

Quarterly Report 2004

January 1 to March 31, 2004

Board of Management	Michael Mohr (CEO) Dr. Reiner Stecher (CFO)		
Date of listing	13.3.2000		
IPO lead manager	Concord Effekten AG		
Nominal capital / no. of shares	8.464.592		
Ownership structure	Name	Shares	% Capital Stock
	Michael Mohr	3.566.830	42,138%
	Free Float	4.897.762	57,862%
	Total	8.464.592	100,000%
Share price 31.03.2004	0,83 Euro (XETRA)		
High / low in 2004	1,05 Euro / 0,42 Euro (XETRA)		
Market capitalization	(0,83 Euro x 8.464.592) 7.025.611 Euro		
Sec. Identification no.	529530		
No. of employees	65		
Accounting standards which the reporting is based	US-GAAP		

Operating results (unaudited)

Last update 31.3.2004

	2004	2003
US-GAAP	1.1. – 31.3.	1.1. – 31.3.
Turnover (K€)	847	990
Depreciation (K€)	84	210
EBITDA (K€)	358	-1.141
EBITDA (% of turnover)	42%	-115%
EBIT (K€)	274	-1.351
EBIT (% of turnover)	32%	-136%
Consolidated income (K€)	266	-1.308
Net income (% of turnover)	31%	-132%
EPS (€)	0,03	-0,15
Equity capital quotes	77%	51%
Staff	65	95
Directors´ Holding	Shares 31.3.2004	Shares 31.12.2003
Management Board		
Michael Mohr (CEO)	3.566.830	3.566.830
Supervisory Board		
Michael Böllner (Chairman)	4.500	4.500

Company and products

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

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

eCommerce

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

Marketing / Sales

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

Information Providing

- ▶ Push media: Push media for product sales in industry and trade (e.g. fax advertising DCI Highlight Fax, premium email (HTML) for marketing and sales, Verbund-E-Mails)
- ▶ Data Service Factory: Cost-saving Database management: licensing, maintenance and filtering of product and address data (Subsidiary in Romania [DCI Romania S.R.L.]

Business trends

Development of sales and earnings

In the first quarter of 2004, the DCI Group posted consolidated sales of KEuro 847 (PY: KEuro 990), a 14% decrease year-on-year.

This sales decline of KEuro 143 resulted primarily from the deconsolidation of the Group company, Buying House GmbH due to insolvency at the end of 2003. Buying House GmbH was the only sales generator in the Procurement segment and generated sales of KEuro 85 in the first quarter of 2003.

In addition, the English subsidiary, acequote.com Ltd., is in the process of being struck off and so has no operational activities in 2004. Sales in the first quarter of the previous year totalled KEuro 35 (Q1 2004: KEuro 0).

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

The eCommerce division posted a sales decline of KEuro 190 to KEuro 122 (-36%). Sales also declined slightly in the Information Providing division, from KEuro 664 to KEuro 640 (-4%). In both divisions the sales decline was due primarily to the poor general economic situation. On the other hand, the Marketing/Sales division pleasingly posted growth of KEuro 69. With 76% of total sales, the Information Providing division is the main sales driver of the DCI Group.

		Q1 2004	Q1 2003	Change
Information Providing	KEuro	640	664	KEuro -24
eCommerce	KEuro	122	190	KEuro -68
Marketing/Sales	<u>KEuro</u>	<u>85</u>	<u>16</u>	<u>KEuro 69</u>
Total	KEuro	847	870	KEuro -23

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

		Q1 2004	Q1 2003	Change
Information Providing	KEuro	640	664	KEuro -24
eCommerce	KEuro	122	225	KEuro -103
Procurement	KEuro	0	85	KEuro -85
Marketing/Sales	<u>KEuro</u>	<u>85</u>	<u>16</u>	<u>KEuro 69</u>
Total	KEuro	847	990	KEuro -143

In the first quarter of this financial year, the successes of the cost reduction measures initiated in the previous year and vigorously pursued by the DCI AG parent company, as well as the impact of discontinuation of loss-making operations (insolvency of Buying House GmbH, striking off at acequote.com Ltd.) were evident. Furthermore operating expenditure in comparison to the previous year was considerably reduced in almost all areas. As a result, the negative operating result of KEuro -1,382 in the first quarter of 2003 was reduced to minus KEuro 512, an improvement of KEuro 870 or 63%.

