board is authorized, with the approval of the Supervisory Board, to decide on excluding the subscription rights of shareholders.

The authorized capital of TEUR 4,000 (TEUR 3,535 of which was not implemented) authorized by the Annual General Meeting on January 17, 2000 was revoked by resolution of the Annual General Meeting of July 13, 2004.

11. Contingent capital

On July 13, 2004 the Annual General Meeting of the Company resolved to create Contingent Capital 2004/I of TEUR 2,000 (entry into the Commercial Register on July 27, 2004). The contingent capital increase served to grant shares to the bearers or creditors of convertible bonds and option bonds issued by the Company.

The Management Board is authorized to issue bearer or registered convertible and/or option bonds with a total nominal amount of TEUR 2,000 with a term not exceeding 20 years on one or more occasions until June 30, 2009, and to grant bond bearers or creditors option or conversion rights to new shares in the Company with a pro rata amount in share capital of up to TEUR 2,000. The Management Board is authorized, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders. The option or conversion price is 90% of the average XETRA closing price of shares in the Company on the Frankfurt stock exchange during the 10 trading days before the day of the resolution by the Management Board, but no less than EUR 1.

In the Annual General Meeting on July 27, 2000, the Management Board was authorized, with the approval of the Supervisory Board, to grant subscription rights to up to 800,000 ordinary shares to members of the Management Board and employees and to executives and employees of associated companies on one or more occasions until January 1, 2008 (Contingent Capital 2000/I of TEUR 320 and Contingent Capital 2000/II of TEUR 480).

For its 2000 stock option plan, the Company has reserved a total of 800,000 ordinary shares (contingent capital).

For the conditions of the stock option plan, see section 15.

As the stock price is below the subscription price, no subscription rights were exercised in 2004.

12. Capital reserves

Development of DCI Group capital	Contingent and authorized capital Euro	Issued capital Euro	Capital reserves Euro
As at January 1, 2000	0.00	168,879.71	9,159,809.15
Capital conversion, resolution of December 20, 1999	0.00	3,031,120.29	-2,638,670.29
Capital conversion, resolution			

of January 17, 2000	0.00	2,800,000.00	-2,800,000.00
Capital increase, resolution			
of January 17, 2000	0.00	2,000,000.00	56,157,322.51
Authorized capital I, resolution			
of January 17, 2000	4,000,000.00		
of which implemented on reporting date	-464,592.00	464,592.00	19,340,112.00
Creation of Contingent Capital I,			
for granting subscription rights	320,000,00		
of which implemented on reporting date	0,00	0,00	0,00
Creation of Contingent Capital II,			
for granting subscription rights	480,000,00		
of which implemented on reporting date	0,00	0,00	0,00
As at December 31, 2000	4,335,408,00	8,464,592,00	79,218,573,37
Authorized capital 2000/I, resolution			
of January 17, 2000 revoked	-3,535,408,00		
Creation of authorized capital 2004/I			
Resolution of July 13, 2004	4,200,000,00		
of which implemented on reporting date	0,00	0,00	0,00
Creation of contingent capital 2004/I			
for granting subscription rights	2,000,000,00		
of which implemented on reporting date	0,00	0,00	0,00
As at December 31, 2004	7,000,000,00	8,464,592,00	79,218,573,37

13. Net accumulated loss

The accumulated loss as of December 31, 2004 is calculated as follows:

	TEUR
Net loss 2004	-351
Loss carryforward December 31, 2003	-85,142
Accumulated loss as of Dec. 31, 2004	-85,493

14. Minority interests

On December 31, 2004, minority shareholders held 25% in DCI Malta (December 31, 2003: 25%).

15. Stock option plans

The Annual General Meeting of July 27, 2000 authorized the Management Board, with the approval of the Supervisory Board, to grant subscription rights to up to 800,000 ordinary shares to members of the Management Board and to employees as well as to executives and employees of associated companies on more or more occasions until January 1, 2008.

The option rights can be exercised no sooner than two years after they have been allocated. At that point, up to one-third of the option rights can be exercised. In each subsequent year, up to a further one-third can be exercised. Exercising option rights is permitted twice per year. It is restricted to the period commencing with the Annual General Meeting and the day after the publication of the third quarter financial statements and lasts for four weeks. Within this subscription period, subscription rights may be exercised only once.

The exercise price is the average stock exchange price of the ordinary bearer shares on the 5 trading days prior to the individual option right agreement becoming effective, but not less than the price of the ordinary bearer shares on the last day. The subscription price to be paid by the shareholders with subscription entitlement when exercising the option right per option is the exercise price plus a premium of 20%.

The options lapse if they are not exercised within a period of 8 years after allocation.

No new options were granted in 2003 and in 2004.

As of December 31, 2004, there were 97,250 outstanding options. The change from the 90,150 options as against the previous year resulted from lapsed options of employees who left the Company and who, under the conditions of the share option plan, may no longer exercise the options.

The changes in the outstanding share options in 2003 and 2004 are summarized in the following table:

	Number of share options	Weighted Average price in EUR	Weighted remaining duration in months
Outstanding as of January 1, 2003	307,900	2,66	83
Lapsed in the 2003 financial year	-120,500	2,53	
Outstanding as of December 31, 2003	187,400	2,75	71
Lapsed in the 2004 financial year	-90,150	2,89	

Outstanding as of December 31, 2004	97,250	2.61	59

The exercise prices were EUR 1.91 and EUR 10.20. As of December 31, 2004, 62,083 share options may no longer be exercised. IFRS 2 was not applied as all options were granted before November 7, 2002.

