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## PRESS RELEASE

### **DOCdata N.V. announces the 2005 year-end results**

**Net Result and Operating Income have both improved compared to 2004**

**Proposal to distribute a dividend of €0.40 per Ordinary Share**

#### **Results and Financial position for the financial year 2005**

(In millions, except percentage figures and per share data)

	<b>2005</b>		<b>2004</b>	
	<b>€</b>	<b>%</b>	<b>€</b>	<b>%</b>
<b>Revenue</b>	<b>66.6</b>	100.0	<b>71.3</b>	100.0
<b>Gross Profit</b>	<b>14.3</b>	21.5	<b>15.4</b>	21.6
<b>Operating Income (EBIT)</b>	<b>5.1</b>	7.6	<b>4.6</b>	6.5
<b>Net Result</b>	<b>2.9</b>	4.4	<b>2.2</b>	3.1
 <b>EBITDA</b>	 <b>9.3</b>	 14.0	 <b>9.5</b>	 13.3
<b>Net Operational Cash Flow</b>	<b>6.0</b>	9.0	<b>10.7</b>	15.0
 <b>Average Number of Shares Outstanding (millions)</b>	 <b>6.96</b>		 <b>6.87</b>	
 <b>Net Result per Share</b>	 <b>0.41</b>		 <b>0.31</b>	
 <b>Balance Sheet total</b>	 <b>42.8</b>		 <b>44.0</b>	
<b>Equity</b>	<b>24.0</b>		<b>23.0</b>	
<b>Solvency (Equity / Balance Sheet total)</b>	<b>56.1%</b>		<b>52.3%</b>	

#### **Major features of the financial results for the 2005 year-end**

Net result has increased with €0.7 million in 2005 and reached €2.9 million, compared to €2.2 million in 2004. This increase in net result has predominantly been caused by an improvement of €0.5 million in operating income and a decrease of €0.3 million in income taxes for 2005 compared to 2004.

Operating income (EBIT) has slightly improved with €0.5 million in 2005 compared to 2004 and has reached € 5.1 million. This further improvement is mainly due to the positive developments of Industrial Automation Integrators and the division E-commerce Fulfillment (impact: + € 0.9 million). Operating income of the Media Group has further decreased (impact: -€ 0.4 million), despite the positive impact in 2005 of other operating income and other operating expenses of in total €1.2 million compared to 2004.

Revenue has decreased in 2005 with €4.7 million compared to 2004. This lower revenue is mainly caused by the lower revenue of the Media Group (impact: -/- € 5.7 million). The increase in 2005 of DVD revenue was smaller than the decrease of CD revenue. The division E-commerce Fulfillment has shown a limited decrease in revenue (impact: -/- €0.5 million). This is the result of the fact that the increase in revenue from growth in activities for existing and new customers is smaller, than the decrease in revenue from lower transport costs recharges and the sale of the e-media solutions activities in December 2004. Revenue of Industrial Automation Integrators has increased in 2005 compared to 2004 (impact: + €1.5 million). The order backlog per 2005 year-end has however decreased from €10.8 million per 2004 year-end to €9.4 million.

As a result of the strong focus on generating cash, the liquidity position of DOCdata has further improved also in 2005 and reached a cash surplus position of €10.5 million per 31 December 2005 (31 December 2004: €8.1 million cash surplus). The cash flow statement in the Appendix to the attached enclosure 'Financial Information' shows that DOCdata has realised net cash from operating activities of €6.0 million in 2005, which has been spent for €1.5 million on capital expenditures, primarily for packaging equipment and computer hardware, and for €2.4 million on the 2004 dividend distribution to the shareholders. As a result, DOCdata has further strengthened her financial position in 2005 with a solvency ratio increasing from 52.3% per 31 December 2004 to 56.1% per 31 December 2005.

## **Strategy**

DOCdata's goal is to create value for the shareholders, while at the same time safeguarding the interests of all stakeholders, including our customers, employees and suppliers. DOCdata has successfully focussed its strategy in 2005 on achieving further autonomous growth of Industrial Automation Integrators and the division E-commerce Fulfillment.

In order to realise accelerated growth in the future, the years 2006 and possibly 2007 form transitional years to implement the new strategy. In these years DOCdata will make the transition from a production oriented company to an innovative service company.

For a more detailed description of the new strategy, please refer to the enclosure 'Vision 2010: "Gear to Growth" '.