The result for the period of KEuro 266 was positive for the first time (PY: KEuro - 1.308). A key factor here was high income from writing back provisions (KEuro 664). These related entirely to provisions made in connection with the letter of comfort given for MuK GmbH, Berlin, and which is no longer required as a result of the legal victory.

The consolidated financial statements as of March 31, 2004 include the DCI subsidiaries acequote.com Ltd., DCI Malta Ltd. and DCI Romania S.R.L. The majority stake in Buying House

Business trends

GmbH was included in the scope of consolidation until it was deconsolidated on November 30, 2003. As in previous years, the financial year corresponds to the calendar year.

Order book

eCommerce division:

This division now reports only the WebTradeCenter. Sales of KEuro 122 were generated. This was slightly up on the target values – but down year-on-year. The WebTradeCenter is a product and price overview for ITC articles, unique in Germany. Member figures are roughly stable, leading one to expect that the annual subscription figure will be achieved. However, it is to be noted that the benefit the customer perceives is moving from the WebTradeCenter as a trading platform to an information platform.

Marketing/Sales division:

This division now only contains the TradeManager. The quarterly sales of KEuro 85 are slightly over budget. In recent weeks, new clients were gained, particular in the Technical Trade area. In one case, the TradeManager even replaced an existing online shop. This development leads one to expect that the targets for TradeManager will be met. New impulses will come from the upgraded strategic partnership with BME.

Information Providing division:

At KEuro 640, quarterly sales are below budget. The reason is primarily the slower than expected sales development of the recently launched Verbund-e-Mails. This demonstrates the planning risk for new products described in the annual report relating to the 2003 financial statements. It remains to be seen whether and to what extent sales for Verbund-e-Mails continue to develop negatively against the budget. We have initiated measures for strengthening sales to counteract poor developments.

Development of costs

The improvement of the operating result from minus KEuro 1,382 in the first quarter of 2003 to minus KEuro 512 in the first quarter of 2004 is the result of the cost savings measures initiated in 2003 and continued rigorously in 2003. Overview of the key cost reductions:

(figures in KEuro)	Q1 2004	Q1 2003	Change in K€	Change in%
Total operating expenditure:	961	1,706	-745	- 44%
Of which				
Cost of sales	312	517	-205	- 40%
General administrative costs:	470	697	-227	-33%
Research and development	179	492	-313	-64%

As a ratio of sales, cost of sales costs make only 37% (PY: 52%), general administrative costs 55% (PY: 70%), R & D costs 21% (PY; 50%).

R&D activities

In the first quarter of 2004, the major work was on the Wide Area Infoboard, an archive for electronic newsletters on the internet. At the same time, the development department worked on the new TradeManager version. Version 8.6 includes functionalities that further simplify work with the

Business trends

TradeManager, e.g. improved handling of the revised menus and toolbars and the option to enter article numbers directly for even more rapid ordering.

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

Investments

In the first quarter no material investments were made.

Events of importance that may impact the result

DCI AG has applied for a patent for a new product, the Wide Area Infoboard. This product has not been included in the budgeted planned sales of the Group. It has the potential to generate high sales and can also be deployed internationally. The market launch starts in May 2004.

Outlook

Well-known market research companies are sure: the internet boom is not over, but has only just begun. More and more people are on line and buy by mouse click, as a result of which eCommerce will steadily increase its share in total commerce revenues. However, in contrast to this long-term scenario, the situation in the internet economy is much less positive in the short to medium term.

Unexpectedly, sentiment in the Western German economy clouded over considerably in April. In Germany there are still no indicators for a change for the better. Against this backdrop, we do not feel that our achieving our targets in all divisions is necessarily in jeopardy, but these goals have been made more difficult.