16. Contingent liabilities and other financial obligations

As of the balance sheet date, other financial obligations resulted from rent and lease contracts for company cars, office space and office equipment. As of December 31, 2004, the future payment obligations from operating lease contracts and rental contracts which may not be terminated total:

	TEUR
2005	222
2006	17
2007	7
2008	3
2009	2
Total	251

17. Events after the balance sheet date

There were no material events after the balance sheet date.

18. Related companies report

DCI AG was advised in all tax matters by the office of the Chairman of the Supervisory Board, Mr. Michael Böllner. This office also is responsible for the DCI AG payroll. In 2004, the costs (including sales tax) of these services totaled TEUR 9 (2003: TEUR 41). The costs for preparing the 2003 tax declaration are not included in these costs. These were charged in 2005, total TEUR 16 (gross) and were included in other provisions. As of December 31, 2004, there was a liability of TEUR 0 (December 31, 2003: TEUR 0) in trade payables.

In legal matters, the Company was advised by the law office of the Deputy Chairman of the Supervisory Board, Dr. Hubert Krieger. In 2004, the costs of these services totaled TEUR 31 (gross) (PY: TEUR 24).

The premises located at Enzianstrasse 2, 82319 Starnberg, are owned by Mr. Michael Mohr, Chairman of the Management Board and are rented to the Company at normal market conditions. In 2004, rent payments totaled of TEUR 243 (2003: TEUR 277).

19. Employees

In the 2004 financial year, the average headcount of the group, not including the employees of the DCI Malta Ltd., which is being wound up, and without the members of the Management Board was:

DCI AG Germany	20
DCI Romania	53
Total:	73

20. Declaration on the Corporate Governance Code pursuant to Article 161 of the German Stock Corporation Act

The Corporate Governance Code declaration pursuant to Article 161 of the German Stock Corporation Act was submitted by the Management Board and Supervisory Board and made permanently available to the shareholders.

21. Additional national disclosure requirements

Information on the executive bodies of the Company

Supervisory Board		Other Supervisory Board mandates
Michael Böllner	Chairman of the Supervisory Board Auditor, tax consultant Munich	IPO Management AG, Oberhaching (Chairman) H.C.M. Capital Management AG, Munich (to January 4, 2005) (Vice Chairman)
Dr. Hubert Krieger	Deputy Chairman Lawyer, Munich	-
Michael Reuss	Asset manager Munich	Cariba Internet Technology AG, Vaterstetten

Management Board

Michael Mohr	Chief Executive Officer Manager, Berg
Dr. iur. Reiner Stecher	Chief Financial Officer Management consultant, Frankfurt am Main

Compensation to members of executive bodies of the Company

Supervisory Board

		TEUR
Auditor/tax consultant Michael Böllner	Chairman	30
Lawyer Dr. iur. Hubert Krieger	Member	15
Michael Reuss	Member	15
Total		60

Management Board

Michael Mohr	CEO	174
Dr. iur. Reiner Stecher	CFO	176
Total		350

There was no variable or performance-related compensation for members of executive bodies of the Company.

Exemption from the duty to prepare Consolidated Financial Statements in line with Article 292a HGB

These Consolidated Financial Statements were prepared in line with IFRSs. The Company was originally listed on the Neuer Markt and in the context of the reorganization of the stock market was admitted to the Prime Standard of the Frankfurt Stock Exchange. The shares of DCI AG have been traded in this segment since January 1, 2003. In its Consolidated Financial Statements, the Company applies the regulations in line with Article 292a of HGB and is thus exempted from

the regulations of Articles 290 ff HGB on the duty to prepare Consolidated Financial Statements in accordance with German commercial law. The Group management report was prepared in line with Article 315 HGB.

Information on the income statement

Materials (in TEUR)	Dec. 31, 2004	Dec 31, 2003
Costs of purchased goods	67	81
Costs of purchased services	1575	2293
	1642	2374

Staff costs: (in TEUR)		
Wages and salaries	1584	2512
Social security contributions	288	409
	1872	2921

Starnberg, March 2005

DCI AG Management Board

Michael Mohr	Dr. iur. Reiner Stecher
CEO	CFO

Statement of Changes in Consolidated Non-current Assets

STATEMENT OF CHANGES IN CONSOLIDATED NON-CURRENT ASSETS IN 2004

	Cost				Cumulative depreciation and write-downs					Net Book values	
	Jan 1, 2004	Additions	Disposals	Dec 31, 2004	Jan 1, 2004	Additions	Disposals	Reversals	Dec 31, 2004	Dec 31, 2004	Dec 31, 2003
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
I. Intangible Assets											
1. Concessions, industrial and similar rights and assets and licences in such rights and assets	9,981	24	7,520	2,485	9,898	76	7,510	-	2,464	21	83
2. Goodwill	22,691	-	22,691	-	22,691	-	22,691	-	-	-	
	32,672	24	30,211	2,485	32,589	76	30,201	-	2,464	21	83
II. Property, plant and equipment											
1. Land, land rights and buildings including buildings on third party land	185	-	43	142	165	3	44	-	124	28	20
2. Technical equipment and machinery	16	-	7	9	11	-	2	-	9	-	5
3. Other equipment operating and office equipment	2,776	121	1,339	1,558	2,368	149	1,215	120	1,182	376	408
	2,977	121	1,389	1,709	2,544	152	1,261	120	1,315	394	433
III. Financial assets	1,848	-	-	1,8484	1,848	-	-	-	1,848	0	0
	37,497	145	31,600	6,042	36,981	228	31,462	120	5,627	415	516

Company	Interest %	Registered share capital TEUR	Equity Dec. 31, 2004 TEUR	Of which income or loss for 2004 result TEUR
DCI Database for Commerce and Industry Romania S.R.L., Brasov, Rumania	100.00	296	161	33
DCI Database for Commerce and Industry (Malta) Ltd., Valletta, Malta	75.00	25	31*	-34*
Buying House GmbH, Starnberg	59.20	25	-216**	-186**
MuK media- und Kommunikationsgesellschaft mbH, Berlin	76.20	362	-634***	-1.153***

* Figures as of June 30, 2004. No figures available as of December 31, 2004, due to the current liquidation of the company.