## **Accounting principles**

As of 1 January 2005 DOCdata N.V. has adopted the International Financial Reporting Standards as adopted by the European Union (IFRS) in preparing the consolidated financial statements. For an overview of the significant accounting policies under IFRS and an explanation of the effects of the transition from the accounting policies applied in previous years according to the Dutch reporting standards (Dutch GAAP) to IFRS, please refer to the Appendix 'IFRS Enclosures' to the press release of 21 July 2005 with which the 2005 half-year results were announced. The overall conclusion is that the implementation of IFRS has limited influence on the consolidated figures of DOCdata N.V.

## **Outlook**

As described above under Strategy, the year 2006 will form a transitional year in which the new strategy will be implemented. Management of DOCdata expects that this will influence the 2006 results compared to 2005, as additional expenses will have to be made to implement the new strategy. In addition, the 2006 results will for an important part depend on:

- the successful delivery in 2006 by IAI of the systems ordered for the Ukraine, which have been built in 2005 by IAI and are included in the inventory per 2005 year-end;
- the extent to which the strongly increased purchase prices for raw materials and packaging materials for CD and DVD will come down again in 2006;
- the realisation of a successful turnaround of DOCdata France.

## **Proposal to shareholders to distribute a dividend of € 0.40 per ordinary share**

At 31 December 2005, the issued share capital of DOCdata N.V. consists of 7,308,850 ordinary shares with a nominal value of €0.10 each. DOCdata N.V. currently holds 316,837 (4.3%) of these issued ordinary shares, which are kept in order to fund the personnel options scheme. Ordinary shares owned by the Company are not entitled to any distribution of profit.

Management of DOCdata N.V. will propose to the shareholders at this year's annual General Meeting of Shareholders, in accordance with Article 34 of the Articles of Association of DOCdata N.V., to decide to distribute to all shareholders of ordinary shares a dividend amount of €0.40 per ordinary share. The distribution will be subject to dividend withholding taxes, unless the shareholder can proof that substantial holding exemption can be claimed.

The proposed dividend of €0.40 per ordinary share is higher than the dividend of €0.35 per ordinary share distributed in 2005, due to the relatively high liquidity position per the end of 2005 (€ 10.5 million) and the profit growth realised in 2005. Furthermore, investments resulting from the implementation of the new strategy can also be financed with debt.

When the General Meeting of Shareholders decides to accept this proposal, an amount of €2.8 million will be distributed in May 2006 as dividend out of the 2005 net result on the ordinary shares, which are held by other shareholders than the Company. The General Meeting of Shareholders shall be held on Thursday 11 May 2006 in Waalwijk. The dividend distribution will lead to a limited decrease of the solvency ratio.

## **Results by division**

### **Industrial Automation Integrators**

In 2005, both net sales and operating income of Industrial Automation Integrators (IAI) increased significantly compared to 2004. Net sales and results for the biggest part originate from the delivery of systems for the security market, predominantly in the passport market segment, and from the collection of royalties on the application of IAI's patented security features.

Systems for the production of passports and ID-cards were supplied to Switzerland, Sweden, Ukraine, the United Kingdom and Costa Rica. In Switzerland, where BookMaster220 systems were already in operation, BookMasterOne systems were installed: one of IAI's latest product developments. The BookMasterOne system personalises a blank passport booklet in one go.

As reported in press releases before, the extensive project for Ukraine was put on hold just after start up due to uncertainties at the principal's side who, for his part, depends on the political developments in that country. The principal is of the opinion that the prospects for continuation of the project in 2006 look good. The Ukraine project also includes the delivery of BookMasterOne systems.

Through the years, IAI has developed specialized knowledge and experience in the application of laser and optical technology in production systems: IAI designs, assembles, installs and maintains such systems. This core-competence is now exploited mainly for subtitling of motion pictures, the application of security features to security documents and for processing packaging materials. With the exception of subtitling, a market that will fade away due to the emerging projection utilizing digital image storage, IAI will aim to enlarge its share in the other markets by gaining new customers, developing new products and penetrating adjacent markets. The most obvious potentials for growth are:

- the protection of banknotes by MicroPerf® and other security features;
- the protection of documents other than passports, ID-cards and banknotes, by special purpose systems;
- the introduction of IAI systems in the production of packaging materials.

IAI's present position and reputation offer an excellent base for this expansion.

### **E-commerce Fulfillment**

DOCdata E-commerce Fulfillment has amply reached the targets for 2005 and has closed the year with a profit. This is predominantly the result of a higher capacity usage ratio. The higher capacity usage ratio has been realised through growth in the demand for distribution services by existing customers, but also as a result of adding new customers to the customer base. The market for distribution of physical products bought through the Internet shows a distinct growth.

DOCdata E-commerce Fulfillment has IT- and sorting-systems to automatically fulfil and invoice large quantities of small and medium-sized orders for her clients. The automated sorting-system is designed to process large quantities home entertainment products, such as DVD's, CD's, videos, books, but also small delicate technical equipment, like MP3-players, cell phones, web cams, computer games and others.