On the other hand, the new product (Wide Area Infoboard) offers considerable potential to offset any negative deviation from the budget, at least in part, and in the future more than compensate this. In our opinion, the product is well suited – especially in a difficult financial period – to ensure more sales with users without great expenditure.

Summary

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

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

Interim dividend and distribution payout

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

Consolidated balance sheet (unaudited)

US-GAAP	Notes	3 months report 31.3.2004	Annual report 31.12.2003
Assets		€(000)	€(000)
Current assets			
Cash and cash equivalents		2.840	3.146
Short-term investments/ marketable securities		0	0
Trade accounts receivable		473	392
Inventories		0	0
Prepaid expenses and other assets		109	143
Total current assets		3.422	3.681
Property, plant and equipment	5	375	433
Intangible assets	5	53	83
Investments		0	0
Goodwill		0	0
Deferred taxes		0	0
Total assets		3.850	4.197
Liabilities and shareholders` equity			
Current liabilities			
Current portion of capital lease obligation	6	11	16
Short term debt and current portion of long-term debt		0	0
Trade accounts payable		14	55
Accrued expenses	8	534	1.141
Deferred revenues		175	181
Deferred taxes		0	0
Other current liabilities		120	78
Total current liabilities		854	1.471
Capital lease obligation, less current portion	6	0	1
Long-term debt, less current portion		0	0
Other long-term liabilities		0	0
Total non-current liabilities		0	1
Minority interest		16	15
Shareholders` equity			
Share capital		8.465	8.465
Additional paid-in capital		80.060	80.060
Deferred compensation		-87	-87
Accumulated deficit		-85.458	-85.724
Accumulated other comprehensive loss		0	-4
Total Shareholders` equity		2.980	2.710
Total Liabilities and shareholders` equity		3.850	4.197

Consolidated income statement (unaudited)

US-GAAP	Quarterly report I/2004 1.1.-31.3.2004 €(000)	Quarterly report I/2003 1.1.-31.3.2003 €(000)
Revenues	847	990
Cost of revenue	-398	-666
Gross profit	449	324
Selling and marketing expenses	-312	-517
General and administrative expenses	-470	-697
Research & development expenses	-179	-492
Amortisation of goodwill	0	0
Operating loss	-512	-1.382
Interest income and expenditure	-1	43
Other operating income and expenses	787	31
Result before income taxes (and minority interest)	274	-1.308
Income tax	-7	0
Result before minority interest	267	-1.308
Minority interests	-1	0
Net income / loss	266	-1.308
Net income per share, basic and diluted	0,03	-0,15
Weighted average shares outstanding, basic and diluted	8.464.592	8.464.592

Consolidated statement of cash flow (unaudited)

US-GAAP	1.1.-31.3.2004 €(000)	1.1.-31.3.2003 €(000)
Cash flow from operating activities		
Net loss	266	-1.308
Minority interests	1	0
Depreciation and amortisation	84	210
Other non-cash charges	42	3
Non-cash charges associated with changes in consolidated companies	0	0
Deferred taxes	0	0
Changes in operating assets and liabilities		
Inventories	0	0
Trade accounts receivable	-81	-228
Prepaid expenses and other current assets	34	-29
Trade accounts payable	-41	-441
Accruals, other liabilities and deferred income	-571	-548
Net cash used by operating activities	-266	-2.341
Cash flow from investing activities		
Purchase of investments and cash from sale of equipment	-34	-12
Net expenditure for investments	-34	-12
Cash flow from financing activities		
Net cash resulting from financing activities	-6	-6
Net increase in cash and cash equivalents	-306	-2.359
Cash and cash equivalents at beginning of the year	3.146	7.149
Cash and cash equivalents at the end of the first quarter	2.840	4.790

Consolidated statement of shareholders' equity from Dec 31, 1998 to March 31, 2004