** Figures as of November 30, 2003. No figures available as of December 31, 2004, due to the application for insolvency.

*** Figures as of October 31, 2002. No figures available as of December 31, 2004, due to application for insolvency.

A. BUSINESS DEVELOPMENT: OVERVIEW

Moderate to poor business conditions for the overall industry led to a 14% decline in sales from TEUR 510 down to TEUR 3,010. While the e-Commerce and Information Providing business areas suffered in part substantial drops in sales – 36% in e-Commerce from TEUR 682 to TEUR 436 and 5% in Information Providing from TEUR 2,492 to TEUR 2,356 -- Marketing/Distribution achieved slight growth of 3% or TEUR 7.

The main driver of sales continues to be the Information Providing area. At TEUR 2,356, this area comprises 78% of total sales.

Cost developments were also encouraging this year, with significant year-on-year improvements in operating expenses in nearly all areas of the Company.

The TEUR 2,386 loss posted in 2003 was reduced substantially in 2004 to TEUR 351, an improvement of TEUR 2,035 or 85%.

This year's results also compare favorably with DCI AG's projections published in last year's management report:

(figures in TEUR, rounded)	2004 Actual	2004 Projected
Earnings before taxes	Loss: 322	Loss: 1,000
Equity (ending balance)	2,314	1,600
Cash and cash equivalents (ending balance)	2,117	1,900
Cash burn	812	1,029

1. Market environment

The strained economic situation in Germany and subsequent reluctance of IT users to make investments continued to have a negative impact at all levels of the information technology market. Competitive pressure further increased. Contrary to general expectations, no sustained recovery had yet been seen by the end of 2004. Like many of our competitors, our Company also suffered the effects of customers filing for bankruptcy and otherwise exiting the market. The overall negative market environment was responsible for a 14% year-on-year decline in sales, despite all countermeasures implemented over the course of the year.

2. Sales development by segment

(a) Overview

Information Providing segment				
(in EUR 000s)	Sales 2004	Sales 2003	Change	in %
E-Mail Media	2022	2373	-351	-15%
Data Services	334	119	215	181%
Segment total	2356	2492	-136	-5%
eCommerce segment				
	Sales 2004	Sales 2003	Change	in %
WebTradeCenter	436	682	-246	-36%
Marketing/Distribution segment				
	Sales 2004	Sales 2003	Change	in %
Trade Manager	218	211	7	3%
Procurement segment				
	Sales 2004	Sales 2003	Change	in %
Buying House GmbH	0	135	-135	-100%
Total sales				
	Sales 2004	Sales 2003	Change	in %
	3010	3520	-510	-14%

(b) Commentary:

- Information Providing segment (E-mail and Fax Media, Data Services, WAI)

This segment bundles the electronic recording and maintenance of product data (Data Services) and the distribution of advertising via e-mail and fax/third-party distribution via DCI Media. At the start of the third quarter, the "Wide Area Infoboard" (WAI) was to be added. However, we elected to postpone this move in the interests of making additional technical improvements, as we are not under any time pressure and have rescheduled the rollout for the first quarter of 2005.

Sales for this segment totaled TEUR 2,356, 5.5% below last year's level. Here a detailed discussion of the status quo:

DCI E-mail and Fax Media's customers include nearly all major firms in the ITC sector (information and telecommunications industries). This area continued to face a difficult and sluggish market during the reporting period. Sales of TEUR 2,022 were thus well below the previous year's level, down 14.8%. A market-wide decline in sales was largely responsible for this. The quality-enhancing strategies we have now had in place for some time and continue to pursue concerning both address resources and the product itself have not yet yielded the desired results. One primary reason for this is, in our view, the fact that during periods of economic weakness, businesses tend to slash advertising and marketing budgets first. This phenomenon directly impacted E-mail Media.

In 2005, the health of the industry as a whole is set to improve considerably (see also 'Outlook' below). IT firms will again be investing more in advertising and sales support efforts instead of engaging in cost-cutting as seen over the last few years. We thus anticipate E-mail Media sales to experience a sustained recovery. However, our projections for 2005 only reflect this expectation to a modest extent in the interest of conservatism.

We will nonetheless make every effort to take advantage of sales opportunities as they arise. To this end we reorganized our sales department at the start of 2005, separating the areas of existing customer relationship management and new customer acquisition. The latter is now to receive support via external call centers.

It was necessary to adjust the ambitious goals set for bundled e-mail introduced during the reporting year. Selling expenses for this product were far higher, while the market was in less of a position to be receptive to it than anticipated. We have therefore discontinued the marketing of this product.

The Wide Area Infoboard (WAI) represents an additional new product that addresses the realignments within and restrictions imposed upon the e-mail advertising market. This technology, patent pending, allows senders of e-mail to make their messages (offers, advertising, etc.) available upon select, target-group

specific web portals for direct call-up (pull marketing). This affords senders a highly cost-effective way of obtaining new contacts from their target group without having to fill up any e-mail boxes, thereby obviating any spam risk. The web portals in turn obtain access to information flows that previously were beyond their scope, found only within e-mail advertising.

