

Nine-Months` Report 2003

January 1 to September 30, 2003

Board of Management	Michael Mohr (CEO) Dr. Reiner Stecher (CFO)		
Date of listing	13.3.2000		
IPO lead manager	WestLB Panmure		
Nominal capital / no. of shares	8,464,592		
Ownership structure	Name	Shares	% Capital Stock
	Michael Mohr	3,566,830	42.138%
	Free Float	4,897,762	57.862%
	Total	8,464,592	100.000%
Share price 30.6.2003	0.60 Euro (XETRA)		
High / low in 2003	1.25 Euro / 0.26 Euro (XETRA)		
Market capitalization	(0.60 Euro x 8,464,592) 5,078,755 Euro		
Sec. Identification no.	529530		
No. of employees	86		
Accounting standards which the reporting is based	US-GAAP		

Operating results (unaudited)

Last update 30.9.2003

	2003	2002
US-GAAP	1.1. – 30.9.	1.1. – 30.9.
Turnover (K€)	2,741	10,334
Depreciation (K€)	432	2,820
EBITDA (K€)	-2,666	-5,103
EBITDA (% of turnover)	-97%	-49%
EBIT (K€)	-3,098	-7,923
EBIT (% of turnover)	-113%	-77%
Consolidated income (K€)	-3,011	-7,889
Net income (% of turnover)	-110%	-76%
EPS (€)	-0.36	-0.93
Equity capital quotes	40%	38%
Staff	86	204
Directors´ Holding	Shares 30.9.2003	Shares 30.6.2003
Management Board		
Michael Mohr (CEO)	3,566,830	3,566,830
Supervisory Board		
Michael Böllner (Chairman)	4,500	4,500

Company and products

DCI Database for Commerce and Industry AG specialises in digital supply chain management (SCM) optimisation. The company manages and streamlines procurement, sourcing, sales, marketing and data management processes. Our long-standing experience and in-depth understanding of the multi-tiered trade chain for IT, telecom and other products and our know how of database management gives us a distinct competitive advantage.

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

eCommerce

- ▶ Open and closed online trade platforms (DCI WebTradeCenter, acequote.com)
- ▶ PC HIS: Information system for ITK dealers (offline/online)

Marketing / Sales

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

Procurement

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

Information providing

- ▶ DCI Media: Push media (e.g. DCI Highlight Fax advertising bulletin, Premium Email (HTML) for marketing & advertising)
- ▶ 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

Turnover and income

Sales revenue for the first nine months of the 2003 fiscal year amounted to 2,741 KEuro, less than the corresponding prior-year figure by 7,593 KEuro, or approximately 73 %. The main reason for this development is that the Group's report for the earlier period still contained sales revenue (7,153 KEuro) from its subsidiary MuK. GmbH, which was deconsolidated on October 31, 2002.

The Information Providing division was the biggest sales contributor, generating 1,956 KEuro or 71 % of sales.

The e-commerce business unit, which primarily comprises the DCI WebTradeCenter trade platform, accounted for 20 % of total revenue (or 549 KEuro).

The division Marketing / Sales generated 4 % of sales (106 KEuro). After the loss of the subsidiary MuK this unit is mainly active in creating and distributing electronic product catalogues. This unit is in progress.

The procurement business unit (Buying House GmbH) generated 130 KEuro.

The DCI Group's consolidated operating result amounted to minus 3,010 KEuro as compared to minus 7,525 KEuro for the same period last year. Though clearly an improvement, the ongoing economic downturn and the resultant reluctance of purchasers to invest prevented the figures from improving even more.

Consolidated EBITDA amounted to minus 2,666 KEuro (compared with minus 5,103 KEuro last year). The consolidated income was thus posted at minus 3,011 KEuro (minus 7,889 KEuro last year).

Order book

ECommerce segment: Accrued monthly sales revenues for the **DCI WebTradeCenter** (the information and trade platform for ITC products) hardly changed at all for the period under review. The process of adjustment after converting to exclusive membership in return for payment of a fee is now complete in the specialist retail sector. In addition, invitations for bids stored in the WebTradeCenter will now be sent by e-mail to interested suppliers. This new service will ensure a more intensive use of the trade platform and should stabilize the revenues.