### **Media Group**

The Media Group as a whole closed the year 2005 with a positive operating income, despite the fact that DOCdata France again in 2005 incurred a substantial operational loss that was predominantly caused by a further decline in revenue. Operating income of the Media Group further decreased in 2005 with €0.4 million compared to 2004. To a large extent, this was the result of a decreased gross profit (impact: -/- €2.3 million), in combination with a decrease in

selling and general and administrative expenses (impact: + €0.7 million) and an improvement of the total of other operating income and other operating expenses (impact: + €1.2 million).

The higher purchase price for polycarbonate, the most important raw material for the production of both CD and DVD, has had a negative impact on operating income in 2005 of €1.2 million. In addition, the fact that DOCdata France only left receivership per 4 July 2005 has influenced the operating income in 2005. DOCdata France has realised a negative operating income of approximately €0.6 million, including a profit of €0.7 million from the settlements with creditors that were closed in the second half-year of 2005. (In 2004, DOCdata France realised a negative operating income of €1.8 million.)

The market for DVD production has shown further growth in 2005 of which DOCdata has taken advantage. Although this growth has clearly levelled, management expects a further increase of the number of DVD's to be produced for our customers. The market for CD production has shown a further decline also in 2005; management expects this trend to continue in 2006. The Media Group remains focussed on serving the local markets in Europe with exceptional customer service and short delivery times. All DOCdata media production companies have their own CD, DVD-5, DVD-9 and DVD-10 production capacity.

In the second half-year of 2004 the Media Group experienced a strong rise in the prices of raw materials (oil derivatives) required in the production process. The price of polycarbonate, the raw material of which a CD and DVD are made, has risen over 50% in a short period. In addition, packaging materials such as the jewel box for CD and the Amaray box for DVD, have also incurred a sharp increase in price. The Media Group has suffered from this for the whole year 2005. It was only partly possible to absorb these price increases in the sales price for our customers, as a result of which the margins were under pressure again in 2005. The low currency exchange rate of the US dollar against the euro has had a beneficial impact on production royalties for CD-ROM as well as DVD. The market in which the Media Group operates in Europe is expected to remain strongly price competitive in 2006, predominantly due to a declining demand for pre-recorded CD discs in combination with an overcapacity on the media production market for both CD and DVD. Management does expect however that purchase prices will show a limited decrease in 2006.

For a detailed review of the 2005 year-end results, please refer to the attached enclosure 'Financial Information' with Appendix.

Today, 16 February 2006, management of DOCdata will discuss the 2005 year-end results in a meeting, for which both financial press and analysts will be invited, to be held at 10.30AM Amsterdam time in the Hermes room of the Financieel Nieuwscentrum Beursplein 5 of Euronext Amsterdam (Beursplein 5, 1012 JW Amsterdam, +31-20-5505505). The Annual General Meeting of Shareholders will be held on Thursday, 11 May 2006 in Waalwijk.

- DOCdata Media Group is a leading independent provider of supply chain management services to content owners: movie, audio, multimedia and software publishers in Europe.
- DOCdata E-commerce Fulfillment business specialises in fine meshed logistics and personalised distribution for among others Internet shops, retail chains and hard- and software companies, predominantly for the European market.
- Industrial Automation Integrators currently designs and builds production systems, which utilise optical and laser technology for application in among others document security systems for high security printers and equipment for processing of packaging materials. Industrial Automation Integrators also provides security features for authentication.

Waalwijk, the Netherlands, 16 February 2006 – DOCdata N.V. (Euronext Amsterdam: DOCD)

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# DOCdata N.V. – Financial Information for the year ended December 31, 2005

## Financial Information

The financial information is prepared in accordance with IFRS.

### **Revenue**

(in thousands, except percentage figures)

	2005		2004	
	€	%	€	%
<b>Revenue by division</b>				
Media Group	49,264	74.0	54,976	77.1
E-commerce Fulfillment	7,466	11.2	7,954	11.2
Industrial Automation Integrators	9,820	14.8	8,350	11.7
Total	66,550	100.0	71,280	100.0