This innovative solution has already proven its technical feasibility and garnered a positive reaction in the market. Proprietary market research at specific trade shows, among publishers of e-mail newsletters, web portals and more recently via external call centers has revealed the enormous potential of this new product. WAI presents DCI with an opportunity for exponential sales growth in a mass-market business, even internationally. Theoretically, it is still possible to break even in the course of 2005, though this is not our expectation. Rather, we expect a steady rise in sales, just getting underway in the year 2005. Call centers are being employed for customer acquisition which we manage in such a way as to allow for moderate initial growth while we gain experience in handling. This eliminates the risk of overloading our available capacity in the event of too-rapid growth – a possibility that cannot be ruled out – which would do more harm than good.

The DCI business model revolves around results-based commissions and click rates for information senders (such as product newsletters, etc.), in which portal operators have a participating interest.

A basic version of a proprietary DCI WAI portal has already been developed, which went online January 25, 2005. The portal markets WAI as a ‘Clickpooling’ business model. The subject matter presented by the portal is being expanded on an ongoing basis. WAI as a Clickpooling concept is being very well received by prospective customers, especially those with Internet experience.

Overall it is evident that the trend is away from push marketing in favor of pull marketing. Customers prefer results-based payment models, and avoid advance payment for merely projected numbers.

Data Services, provided via our production company in Romania, is doing excellently, and for three years in a row now has achieved a high rate of growth. The subsidiary produces electronic product data for customers’ webshops or inventory management systems and provides services for third parties such as performing data quality assurance and catalog data management. Data Services managed to nearly triple its sales year-on-year, attaining TEUR 334. We see a trend towards outsourcing data management to specialized external service providers such as DCI and believe that we can continue to increase our market share in this business. Distribution and production capacity have been beefed up, also in the foreign language area.

A number of factors contribute to our setting a challenging sales goal for 2005. One of these was the particular advantage enjoyed by Data Services that, once

acquired, customers tend to engage in repeat business, allowing acquisition efforts to be focused elsewhere. However, competitive pricing and a consistently high level of quality are essential for this to happen. Thus, in 2005, we dedicated ourselves particularly to the fulfillment of these prerequisite conditions.

- e-Commerce segment (WebTradeCenter)

The WebTradeCenter was unable to live up to the full expectations originally held for it as a business platform, as its attractiveness for that purpose declined sharply after its rollout. Customers did however see the WebTradeCenter's utility as a source of information prior to purchasing and for distributing ITC products. With the body of 200,000 sets of product and address data and 2,500,000 monthly price updates, it offers a comprehensive market overview of products and providers in the ITC market. Thus, in spite of only generating low sales, the DCI WebTradeCenter retained some appeal in a transformed existence as an information-providing medium.

The renewed decline in sales in 2004 as against the previous year by TEUR 246 (-36%) to TEUR 436 was principally due to the loss of VIP partnerships. A number of VIPs elected to cut costs by ending their membership, a tendency exacerbated by the strained market conditions faced by the ITC industry.

To achieve sales stabilization over the medium term despite this situation, albeit at lower levels, this past year we made access to the business partner area available exclusively on a for-fee basis. Now there is only one tier to the "DCI Pro Partnership". In addition, DCI Premium Content is now being offered, containing the top 18,000 products from the DCI database (along with source and price information). Premium content is now also available in the form of an electronic TradeManager catalogue for regular buyers and purchasing managers, requiring "Pro Partnership" membership. These measures however have not yet evidenced the desired degree of success.

For reasons of prudence, we have projected lower sales revenues for 2005 as against the previous year, although our sales targets are higher.

- Marketing/Distribution segment (TradeManager)

Sales from electronic catalogue business (DCI TradeManager) came out slightly higher at TEUR 218 than the previous year (TEUR 211). We continue to see additional sales potential in this area. TradeManager was no doubt also affected by dampened enthusiasm for investment on the part of retailers and mail-order houses in 2004 due to a slump in demand. This circumstance hindered efforts to more effectively market the product.

We have developed a two-pronged strategy for boosting sales in future. On the one hand, we will be reinforcing and stepping up our sales efforts (already in progress), while at the same time offering the TradeManager and its catalogues via the new WAI. These measures will only deliver results, however, once WAI has been rolled out and its sales stabilized.

For reasons of prudence, we have projected lower sales revenue for 2005 as against the previous year, although our sales targets are higher.

3. Cost developments

The effectiveness of cost-cutting measures implemented in the previous year and systematically pursued during this past financial year became evident. Nearly all areas saw substantial reductions in operating expenses year-on-year. Losses were cut by a decisive 85% or EUR 2,024,162 from TEUR 2,374 in 2003 to TEUR 350 in 2004.

(Selection) in EUR	2004	2003	Change	Change in %
Cost of purchased services	1,575	2,293	-718	-31%
Staff costs	1,872	2,921	-1,049	-36%
Depreciation and write-downs on intangible assets and property, plant and equipment	228	603	-375	-62%
Total expenses shown	3,675	5,817	-2,142	-37%
Profit or loss from ordinary activities	-350	-2,374	2,024	-85%

In addition to lowered costs, a large sum (TEUR 719) resulting from writing back provisions also contributed substantially to this improvement. This relates to TEUR 664 of provisions created in connection with the letter of comfort issued to MuK Media- and Kommunikationsgesellschaft mbH, Berlin (hereafter referred to as “Muk”) which were no longer necessary following the successful resolution of the legal dispute.

4. Research and development

Total research and development expenses for the financial year totaled TEUR 478 (PY: TEUR 931).