Marketing/Sales segment: The **DCI TradeManager** (electronic catalogs with order function) has allowed us to gain a foothold among consumer catalogs. Thanks to the solid results of its company-own pilot project, the motorcycle accessories supplier Detlev Louis is now planning further distribution campaigns with quantities running in the millions. In this connection, discussions are currently being conducted with potential partner companies that maintain complementary portfolios and are able to take part in the upcoming campaigns on a cross-marketing basis. Several new catalogs were acquired for the tma format in the period under review. Sharp growth was observed in Internet portals functioning as download platforms for catalog distribution (e.g. Focus tomorrow, Markt&Technik, and Heise-online).

Information Providing segment: The business performance of **DCI Medien** is continuing to develop at a very satisfactory rate. In all probability the budgeted annual figures, though much higher than last year's, will even be slightly exceeded. With the addition of such renowned new customers as Epson, HP, and Fujitsu Siemens, practically every major player in the IT sector now belongs to our clientele in this field. The method of shipment is increasingly changing from fax to e-mail, and international distributors in the United Kingdom, Switzerland, and Italy are currently in the market-testing phase.

The **Data Service Factory** was used to full capacity during the period under review. Besides the continuous updating and expansion of the DCI product database, it also proved possible to expand business with third-party customers. For example, two CD productions were acquired for the BME (Bundesverband Materialwirtschaft, Einkauf und Logistik e.V.), including the "E-Procurement Market Overview for 2004," which was obtained via online questionnaires and will be integrated in the six

Business trends

TradeManager B2B catalogs. The new contracts anticipated from the cooperation with Intertrade were delayed owing to additional work on data integration. This work is now finished.

Costs trends

Owing to the deconsolidation of MuK. GmbH, a significant improvement is also evident in production costs, which dropped from 7,458 KEuro (first nine months 2002) to 1,737 KEuro.

Sales costs were considerably reduced compared to the first nine months of 2002, dropping by 1,904 KEuro or 54 %. The same applies to general and administrative costs (3,769 KEuro or 74 % lower). Research and development expenses were cut down to 1,068 KEuro (1,782 KEuro last year). These savings have led to an improved operating result compared to the first nine months of 2002, with minus 3,010 KEuro compared to minus 7,525 KEuro the previous year.

Research and development activities

The principal activity for TradeManager was the further development of the product and the release of TradeManager version 8.4 SR 1. Another was the relaunch of the TradeManager home page with an updated option for catalog downloading and registration.

Due to the completed staff cutbacks, both the development and the maintenance of the WebTradeCenter were transferred to our subsidiary in Rumania.

Moreover, DCI's proprietary shipment and sales software program was optimized and improved, and configuration options for DCI e-mail recipients were expanded.

Investments

No substantial investments were made in the first three months.

Occurrences of special importance that may have an impact on results

Legal proceedings due to letter of comfort: The insolvency administrator of the former MuK GmbH subsidiary instituted legal proceedings against DCI AG regarding the letter of comfort for € 600,000 issued in favor of MuK GmbH.

As expected, the Regional Court (Landgericht) of Berlin rejected the suit after the first round of oral proceedings (case no. 94 O 99/03). The court decision is not yet final and absolute. Once this is the case, the provisions/accruals set aside by DCI AG for these legal proceedings can be released with appropriate effects on income.

Buying House GmbH: Our Buying House subsidiary was unable to launch new projects in order to compensate promptly for the bottleneck caused by the expiration of its contracts with major customers. As a result, the company had to file for insolvency in October. Buying House was included with adjusted figures in the consolidated financial statements as of September 30, 2003. However, Buying House GmbH was already written off as part owner in DCI AG at the end of 2002. The same applies to receivables leveled against this company by DCI AG.