- Media Group's total revenue decreased €5.7 million (10.4%) from €55.0 million in 2004 to €49.3 million in 2005. This total decrease for the Media Group was caused by lower revenue in the United Kingdom (€3.3 million, including foreign currency exchange effect, for an important part due to lower cassette sales), in France (€2.1 million) and in the Netherlands (€ 1.1 million), in combination with higher revenue in Germany (€0.8 million).
- E-commerce Fulfillment contributed € 7.5 million to revenue in 2005 and thus decreased € 0.5 million (6.1%) in revenue compared to 2004 with revenue of € 8.0 million. This decrease was caused by lower revenue resulting from the divestment in December 2004 of the e-media solutions activities (revenue of €0.9 million in 2004), higher revenue of the Waalwijk operations (€1.4 million) and lower revenue from transport costs recharged to customers (€1.0 million).
- Industrial Automation Integrators contributed €9.8 million to revenue in 2005 compared to €8.4 million of revenue in 2004, thus resulting in an increase of 17.6%. This increase from higher revenue was based on (completed contract) deliveries of security systems (predominantly in the passport market segment) in 2005 compared to 2004, in combination with increased revenues from deliveries of subassemblies, packaging contract research and development, service and production royalties in the passport market segment.

### **Gross profit**

(in thousands, except percentage figures)

	2005		2004	
	€	%	€	%
<b>Gross profit by division</b>				
Media Group	7,072	49.4	9,412	61.2
E-commerce Fulfillment	2,325	16.3	1,943	12.6
Industrial Automation Integrators	4,912	34.3	4,028	26.2
Total	14,309	100.0	15,383	100.0

### **Gross profit margin by division (as % of revenue by division)**

	%	%
Media Group	14.4	17.1
E-commerce Fulfillment	31.1	24.4
Industrial Automation Integrators	50.0	48.2
Total	21.5	21.6

## DOCdata N.V. – Financial Information for the year ended December 31, 2005

- The gross profit margin for the Media Group decreased from 17.1% in 2004 to 14.4% in 2005. This decrease was mainly caused by higher prices in 2005 compared to 2004 for the main raw materials for CD/DVD production (e.g. polycarbonate resin and plastic packaging boxes) due to the high oil prices. For example, the price effect for polycarbonate resin has had a negative impact on gross profit of about €1.2 million. Also, continuing price pressure has lead to lower average sales prices for DVD. On average, a lower gross profit margin is realised on DVD compared to CD, while the number of produced DVD units has shown a growth of 29% in 2005 compared to 2004.
- The gross profit margin for E-commerce Fulfillment improved from 24.4% in 2004 to 31.1% in 2005, which is primarily the result of a lower share in revenue for 2005 compared to 2004 of customer related transport costs which are billed with only a limited margin, in combination with the effect of the sale of the e-media solutions activities in December 2004 which had a gross profit margin of 20.6% in 2004.
- The gross profit margin for Industrial Automation Integrators increased from 48.2% in 2004 to 50.0% in 2005, predominantly caused by the difference in the sales mix of security systems delivered in both years, as well as in the mix of the other revenue categories for the comparable years with increasing revenue for those activities with higher gross profit margins (such as royalties for patent usage in the personalisation of passports).

### ***Other operating income and expenses***

(in thousands, except percentage figures)

<b>Other operating income and expenses (as % of revenue)</b>	2005		2004	
	€	%	€	%
Other operating income	1,601	2.4	705	1.0
Other operating expenses	(202)	(0.3)	(574)	(0.8)
<b>Total</b>	<b>1,399</b>	<b>2.1</b>	<b>131</b>	<b>0.2</b>

- Other operating income increased from €0.7 million in 2004 to €1.6 million in 2005, predominantly caused by a gain realised from settlements with creditors in France following the termination of the receivership per the beginning of July 2005. Other operating income in 2005 also contains a release of €0.3 million from accrued DVD production royalties.
- Other operating expenses decreased from €0.6 million in 2004 to €0.2 million in 2005, due to lower restructuring expenses. In 2004, other operating expenses of €0.6 million were fully related to restructuring expenses incurred or provided due to the receivership of the French company. Other operating expenses in 2005 fully consist of restructuring expenses for €0.2 million carried as provisions under current liabilities in the balance sheet per 31 December 2005.

### ***Selling, general and administrative expenses***

(in thousands, except percentage figures)

<b>SGA (as % of revenue)</b>	2005		2004	
	€	%	€	%
Selling expenses	3,971	6.0	4,561	6.4
General and administrative expenses	6,647	10.0	6,319	8.9
<b>Total</b>	<b>10,618</b>	<b>16.0</b>	<b>10,880</b>	<b>15.3</b>

### ***SGA by division (as % of revenue by division)***

	€	%	€	%
Media Group	8,038	16.3	8,708	15.8
E-commerce Fulfillment	1,564	20.9	1,223	15.4
Industrial Automation Integrators	1,016	10.3	949	11.4
<b>Total</b>	<b>10,618</b>	<b>16.0</b>	<b>10,880</b>	<b>15.3</b>