Key R&D activities included development of the Wide Area Infoboard (WAI), further development of the DCI TradeManager and the production of an online version of the market overview entitled “Electronic Procurement”.

In addition, detailed product improvements were implemented, internal production tools underwent further development and several processes were automated.

5. Personnel developments: adjusting employee figures to reflect sales development

The restructuring efforts systematically implemented at DCI AG during the reporting year 2004 led to a reduction of our full-time IT workforce from 13 employees (as of December 31, 2003, excluding management) down to 9 (as of December 31, 2004, excluding management). The number of part-time employees (including those below the reporting threshold), however, doubled from 6 to 12 as of December 31, 2004. This allowed us to bolster our sales activities. The average number of Group employees (excluding DCI Malta) fell from 82 to 73.

6. Financing activities

In the financial year, no capital increases or other financing activities were implemented.

7. Investments

Investments during the 2004 financial year principally involved operating and office equipment (telephone system, computing equipment including printers, leased company vehicles). In addition, TEUR 8 was capitalized reflecting the cost of WAI.

8. Legal form

There were no changes in legal form in the 2004 financial year. The company DCI Datenbank für Wirtschaftsinformationen GmbH, established in 1993, was converted into DCI Database for Commerce and Industry AG in December 1999.

B. **STATUS REPORT**

1. Assets

Total assets of the DCI Group fell by 28%, down TEUR 1,160 to TEUR 3,038, mainly due to decreased levels of cash and cash equivalents, which were down by TEUR 891 from TEUR 3,146 to TEUR 2,255.

For that reason, non-current assets increased slightly as a percentage of total assets year-on-year from 12% to 14%, even though non-current assets were down by TEUR 101. Deferred tax assets decreased from TEUR 9 to TEUR 4.

In 2004, the DCI AG parent company was able to end some lease agreements for office space at its headquarters in Starnberg and again make use these facilities. This resulted in a reversal of write-downs on property, plant and equipment in the amount of TEUR 120

Current assets totaling TEUR 364 (excluding cash and cash equivalents) amounted to 12% of total assets (PY: 12%), comprised chiefly of trade receivables of TEUR 241, tax receivables and other assets together totaling TEUR 51 plus deferred assets of TEUR 72. Tax receivables stem mainly from capital yields tax and the solidarity surcharge for DCI AG's 2003 and 2004 financial years.

Cash and cash equivalents fell by 28% or TEUR 891 to TEUR 2,255 (PY TEUR 3,146), amounting to 74% of total assets.

Despite a net loss in 2004, equity rose from 60% to 72% due to the sharp decline in total assets.

The 59% decrease in other provisions by TEUR 735 to TEUR 518 was primarily a result of reversals of provisions created the previous year. TEUR 719 of provisions were reversed, created mainly to cover risks arising from a letter of comfort. These risks are now irrelevant.

As at the balance sheet date, trade receivables were up to TEUR 100 as against TEUR 55 in the previous year.

Other current liabilities including tax liabilities and deferred liabilities decreased by TEUR 73 to TEUR 219.

2. Financial position

Despite continued losses, the financial position of the Company is significantly less strained in comparison with the previous year. This is in line with corporate planning.

Whereas in the previous year, operating activities resulted in a cash outflow of EUR 3,947 for the DCI Group, this outflow was reduced to TEUR 765 in the 2004 financial year. This improvement mainly related to a TEUR 2,048 reduction in losses.

The cash used in investing activities amounted to TEUR 123 (PY: TEUR 29). An additional TEUR 108 was invested in property, plant and equipment as against the previous year. The level of investment in intangible assets remained low at TEUR 145 (PY: TEUR 37).

Overall, cash outflows were reduced by over 75% year-on-year from TEUR 4,003 to TEUR 891.

3. Financial performance

The financial performance improved substantially as against the previous year, as documented by the income statement: The net loss posted was down approximately 85% by TEUR 2,035, falling to TEUR 351.

	2004 TEUR	% of sales	2003 TEUR	% of sales	TEUR	*Change as against PY*
Sales	3,010	100%	3,520	100%	-510	-14.5%
Cost of sales	-1,313	-44%	-1,985	-56%	672	-33.9%
Gross profit	1,697	56%	1,535	44%	162	10.6%
Selling expenses	-942	-31%	-1,374	-39%	432	-31.4%
General and administrative expenses	-1,537	-51%	-2,723	-77%	1,186	-43.6%
Research and development expenses	-478	-16%	-931	-26%	453	-48.7%
Other operating expenses	-67	-2%	-105	-3%	38	-36.2%
Operating expenses	-3,024	-100%	-5,133	-146%	2,109	-41.1%
Other operating income	941	31%	1,123	32%	-182	-16.2%
Profit/loss from ordinary business activities	-386	-13%	-2,475	-70%	2,089	-84.4%
Financial result	36		101		-65	-64.4%
Income tax	-16		-3			
Minority interests	15		-9		24	-266.7%
Net profit/loss	-351		-2,386		2,035	-85.3%

This year, the DCI Group succeeded in limiting the decline in sales to TEUR 510 or 14% in the face of troubled economic conditions that continued to plague the industry. A minor gain in Marketing/Distribution was not enough to counterbalance declines in the e-Commerce and Information Providing segments. Procurement, an area formerly represented only by subsidiary Buying House GmbH (bankruptcy and deconsolidation in 2003), posted sales of TEUR 135 for the last time in 2003.

Other income decreased year-on-year. In 2004, this item consisted mainly of reversals of DCI AG provisions totaling TEUR 719 and a TEUR 120 reversal of impairment on property, plant and equipment during the 2004 financial year. Reversals of provisions in 2004 included the amount of TEUR 664 previously discussed in connection with the MuK lawsuit.