Acequote Ltd.: The operations of our British subsidiary Acequote will probably be discontinued by the end of the year. This will end the active business side of Acequote Ltd

Outlook

Given the current sluggish performance in the IT industry environment, the resultant disinclination to invest in e-business-compatible data, and the predicted upturn in 2004, we reckon altogether with a slight increase in our overall sales revenues. Our four main business sectors will contribute to this increase in a wide variety of ways:

The **WebTradeCenter**, our information and trade platform for ITC products, will stabilize at its present level. Due to the ongoing lack of widespread acceptance, it is still difficult to implement the "open Internet marketplace" business design in the short term.

Business trends

DCI Medien, the ITC retail chain with day-by-day prices, will witness slight growth at a high level. We reckon with new impetus from the internationalization of our distributors and the rechanneling of IT manufacturers' marketing budgets from trade fair participation to direct sales promotion.

Our **Data Service Factory** in Brasov should be able to push its outsourcing business in 2004. Flawlessly maintained product data is increasingly being regarded as a critical success factor in online trading and e-procurement systems. Our cooperation with the BME (Bundesverband Materialwirtschaft, Einkauf und Logistik e.V.) may give us a new target group structure in this sector (Fortune 500).

The **DCI TradeManager** has achieved strategical important initial success. By now some fifteen different product catalogs are available as tma files ready to download via more than thirty Internet portals. Here we are right on schedule to reach "critical mass." Any standard ratified for product catalogs would unleash an exponential increase in demand comparable to the pdf standard for documents.

We firmly believe that our fully-fledged range of services on offer, which covers the entire customer value chain from data acquisition and the preparation of electronic catalogs to the distribution of this information, gives us a clear competitive edge over niche suppliers. Customers demand services that guarantee a short-term return on investment and can be registered as variable costs. This is precisely the direction in which we have tailored our product range, which has always supported direct sales promotion

Interim dividend and dividend payout

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

Consolidated balance sheet (unaudited)

US-GAAP	Notes	9 months report 30.9.2003	Annual report 31.12.2002
Assets		€(000)	€(000)
Current assets			
Cash and cash equivalents		3,765	7,149
Short-term investments/ marketable securities		0	0
Trade accounts receivable		362	1,017
Inventories		0	0
Prepaid expenses and other assets		153	189
Total current assets		4,280	8,355
Property, plant and equipment		529	798
Intangible assets	5	117	312
Investments		0	0
Goodwill		0	0
Deferred taxes		9	9
Total assets		4,953	9,474
Liabilities and shareholders` equity			
Current liabilities			
Current portion of capital lease obligation		21	27
Short term debt and current portion of long-term debt		0	0
Trade accounts payable		257	1,356
Accrued expenses	8	2,319	2,461
Deferred revenues		242	322
Deferred taxes	9	9	9
Other current liabilities		86	299
Total current liabilities		2,934	4,474
Capital lease obligation, less current portion		3	17
Long-term debt, less current portion		0	0
Other long-term liabilities		0	0
Total non-current liabilities		3	17
Minority interest		14	0
Shareholders` equity			
Share capital		8,465	8,465
Additional paid-in capital		80,060	80,060
Deferred compensation		-87	-87
Accumulated deficit		-86,259	-83,352
Accumulated other comprehensive loss		-195	-103
Total Shareholders` equity		1,984	4,983
Total Liabilities and shareholders` equity		4,935	9,474

Consolidated income statement (unaudited)

US-GAAP	Quarterly report III/2003 1.7.-30.9.2003 €(000)	Quarterly report III/2002 1.7.-30.9.2002 €(000)	Nine months´ statement 1.1.-30.9.2003 €(000)	Nine months´ statement 1.1.-30.9.2002 €(000)
Revenues	882	3,080	2,741	10,334
Cost of revenue	-492	-2,224	-1,737	-7,458
Gross profit	390	856	1,004	2,876
Selling and marketing expenses	-493	-1,193	-1,600	-3,504
General and administrative expenses	-446	-1,648	-1,346	-5,115
Research & development expenses	-202	-600	-1,068	-1,782
Amortization of goodwill	0	0	0	0
Operating loss	-751	-2,585	-3,010	-7,525
Interest income and expenditure	16	-48	87	-171
Other operating income and expenses	-234	288	-80	-398
Results before income	-969	-2,347	-3,003	-8,094
Result before minority interest	-969	-2,347	-3,003	-8,094
Minority interest	-1	103	-8	205
Net income / loss	-970	-2,244	-3,011	-7,889
Net income per share, basic and diluted	-0.11€	-0.27 €	-0.36€	-0.93€
Weighted average shares outstanding, basic and diluted	8,464,592	8,464,592	8,464,592	8,464,592