## DOCdata N.V. – Financial Information for the year ended December 31, 2005

- In total, selling expenses decreased €0.6 million (12.9%) from €4.6 million in 2004 to €4.0 million in 2005. Selling expenses of the Media Group decreased €0.6 million in 2005 compared to 2004, almost fully the result of lower bad debt expenses. Selling expenses of E-commerce Fulfillment decreased €0.1 million in 2005 compared to 2004, primarily as a result of the divestment of the e-media solutions activities in December 2004. Selling expenses of Industrial Automation Integrators increased €0.1 million.
- General and administrative expenses increased €0.3 million (5.2%) from €6.3 million in 2005 to €6.6 million in 2004. This increase predominantly resulted from higher G&A expenses for E-commerce Fulfillment due to higher personnel expenses and organisation costs following the growing activity level.

### ***Operating income before financing revenues (EBIT)***

(in thousands, except percentage figures)

	2005	2004
<b>Operating income by division</b>	€	€
Media Group	363	805
E-commerce Fulfillment	837	735
Industrial Automation Integrators	3,890	3,094
<b>Total</b>	<b>5,090</b>	<b>4,634</b>

<b>Operating income margin by division (as % of revenue by division)</b>	%	%
Media Group	0.7	1.5
E-commerce Fulfillment	11.2	9.2
Industrial Automation Integrators	39.6	37.1
<b>Total</b>	<b>7.6</b>	<b>6.5</b>

- The operating income for the Media Group decreased €0.4 million (54.9%) from €0.8 million 2004 to €0.4 million in 2005. This decrease is the combined effect of a decrease of €2.3 million in gross profit, a decrease in SG&A expenses of €0.7 million, and an effect from other operating income and expenses of about €1.2 million income. The decrease in operating income margin for the Media Group from 1.5% in 2004 to 0.7% in 2005, mainly reflects the decrease of gross profit margin and the lower activity level of the Media Group in the United Kingdom, in France and in the Netherlands.
- Operating income for E-commerce Fulfillment improved €0.1 million (13.9%) from €0.7 million in 2004 to €0.8 million in 2005. This improvement is the combined effect of the improved gross profit (€0.4 million) and increased SG&A expenses (€0.3 million). The operating income margin as a percentage of revenue by division increased from 9.2% in 2004 to 11.2% in 2005, which is predominantly the effect from the increased gross profit margin.
- Operating income for Industrial Automation Integrators increased €0.8 million (25.7%) from €3.1 million in 2004 to €3.9 million in 2005. The operating income margin as a percentage of revenue by division increased from 37.1% in 2004 to 39.6% in 2005. A comparable level of SG&A expenses on an increased revenue total for 2005 mainly caused this increase, in combination with an increased gross profit margin.

### ***Net financing revenues***

The net financing revenues in 2005 amounted to €0.2 million, while the net financing revenues in 2004 amounted to €0.1 million. The increase of €0.1 million in net financing revenues was predominantly caused by a higher interest income.

## DOCdata N.V. – Financial Information for the year ended December 31, 2005

### ***Income tax expense***

DOCdata's effective tax rate for 2005 was 43.5% with a corporate income tax charge of €2.2 million on a profit before tax of €5.1 million. For 2004 the profit before tax amounted to €4.8 million and the corporate income tax charge amounted to €2.6 million (effective tax rate: 53.9%). In 2005, corporate income taxes have only been paid in the Netherlands and in Germany as tax losses were available in France and the United Kingdom.

The total corporate income tax charge for 2005 is the result of the following tax treatments of the results per country:

- In the Netherlands, a tax charge of €1.4 million has been recorded consisting of a current tax charge of €1.6 million at 31.5% on the taxable income for the Dutch fiscal entity for the year 2005, a deferred tax credit of €0.1 million resulting from the revaluation of the deferred tax assets and liabilities to the 2006 corporate income tax rate of 29.6% (coming from 31.5% in 2005) and a tax benefit of €0.1 million from prior years.
- In the United Kingdom, a tax charge of €0.6 million has been recorded due to an impairment of the deferred tax asset on the net operating losses and capital allowances available per the end of the year 2005.
- In Germany, a tax charge of € 0.2 million has been recorded, which predominantly consists of current taxation on the profit before tax for the year 2005.
- In France, no deferred tax asset has been recorded on the loss before tax for 2005 due to the fact that it is not possible to carry back this loss against profits from prior years; these have all been offset by the taxable loss in the full year 2002. The impact on the 2005 fiscal result from the recording in the second half-year of 2005 of the profit from settlements reached with creditors (€0.7 million) and other elements of the continuation plan with beneficial impact on the 2005 fiscal result (forgiven intercompany loan of € 1.9 million and forgiven intercompany payables of €0.4 million), has been fully taken into account in the accounting for income taxes in 2005.