The decreased loss is, above all, a result of the impact of earlier cost-cutting measures which were sustained throughout 2004. Operating expenses were thus slashed by over one-third, an amount of TEUR 2,109. Major savings of TEUR 1,186 were achieved in the area of general and administrative expenses through systematic rationalization efforts amounting to 44%. Consequently, general and administrative expenses fell as a percentage of sales from 77% in 2003 to 51%.

Selling expenses were down 31% by an amount of TEUR 432, accounting for only 31% of sales in 2004 at TEUR 942 (as against 39% of sales in the previous year).

C. EVENTS AFTER THE END OF THE FINANCIAL YEAR

No events of particular business significance to the Group took place after the end of the financial year.

D. <u>INFORMATION ON RISKS OF FUTURE DEVELOPMENT</u>

Risk management system: content and objectives

The DCI risk management system is documented within a manual and covers all key areas of corporate management, staff management and monitoring. The system is designed to ensure the monitoring, management and planning for all parameters and cash changes, the availability of essential production resources (software, expertise) and the prevention of fraudulent handling of assets, price manipulation and other sources of potential damage to the Company, its shareholders and the investing public through prohibited insider trading.

The financial planning system incorporates all of the Company's key asset and income figures, integrating the balance sheet, income statement and cash flow statement planning. These are reconciled monthly with actual values, analyzed and adjusted on an ongoing basis. This makes it possible to ascertain the Company's performance, equity and financial assets at all times and to plan for a period of up to two financial years. This system has proven to be highly reliable during the two years since its introduction.

1. Market risks, strategy and outlook

DCI AG is active in a highly innovative and dynamic market. Competitive pressure remains high, while lifecycles for IT industry products are short. The following is a presentation of the market risks we perceive and strategies employed to address them:

(a) Information Providing segment

The principal market risk facing DCI E-mail and Fax Media is increasing selectivity among advertising targets. This cause for this is the persistent flood of spam inundating consumers. In the wake of the tightening of the law against unfair competition in 2004, consumers are now more aware than ever that push advertising may only be sent to them with their prior consent. Effective spam filters are being implemented universally that in many cases block receipt of e-mails from consumers indicating their consent.

An additional risk is posed by high competitive pressure and the crowdedness of the sector.

We are addressing these risks through increased efforts to qualify our address lists on an ongoing basis. This is done by part-time staff (€400 basis) hired specifically for this task, with documentation performed by a proprietary software module.

In the medium term, we will be able to alleviate the problem of consented advertising also being filtered out as spam through the deployment of our WAI. This will allow us to provide our e-mail and fax products via an Internet platform in addition to direct messaging as we have been doing thus far. WAI will turn push e-mail into a strictly pull medium, thus eliminating the problem of spam.

To counter growing competitive pressure, at the start of 2005, we revamped our sales organization and expanded our sales analysis capability through the use of software. Now we are additionally employing call centers for new customer acquisition while we concentrate our in-house resources on servicing our existing customer base. This approach offers considerable untapped sales potential in both the domestic and international markets.

In addition, the content of our e-mail and fax products is being continually optimized to meet newly uncovered or changed customer demand, exploiting our high level of flexibility and innovation. We also plan to network E-mail and Fax Media more closely with other products and services within our portfolio.

Overall, we believe ourselves to be well prepared to meet the business risks facing E-mail Media. Nonetheless we have only factored conservative results from this product into our financial projections, while setting sales targets higher.

Our highly economical production location in Romania makes use the lowest cost provider of Data Services (source: in-house research). Our sales confirm that we enjoy an established position in the market. In our estimation, demand for the production and maintenance of electronic data will grow steadily, while customer defections are unlikely, as most will prefer to leave the care of their data in the hands of a proven partner. We thus do not see any significant risk in this line of business, but on the contrary perceive a great deal of opportunity. Accordingly, our business targets in this area are ambitious.

Although the Wide Area Infoboard (WAI) did not contribute to sales during the reporting year, we see this product, patent pending, as playing a key role in the turnaround of the Company and securing its long-term business success. The product went online at the end of January 2005, with sales via call center being initiated simultaneously. The principal risk concerning WAI is currently in estimating and projecting future sales, albeit with as much opportunity involved as risk. WAI offers the potential of considerable sales with attractive margins and can be used internationally. However, as an unprecedented product on the market, sales projections based upon it are necessarily tentative. This planning risk is characteristic of new products (see also item 2 below), arising when no historical data is available to draw on. Such data makes its relatively unproblematic to run projections for existing products, whereas this is simply not the case with new products and technologies such as WAI. On balance, though, we do not feel that this planning uncertainty poses a significant risk to the Company, as our financial situation is sufficiently secure through the end of 2006 even in the event of the

complete failure of WAI (see F below, ‘Going Concern’). Conversely, this means that we have nearly two years time at our disposal to bring about the success of WAI.

(b) Marketing/Distribution segment

We do not see any particular business risk to our unique TradeManager product. Although sales are still below our expectations, we anticipate that demand for electronic catalogs will remain steady, at least in specialized markets. We will be addressing this demand by expanding our distribution capacity.

Further investment in software is not required at this time. The software is fully developed and has already proven effective in the market.

If corporate spending on advertising and for expanding market share goes up substantially in 2005 as predicted, this should result in better-than-expected sales for TradeManager and TM catalogs.

Nonetheless, we have applied sales figures lower than those for 2004 in our financial estimates for 2005 for reasons of prudence, whereas our sales target is higher.