Consolidated statement of cash flow (unaudited)

US-GAAP	1.1.-30.9.2003 €(000)	1.1.-30.9.2002 €(000)
Cash flow from operating activities		
Net loss	-3,011	-7,889
Minority interests	14	-205
Depreciation and amortisation	432	2,820
Other non-cash charges	20	576
Non-cash charges associated with changes in consolidated companies	0	0
Deferred taxes	0	0
Changes in operating assets and liabilities		
Inventories	0	62
Trade accounts receivable	655	-3,790
Prepaid expenses and other current assets	48	-887
Trade accounts payable	-1,099	3,536
Accruals, other liabilities and deferred income	-435	591
Net cash used by operating activities	-3,376	-5,186
Cash flow from investing activities		
Purchase of shares to minorities	12	0
Purchase of investments and cash from sale of equipment	0	-897
Net expenditure for investments	12	-897
Cash flow from financing activities	-20	-167
Net cash resulting from financing activities	-20	-167
Net increase in cash and cash equivalents	-3,384	-6,250
Cash and cash equivalents at beginning of the year	7,149	13,953
Cash and cash equivalents at the end of the second quarter	3,765	7,703

Consolidated statement of shareholders' equity from Dec 31, 1998 to Sept. 30, 2003

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					14	14	14
Foreign currency translation adjustment					-31	-31	-31
Prior period adjustments							
Comprehensive loss							-12,361
Balance December 31, 2002	8,465	80,060	-87	-83,352	-103	4,983	
Cheap stock compensation							
Stock options compensation							
Net loss				-3,011		-3,011	-3,011
Marketable securities adjustment							
Foreign currency translation adjustment					-92	-92	-92
Prior period adjustments				104		104	
Comprehensive loss							-3,103
Balance September 30, 2003	8,465	80,060	-87	-86,259	-195	1,984	

Notes to the consolidated financial statements

1. About DCI

DCI Database for Commerce and Industry AG specialises in digital supply chain management (SCM) optimisation. The company manages and streamlines procurement, sourcing, sales, marketing and data management processes. Our long-standing experience and in-depth understanding of the multi-tiered trade chain for IT, telecom and other products and our know how of database management gives us a distinct competitive advantage.

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2. Going Concern

The above-mentioned restructuring measures have been brought to a close for the time being. The resultant savings in costs have already been partly realized and will become fully effective from the beginning of 2004.

By focusing on our core competencies, reorganizing our business procedures, and significantly cutting our costs, we were able to achieve a sharp reduction in cash burn and operating losses. Once our sizable provisions/accruals have been released, an additional strengthening of our equity may be the result, particularly because of litigation risks in case they should prove unrealistic during the current fiscal year. In this connection, we should mention the legal proceedings that we won in the first instance regarding a letter of comfort. Should the court decision become final and absolute, as may happen in December of this year, and should other provisions/accruals be released, as is presently assumed will happen, the company will be funded until the middle of 2005, even on cautiously optimistic premises. Another precondition is, however, that the positive business forecasts will also promote the marketing of the TradeManager.

In the medium term, we see no reason to assume that the further development of our company must be viewed from the perspective of a worst-case scenario. Instead, we feel that we can achieve tangible growth in sales revenue, especially with the TradeManager. There are signs that this assumption is apparently realistic. One is the extraordinarily high satisfaction of our client Detlev Louis GmbH with regard to our latest large-scale TradeManager project. This has resulted in further large-scale followup projects, including concrete negotiations with front-running partners in the retail sector.

Notes to the consolidated financial statements

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 2003 as a whole. It is recommended that the present consolidated financial statements for the first nine months 2003 will be read in conjunction with the audited consolidated statements for 2002 and the corresponding notes.

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

4. Accounting principles

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

5. Intangible assets

Intangible assets were depreciated on a straight-line basis.