At the end of 2005, the group has remaining net operating loss carry-forwards from prior years for a total amount of approximately €4.7 million.

### ***Liquidity and capital resources***

In 2005 the Company invested € 1.5 million for capital expenditure in property, plant and equipment (€ 1.0 million, mainly for purchase of packaging and IT equipment), for intangible fixed assets (an investment by DOCdata Tilburg in the production budget of the motion picture "Kruistocht in Spijkerbroek" for € 0.25 million), and for investments in associates (€0.3 million). Total depreciation charges for tangible fixed assets amounted to €4.3 million in 2005 (2004: €4.8 million), and thus exceed investments. Capital expenditure in 2004 amounted to €4.4 million, mainly for the purchase of DVD production and CD/DVD printing equipment.

In 2005, 113,005 personnel options were exercised; 29,360 personnel options from the 2001 series at a price of €3.93 per share and 83,645 personnel options from the 2002 series at a price of €3.05 per share. The underlying shares have been delivered by the Company from the number of own shares in possession of the Company. The proceeds of €0.4 million have been credited to equity under reserves, as the purchase of own shares has been charged to reserves in the past.

The General Annual Meeting of Shareholders held on 12 May 2005 approved the proposal to distribute a dividend of €0.35 per ordinary share outstanding (excluding own shares held by the Company), which had a decreasing impact of €2.4 million on retained earnings within the equity of the Company in 2005.

Waalwijk, 16 February 2006

# DOCdata N.V. – Financial Information for the year ended December 31, 2005

## Consolidated Financial Statements

### 1. Consolidated Balance Sheets

Balance sheets before appropriation of profit.

	31 December 2005	31 December 2004
(in thousands)	€	€
<b>Assets</b>		
Property, plant and equipment	10,949	14,120
Intangible assets	250	-
Investments in associates	166	12
Other investments	75	50
Trade and other receivables	481	552
Deferred tax assets	1,187	2,293
<b>Total non-current assets</b>	<u>13,108</u>	<u>17,027</u>
Inventories	4,434	4,113
Income tax receivable	61	265
Trade and other receivables	14,660	14,262
Cash and cash equivalents	10,516	8,289
<b>Total current assets</b>	<u>29,671</u>	<u>26,929</u>
<b>Total assets</b>	<u><u>42,779</u></u>	<u><u>43,956</u></u>
<b>Equity</b>		
Issued capital	731	731
Share premium	16,854	16,854
Reserves	(4,517)	(5,093)
Retained earnings	10,880	10,439
<b>Total equity attributable to shareholders</b>	<u>23,948</u>	<u>22,931</u>
Minority interest	23	22
<b>Total equity</b>	<u><u>23,971</u></u>	<u><u>22,953</u></u>
<b>Liabilities</b>		
Interest-bearing loans and borrowings	2	35
Employee benefits	320	347
Provisions	-	-
Deferred tax liabilities	783	2,051
<b>Total non-current liabilities</b>	<u>1,105</u>	<u>2,433</u>
Bank overdraft	-	-
Interest-bearing loans and borrowings	29	174
Income tax payable	2,874	2,753
Trade and other payables	14,572	15,160
Provisions	228	483
<b>Total current liabilities</b>	<u>17,703</u>	<u>18,570</u>
<b>Total liabilities</b>	<u><u>18,808</u></u>	<u><u>21,003</u></u>
<b>Total equity and liabilities</b>	<u><u>42,779</u></u>	<u><u>43,956</u></u>