(c) e-Commerce segment

The WebTradeCenter faces no special risk from our current perspective in 2005. If a sharp increase in corporate spending materializes as forecast, the WTC will benefit from this indirectly as an information platform for the ITC industry. In view of recently declining sales, however, we have used a risk-adjusted figure lower than that of the previous year for our 2005 estimates, whereas our actual target is higher.

2. Legal and planning risks

DCI E-mail Media has adapted to the revision of unfair competition laws we discussed in this section last year (see 1a above) Thus, no special legal risk exists in this regard.

The litigation risk previously posed by MuK has been resolved in our favor. Provisions created for this purpose were therefore reversed in the financial year.

Our corporate planning and financial estimates are based on the fundamental underlying view that business conditions and a reviving economy are creating increasingly favorable conditions for the marketing of our products and services. Naturally, the rule applies that projections become more uncertain the further they extend into the future. Introducing new products involves an additional planning

risk, namely that positive initial feedback obtained from test customers may not prove generally applicable as time goes on. There is also a lack of experience upon which to base planning and expectations.

Material, sustained and negative deviations from planning could thus have a detrimental effect threatening to the existence of the Company. However, we are assuming that this will not occur (see discussion below).

3. Pricing, credit and liquidity risks:

The risk of price changes, precipitated by such factors as increased competition, is countered by enhancing product quality and details. Furthermore, this type of risk is calculated into sales projections.

Credit risk on receivables by amortization of receivables. In addition, we engage in ongoing receivables management in line with established standards.

Credit risk does not apply to cash and cash equivalents. These are deposited with two major German banks.

4. Interest rate and currency risks:

Interest rate risk is negligible due to the relatively minor importance of interest-bearing assets and liabilities to our business. Currency risk does however exist vis-à-vis the assets and liabilities of our Romanian subsidiary. This risk is considered minor in view of the size of the positions concerned in absolute terms and the insignificant changes in currency rates in the recent past.

5. Liquidity risks:

There is a general liquidity risk of declining cash and cash equivalents, to the extent that we should be unable to get cash burn under control by increasing sales and margins. A full account of the measures we have taken and those in planning has been provided above. We additionally engage in active liquidity management through our detailed corporate and capital planning, a process that has provided an accurate and reliable basis for projections for the last two years.

E. OUTLOOK

Prominent market research firms agree: the Internet boom is not over; instead, it has only just begun. More and more people are going online and making purchases by a click of the mouse, fueling a continued rise in e-Commerce as a percentage of overall commerce. Analysts observe that corporate advertising budgets are being diverted towards the Internet at an increasing rate.

In 2005, we expect information technology firms to experience substantial growth. According to a study recently published by Gartner, IT firms worldwide are now spending more than they have for the last four years (up 2.5% year-on-year). Whereas previously, investment went primarily into restructuring and implementing cost cutting programs, the study claims that investment in 2005 will be mainly geared towards growth.

We anticipate that this forecast will apply both to the German market in general and to SMEs in particular. There is, at a minimum, no reason to expect continued weakness for the industry.

To date, DCI AG's fortunes have been closely tied with the development of the German IT market.

In order to effectively break this dependency, we have focused our R&D efforts on developing products that open up access to new markets. WAI is a particular example of such efforts, offering major sales potential in keeping with this objective.

We therefore see nothing that would fundamentally undermine our achieving our sales estimates for 2005. Deviations from the projections are just as possible on the upside as on the downside. Be that as it may, we will make every effort to exceed our targets. The conditions are favorable: staff and management are highly motivated to obtain the goals we have set, in particular the mission-critical sales targets for the WAI. This would mean achieving an effective turnaround of the Company no later than 2006.

We now have a smaller, more agile team of highly innovative individuals. At the same time, there is now only a single layer of management, while our business processes have been greatly streamlined. We have improved our cost structure without sacrificing expertise, substantially increasing our efficiency. The circumstances now are the most favorable yet seen for turning the Company around.

F. GOING CONCERN

From the current perspective, the DCI Group has sufficient finance until at least the end of 2006.

We want to be in positive territory in 2006. This requires a considerable increase in sales. In particular, WAI has the potential for significant sales growth. However, even in a scenario in which WAI generates no sales at all in 2005 and 2006 (WAI sales in both years: zero), total sales as at the end of 2006 would be: TEUR 3,200 (up 7% against 2004), the DCI Group is adequately financed until the end of 2006. We therefore have almost another two years to make WAI into a reliable source of income with steady growth in sales.

Starnberg, March 2005

Michael Mohr	Dr. iur. Reiner Stecher
Chief Executive Officer	Chief Financial Officer

AUDIT OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004

“We audited the consolidated financial statements of DCI Database for Commerce and Industry AG, Starnberg, consisting of the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement, the statement of changes in group equity and the consolidated notes for the financial year from January 1 to December 31, 2004. The preparation and content of the consolidated financial statements is the responsibility of the management board of the company. Our task is to assess on the basis of our audit whether the consolidated financial statements are in line with the International Financial Reporting Standards (IFRSs).

We conducted our audit of the consolidated financial statements pursuant to statutory regulations and in compliance with the generally accepted auditing principles promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement. The scope of the audit was planned taking into account our understanding of business operations, the group’s economic and legal environment, and any potential errors anticipated.

The effectiveness of the internal control system and the evidence supporting the amounts and disclosures in the consolidated financial statements are examined primarily on a test basis within the framework of the audit. The audit includes an evaluation of the financial statements of the companies included in the consolidation, the identification of the companies to be consolidated and an evaluation of the significant estimates made by the management, as well as an evaluation of the overall presentation of the annual consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present a true and fair view of the DCI Group’s net worth, financial position and result of operations as well as its cash flows for the financial year in accordance with International Financial Reporting Standards (IFRSs).