6. Liquid assets

Shown under liquid assets is a trustee customer account belonging to Buying House GmbH, to which the company has no access. Transfers from this account require the customer's signature. At September 30, 2003, the balance on the cash account totaled 12 KEuro.

7. Capital Lease

One of the subsidiaries has entered into lease agreements for vehicles. The lease agreements expire in 2005 at the latest. The current portion of capital lease obligation amount to 21 KEuro, the capital lease obligation, less current portion to 3 KEuro.

8. Provision

Provisions have been created in the following amounts :

Risks from guarantees and letters of comfort	1,050 KEuro
Provisions for outstanding invoices	270 KEuro
Provisions for accounting and auditing charges	142 KEuro
Provisions for holidays	50 KEuro
Other provisions	807 KEuro
Total	2,319 KEuro

9. Deferred income taxes

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

Notes to the consolidated financial statements

10. Earnings per Share

DCI calculated the earnings per share in accordance with SFAS No. 128, "Earnings per Share". The procedure for calculating diluted and undiluted earnings per share is the same as that applied for the 2002 Annual Report. The total number of potential common shares that were left out of the calculation of diluted loss per share was exactly 195,750 on September 30, 2003 and relates entirely to stock options.

Net loss for the year	-3,011 KEuro
Average number of common shares issued	8,464,592
Undiluted and diluted earnings per share	-0.36 Euro

11. Employees

Number of employees at DCI as per September 30, 2003:

DCI AG Germany	26
DCI Malta Ltd.	5
Acequote.com Ltd.	0
DCI Romania S.L.R.	52
Buying House GmbH	3
Total	86

12. Segment Reporting

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

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

	Total sales	Internal sales	External sales	Operating result
ECommerce	549 KEuro		549 KEuro	-908 KEuro
Marketing/Sales	389 KEuro	-283 KEuro	106 KEuro	-1,155 KEuro
Procurement	130 KEuro		130 KEuro	-92 KEuro
Information Providing	2,577 KEuro	-621 KEuro	1,956 KEuro	-665 KEuro
Consolidation / Transfer from operating result to consolidated result				-191 KEuro
Total	3,645 KEuro	-904 KEuro	2,741 KEuro	- 3,011 KEuro

13. Subsidiaries

On May 15, 2003, DCI AG sold 6,250 shares in DCI Malta Limited, a wholly-owned subsidiary up until that point, with a par value of 1 Euro per share, or 25%, for a price of 12,500 Euro. Thus DCI AG's holding in DCI Malta Limited now totals 75%. The sale resulted in a gain of approximately 1,000 Euro in the corporate group.

Due to the performance of the economy, our Buying House GmbH subsidiary was forced to file for insolvency at the beginning of October. The company was included with adjusted figures in the consolidated report as at September 30, 2003.

Notes to the consolidated financial statements

The consolidation of our Acequote.com Ltd. subsidiary took place on the basis of figures from June 30, 2003, as no current financial statements were available at the time that the quarterly report was being prepared.

Apart from this, there have been no changes in the corporate group since December 31, 2002.

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

	September 30, 2003	September 30, 2002
Material expenses		
Goods received	62 KEuro	1,822 KEuro
Services received	1,853 KEuro	1,848 KEuro
Personnel expenditure		
Wages and salaries	2,049 KEuro	5,760 KEuro
Social security contributions	315 KEuro	924 KEuro

Currency gains/losses

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

Prior Period Adjustment

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

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

Notes to the consolidated financial statements

15. Company Boards

Executive Board

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

Supervisory Board

Michael Böllner	Chairman of the Supervisory Board Certified public accountant, tax advisor Munich	IPO Management, Berlin H.C.M. Capital-Management AG, Oberhaching SID Spatial Identifier AG, Berlin
Dr. Hubert Krieger	Deputy Chairman (since General Meeting on May 12, 2003) Lawyer, tax advisor Munich	
Michael Reuss	Board member (since General Meeting on May 12, 2003) Asset Manager Munich	Cariba Internet Technology AG, Vaterstetten Isecon AG, Pfaffenhofen

Other Boards

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