**DOCdata N.V. – Financial Information for the year ended December 31, 2005****2. Consolidated Statements of Income**

	2005		2004	
(in thousands, except earnings per share and average shares outstanding)	€	%	€	%
Revenue	66,550	100.0	71,280	100.0
Cost of sales	(52,241)	(78.5)	(55,897)	(78.4)
<b>Gross profit</b>	<b>14,309</b>	<b>21.5</b>	<b>15,383</b>	<b>21.6</b>
Other operating income	1,601	2.4	705	1.0
Selling expenses	(3,971)	(6.0)	(4,561)	(6.4)
General and administrative expenses	(6,647)	(10.0)	(6,319)	(8.9)
Other operating expenses	(202)	(0.3)	(574)	(0.8)
<b>Operating income before financing revenues</b>	<b>5,090</b>	<b>7.6</b>	<b>4,634</b>	<b>6.5</b>
Financial income	277	0.4	230	0.3
Financial expenses	(110)	(0.1)	(114)	(0.1)
<b>Net financing revenues</b>	<b>167</b>	<b>0.3</b>	<b>116</b>	<b>0.2</b>
Share of profit of associates	(125)	(0.2)	-	-
<b>Profit before tax</b>	<b>5,132</b>	<b>7.7</b>	<b>4,750</b>	<b>6.7</b>
Income tax expense	(2,231)	(3.3)	(2,562)	(3.6)
<b>Profit for the year</b>	<b>2,901</b>	<b>4.4</b>	<b>2,188</b>	<b>3.1</b>
<b>Attributable to:</b>				
DOCdata N.V. shareholders	2,882	4.3	2,129	3.0
Minority interest	19	0.1	59	0.1
<b>Profit for the year</b>	<b>2,901</b>	<b>4.4</b>	<b>2,188</b>	<b>3.1</b>
EPS (earnings per share)	0.41		0.31	
EPS (earnings per share) fully diluted	0.39		0.29	
Average number of shares outstanding	6,956,000		6,868,000	
Potentially average number of shares fully diluted	7,309,000		7,309,000	

**DOCdata N.V. – Financial Information for the year ended December 31, 2005****3. Consolidated Statements of Cash Flows**

	2005	2004
(in thousands)	€	€
Profit for the year	2,901	2,188
Adjustment to reconcile profit for the year to net cash from operating activities:		
Depreciation and amortisation	4,259	4,844
Personnel expenses due to personnel options plan (IFRS 2)	66	53
(Profit)/loss on sale of tangible fixed assets	-	21
Minority interest	(18)	(45)
Share of profit of associates	125	-
Changes in assets and liabilities:		
Deferred tax assets	1,106	554
Inventories	(321)	(563)
Income tax receivable	204	339
Trade and other receivables	(327)	1,498
Employee benefits	(27)	42
Deferred tax liabilities	(1,268)	(301)
Income tax payable	121	2,237
Trade and other payables	(587)	(293)
Provisions	(255)	175
<b>Net cash from operating activities</b>	<b>5,979</b>	<b>10,749</b>
Cash flows from investing activities:		
Capital expenditure	(1,022)	(4,433)
Investments in associates	(274)	(25)
Investments in intangible fixed assets	(250)	-
Proceeds from sale of tangible fixed assets	-	35
<b>Net cash from investing activities</b>	<b>(1,546)</b>	<b>(4,423)</b>
Cash flows from financing activities:		
Dividends paid	(2,442)	(1,720)
Repayment of share capital	-	(2,751)
Proceeds from exercise of personnel options	371	148
Repayment of interest-bearing loans and borrowings	(178)	(318)
Loans provided to associates	(30)	-
<b>Net cash from financing activities</b>	<b>(2,279)</b>	<b>(4,641)</b>
Net increase (decrease) in cash and cash equivalents	2,154	1,685
Cash and cash equivalents at beginning of the year	8,289	6,604
Effect of exchange rate fluctuations on cash held	73	-
<b>Cash and cash equivalents at end of the year</b>	<b>10,516</b>	<b>8,289</b>

**DOCdata N.V. – Financial Information for the year ended December 31, 2005****4. Consolidated Statements of Shareholders' Equity**

	Share capital (in thousands)	Share premium €	Reserves €	Retained earnings €	Total €
Balance at 1 January 2004	3,654	16,854	(5,453)	10,030	25,085
Dividend distribution	-	-	-	(1,720)	(1,720)
Repayment of share capital	(2,923)	-	172	-	(2,751)
Exercised share options	-	-	148	-	148
Costs share options	-	-	53	-	53
Translation difference	-	-	(13)	-	(13)
Profit for the year	-	-	-	2,129	2,129
Balance at 31 December 2004	<u>731</u>	<u>16,854</u>	<u>(5,093)</u>	<u>10,439</u>	<u>22,931</u>

**Equity Statement 2005**

Balance at 1 January 2005	731	16,854	(5,093)	10,439	22,931
Dividend distribution	-	-	-	(2,442)	(2,442)
Exercised share options	-	-	371	-	371
Costs share options	-	-	66	-	66
Translation difference	-	-	140	-	140
Rounding difference	-	-	(1)	1	-
Profit for the year	-	-	-	2,882	2,882
Balance at 31 December 2005	<u>731</u>	<u>16,854</u>	<u>(4,517)</u>	<u>10,880</u>	<u>23,948</u>

## DOCdata N.V. – Financial Information for the year ended December 31, 2005

### 5. Notes to the Consolidated Financial Statements

#### 5.1 Accounting principles

As of 1 January 2005 DOCdata N.V. (referred to as “DOCdata” or the “Company”) has adopted the International Financial Reporting Standards as adopted by the European Union (“IFRS”) in preparing the consolidated financial statements.