Audit opinion

Our audit also covered the group management report prepared by the management for the financial year from January 1 to December 31, 2004. In our opinion, the group management report accurately presents the situation of the group and the risks of future developments.

Furthermore, we herewith confirm that the consolidated financial statements and the group management report for the financial year from January 1 to December 31, 2004 comply with the requirements exempting the company from the preparation of consolidated financial statements and a group management report in accordance with German law.

Without qualifying this opinion, we refer to the sustained loss situation in the group and the ongoing liquidity outflows of the group parent company. Due to losses, half of the share capital had already been depleted in the previous year. Since then, both the ongoing losses and the liquidity outflows have declined considerably. According to company planning, the group will generate a positive result from the 2006 financial year. Sustained unfavorable planning variations could result in the end of the company as a going concern. However, from the current perspective, the financing and continuation of the group is secured to the end of 2006, even with unfavorable development."

Munich, February 22, 2005

René Schaeffler
Wirtschaftsprüfer
[German Public Auditor]

Gerd Pedall
Wirtschaftsprüfer
[German Public Auditor]

Report of the Supervisory Board of DCI Database for Commerce and Industry AG

for the 2004 Financial Year

The Supervisory Board regularly monitored the work of the Management Board in the 2004 financial year and provided supplementary advice. The detailed reports of the Management Board in the Supervisory Board meetings and monthly financial reports formed the basis for this. In addition, the Supervisory Board had a regular exchange of information and ideas with the Management Board. Thus the Supervisory Board was regularly informed on

- Corporate policy,
- Corporate planning, including finance, investment and staff policies,
- Profitability of the Company and
- Progress of the Company.

If approval was required for measures taken by the Management Board or for decisions for which the Supervisory Board bears the responsibility, the members of the Supervisory Board made their decisions based on the submissions in the meetings or based on information in writing sent out under the written decision procedure.

In the 2004 financial year, the Supervisory Board held seven ordinary meetings. Committees were not formed by the Supervisory Board.

The financial situation and the development of the Group, the individual divisions and the national and international affiliated companies described in the reports of the Management Board were the subject of detailed discussion. The key focus of discussions were the development of Company sales and costs. Moreover, subjects handled by the Supervisory Board in the meetings it held included:

- Approval of the Annual Financial Statements and the Consolidated Financial Statements and the summarized annual report of DCI Database for Commerce and Industry AG for the financial year ended December 31, 2004;
- Granting the audit mandate for the individual financial statements and the Consolidated Financial Statements as of December 31, 2004 to the auditor René Schaeffler, Munich
- Approval of the 2005 budget,
- Closure of the Malta subsidiary;
- Conversion of the Consolidated Financial Statements to IFRS regulations;
- Passing internal regulations for the Supervisory Board;

The Annual Financial Statements of DCI Database for Commerce and Industry AG and the Management Report for the 2004 financial year were audited by the auditor

mandated by the Annual General Meeting, René Schaeffler, Munich, in line with the audit commission awarded by the Supervisory Board.

The Consolidated Financial Statements in accordance with IFRSs including the Group Statement of Cash Flows were also audited by the auditors.

The auditors issued an unqualified audit certificate for the DCI Database for Commerce and Industry AG Financial Statements and the Management Report for the 2004 financial year and added the following remark:

> "Without qualifying this opinion, we refer to the sustained loss situation in the group and the ongoing liquidity outflows of the group parent company. Due to losses, half of the share capital had already been depleted in the previous year. Since then, both the ongoing losses and the liquidity outflows have declined considerably. According to company planning, the group will generate a positive result from the 2006 financial year. Sustained unfavorable planning variations could result in the end of the company as a going concern. However, from the current perspective, the financing and continuation of the group is secured to the end of 2006, even with unfavorable development."

The Supervisory Board was always kept informed of the financial situation of the Company and shares the views of the Management Board in the Management Report regarding the future development of the net worth, financial position and result of operations. The budget plan submitted by the Management Board for the 2005 financial year was noted by the Supervisory Board.

Moreover, the auditors were convinced that the Consolidated Financial Statements, in conformity with International Financial Reporting Standards (IFRSs), give a true and fair view of the net worth, financial position and result of operations and reflect accurately the cash flows in the past financial year.

The Annual Financial Statements, the Consolidated Financial Statements documentation and the audit reports were made available by the auditor René Schaeffler, Munich, to the Supervisory Board and submitted to all members of the Supervisory Board. They were discussed in detail in the Supervisory Board meetings on the Financial Statements on March 10, 2005. The auditors participated in the Board meeting on the Financial Statements and reported on the audit and were available to provide supplementary information.

The Annual Financial Statements and the Management Report were reviewed by the Supervisory Board. The Consolidated Financial Statements in accordance with IFRSs including the consolidated statement of cash flows were also reviewed by the Supervisory Board in the meeting on March 10, 2005. No objections were raised concerning the Annual Financial Statements, the Management Report or the Consolidated Financial Statements in accordance with IFRSs including the consolidated statement of cash flows. The Supervisory Board approved the results submitted by the auditors.

In accordance with the final result of its review, the Supervisory Board raised no objections and approved the Annual Financial Statements on March 10, 2005.

The Supervisory Board thanks the Management Board and all employees for their commitment and for the work performed in the 2004 financial year on behalf of the Company, its customers and shareholders.

Munich, March 10, 2005

Michael Böllner
Chairman of the Supervisory Board