US-GAAP	Common stock	Additional paid-in capital	Deferred compensation	Accumulated retained earnings / deficit	Other comprehensive income / loss	Total shareholders' equity	Comprehensive Income
	€(000)	€(000)	€(000)	€(000)	€(000)	€(000)	€(000)
Balance December 31, 1998	153			239		392	
Net loss				-1.733		-1.733	-1.733
Capital transfer							
Capital increase	408	9.093				9.501	
Comprehensive loss							-1.733
Balance December 31, 1999	561	9.093		-1.494		8.160	
Net loss				-22.230		-22.230	-22.230
Capital transfer	5.439	-5.439					
Marketable securities adjustment					-27	-27	-27
Foreign currency translation adjustment					219	219	219
Shares issued in IPO, net of issuance costs and tax	2.000	56.991				58.991	
Shares issued as greenshoe, net of issuance costs and tax	300	8.534				8.834	
Shares issued for acquisition of acequote.com Ltd.	165	10.040				10.205	
Cheap stock compensation		346				346	
Comprehensive loss							-22.038
Balance December 31, 2000	8.465	79.565		-23.724	192	64.498	
Cheap stock compensation		300				300	
Stock options compensation		87	-78			9	
Net loss				-47.284		-47.284	-47.284
Marketable securities adjustment					13	13	13
Foreign currency translation adjustment					-291	-291	-291
Comprehensive loss							-47.562
Balance December 31, 2001	8.465	79.952	-78	-71.008	-86	17.245	
Cheap stock compensation		108				108	
Stock options compensation			-9			-9	
Net loss				-12.344		-12.344	-12.344
Marketable securities adjustment					-31	-31	-31
Foreign currency translation adjustment					14	14	14
Comprehensive loss							-12.361
Balance December 31, 2002	8.465	80.060	-87	-83.352	-103	4.983	
Net loss				-2.372		-2.372	-2.372
Foreign currency translation adjustment					99	99	99
Comprehensive loss							-2.273
Balance December 31, 2003	8.465	80.060	-87	-85.724	-4	2.710	
Net gain				266		-2.284	266
Foreign currency translation adjustment					4	4	4
Comprehensive loss							270
Balance March 31, 2004	8.465	80.060	-87	-85.458	0	2.980	

Notes to the consolidated financial statements

1. The company

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

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

E-Commerce

- Open and closed online-trading platforms (DCI WebTradeCenter, acequote.com)
This division relates to the business models that formed the strategic focus at the time of the IPO. However, they are not being pursued as a priority today

Marketing/Sales

- Electronic product catalogues (.tma files and DCI TradeManager, .tma reader and file management / ordering software)
Product catalogues for marketing via the internet or using other electronic media are created here. The special feature is in the TradeManager software that can be used to display different catalogues of various manufacturers on a uniform interface that can be learned quickly on an intuitive basis. TradeManager also makes it possible to give orders via different media as well as central order management by the user.

Information Providing

- DCI media
Push media for product sales in industry and trade (e.g. fax advertising DCI Highlight Fax, premium email (HTML) for marketing and sales, Verbund-E-Mails)
In this area also covers the new service area Wide Area Infoboard. This is an innovative pull/push medium on the basis of technology for which DCI has applied for a patent.
- Data Services
Electronic recording and updating mass data for deployment in electronic media of all types in line with individual requirements and the standards of the respective customer. This service is provided on an economical basis by our Rumanian subsidiary [DCI Romania S.R.L.]

Procurement (no longer included in the 2004 financial year)

- Implementation and optimisation of C-article purchasing for third parties (Buying House GmbH).

As the Buying House GmbH subsidiary was deconsolidated in the 2003 financial year, this division does not apply in the 2004 financial year.

Notes to the consolidated financial statements

2. Going Concern

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

While cost reductions and rationalization can be implemented internally – and these efforts will also be continued in 2004 – the development of market share, i.e. gaining additional sales depends not only on management and employees. A supportive business environment is also necessary.

The basic premise of the company and financial planning is that economic conditions and the positive development of the economy will increasingly support the marketing of our products and services. Despite the deterioration of the business climate that is being observed, this premise remains unchanged. The reason for this is that in our view, key DCI products, especially new developments, are well suited to support our customers in selling, especially in economically difficult periods. For example, with "Medien" we demonstrated last year that sales can be expanded, despite the situation in the industry showing an opposite trend.

However, the uncertainty regarding the launch of new products should not be underestimated (here: Verbund-e-Mails, Wide Area Infoboard and also TradeManager). There is a risk that an initially positive response from a test client does not apply on a general basis.

Should this result in large, unfavourable deviations from the budget, this could result in the discontinuation of our company.

However, in the short and medium term, we assume that the further development of the company does not need to be regarded from a pessimistic perspective.

On the cost side, we will continue to realize cost reduction potential with vigour. However, it is to be noted that cost reductions/savings must be limited where downsizing can jeopardize existing growth opportunities.

Overall, but with the reservation of the above risks, we continue to see potential for moving into profitability in 2005. However, express reference is made to the planning premises, planning risks and planning uncertainties, especially those described in the Group management report of the 2003 annual report.

3. Generally accepted accounting principles and methods

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

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

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

Notes to the consolidated financial statements

4. Accounting principles

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

5. Tangible and intangible assets

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

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

6. Capital Lease

One of the subsidiaries has entered into lease agreements for vehicles. The lease agreements expire in 2005 at the latest. The current portion of capital lease obligation amount to 11 KEuro, the capital lease obligation, less current portion to 0 KEuro.

7. Minorities

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

8. Provision

Provisions have been created in the following amounts :

Provisions for outstanding invoices	112 KEuro
Provisions for accounting and auditing charges	120 KEuro
Provisions for holidays	30 KEuro
<u>Other provisions</u>	<u>272 KEuro</u>
Total	534 KEuro

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

9. Earnings per Share

DCI calculated the earnings per share in accordance with SFAS No. 128, "Earnings per Share". The procedure for calculating diluted and undiluted earnings per share is the same as that applied for the 2003 Annual Report. The total number of potential common shares that were left out of the calculation of diluted loss per share was exactly 168,200 on March 31, 2004 and relates entirely to stock options.

Net income for the year	266 KEuro
Average number of common shares issued	8.464.592
Undiluted and diluted earnings per share	0,03 Euro

Notes to the consolidated financial statements

10. Employees

Number of employees at DCI as per March 31, 2004:

DCI AG Germany	14
DCI Malta Ltd.	6
DCI Romania S.L.R.	45
Total	65

11. Segment Reporting

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

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

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

	External sales	Operating result
eCommerce	122 KEuro	-165 KEuro
Marketing/Sales	85 KEuro	-264 KEuro
Procurement	0 KEuro	0 KEuro
Information Providing	640 KEuro	-83 KEuro
Consolidation / Transfer from operating result to consolidated result		778 KEuro
Total	847 KEuro	266 KEuro

12. Subsidiaries

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

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

	31. March 2004	31. March 2003
Material expenses		
Goods received	18 KEuro	20 KEuro
Services received	464 KEuro	581 KEuro
Personnel expenditure		
Wages and salaries	429 KEuro	780 KEuro
Social security contributions	70 KEuro	116 KEuro

14. Currency gains/losses

In line with US GAAP, currency gains/losses are posted under "other comprehensive income". For DCI Romania the rules for highly inflationary accounting apply, i.e. in contrast to the other companies, the functional currency is not the local currency, but the currency of the parent company (=euro).

Notes to the consolidated financial statements

Transactions in currencies other than the functional current are translated at the rate at the time of the transaction. Gains and losses from foreign currency transactions are recorded in the operating result.

15. Company Boards

Supervisory Board		Other boards
Michael Böllner	Chairman of the Supervisory Board Certified public accountant, tax advisor Munich	IPO Management H.C.M. Capital- Management AG
Dr. Hubert Krieger	Deputy Chairman Lawyer Munich	
Michael Reuss	Public Trustee Munich	Cariba Internet Technology AG, Vaterstetten
Executive Board		
Michael Mohr	CEO Manager Berg	
Dr. iur. Reiner Stecher	CFO Business consultant Frankfurt am Main	

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