For a summary of the significant accounting policies under IFRS and an explanation of the effects of the transition from the accounting principles generally accepted in the Netherlands (“Dutch GAAP”) applied in previous years to IFRS, please refer to the Appendix ‘IFRS Enclosures’ to the press release dated 21 July 2005, with which the results of operations for the six months’ period ended 30 June 2005 were published.

#### 5.2 Management representations

In the opinion of the management, these financial statements include all adjustments necessary for a fair presentation of the financial position, operating results and cash flows of all reporting periods herein. All such adjustments are of a normal recurring nature.

#### 5.3 Property, plant and equipment

	December 31, 2005	December 31, 2004
(in thousands)	€	€
Land and buildings	1,700	1,680
Machinery and equipment	8,288	11,390
Other	928	912
	<hr/> 10,916	<hr/> 13,982
Under construction	33	138
<b>Total</b>	<b>10,949</b>	<b>14,120</b>

The book value for property, plant and equipment has decreased with € 3.2 million in 2005, resulting of depreciation of € 4.3 million exceeding capital expenditure of € 1.0 million, in combination with a foreign currency exchange result of €0.1 million.

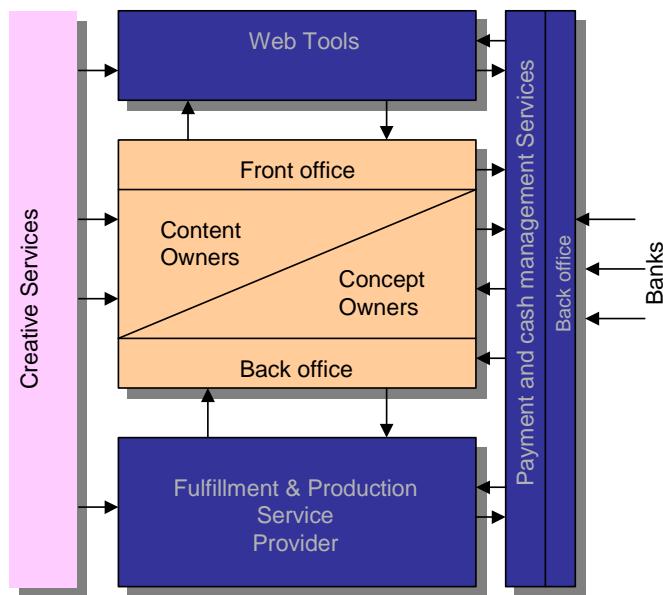
## Vision 2010: “Gear to Growth”

In order to realise accelerated growth in the future, the years 2006 and possibly 2007 form transitional years to implement the new strategy. In these years DOCdata will make the transition from a production oriented company to an innovative service company. The growth will partly be autonomous and also through acquisitions or partnerships that will be financed through available cash in the company, possibly added with bank loans. The Media Group<sup>1</sup> is seen as the platform regarding clients, management and financial means through which DOCdata can realize its internet related growth strategy for Europe. The following strategies have been developed, where “Customer Intimacy” forms the key factor.

### I. DOCdata

#### *The e-Commerce Service Company*

In 2006, DOCdata wants to develop itself further as the “full service” European e-Commerce Service Company. For this DOCdata has developed an internet related Business to Business “BtoB” and Business to Consumer “BtoC” service model. The e-Commerce services, which DOCdata currently not yet possesses, will be developed through strategic partnerships with both content and concept owners, or acquired through acquisitions. DOCdata aims to become the most innovative e-Commerce Service Provider. The BtoB service platform is shown in the figure below and forms the basis on which the BtoC platform has been built:



*Figure 1a: DOCdata BtoB platform: the basis on which the e-Commerce Service Company will be built*

<sup>1</sup> The revenue of the Media Group will in the coming years likely continue to show a further declining trend but will keep generating a positive cash flow.

## DOCdata N.V. – Vision 2010: “Gear to Growth”

The internet as BtoC distribution channel shows a strong growth due to the fact that on the one hand more people are connected to the internet and on the other hand that the spending per user is increasing. The expectation is that within Europe a growth rate of approximately 33% will be realised. Apart from offering fine meshed distribution within Europe, DOCdata wants to develop itself to a “full service e-Commerce” company. This means DOCdata will offer “turn key” solutions for companies that want to use the internet as a distribution channel for their products or services. Apart from physical distribution services, DOCdata will offer digital services, amongst others payment services, download functionalities, web management and reporting tools. The BtoC service model is shown in the figure below:

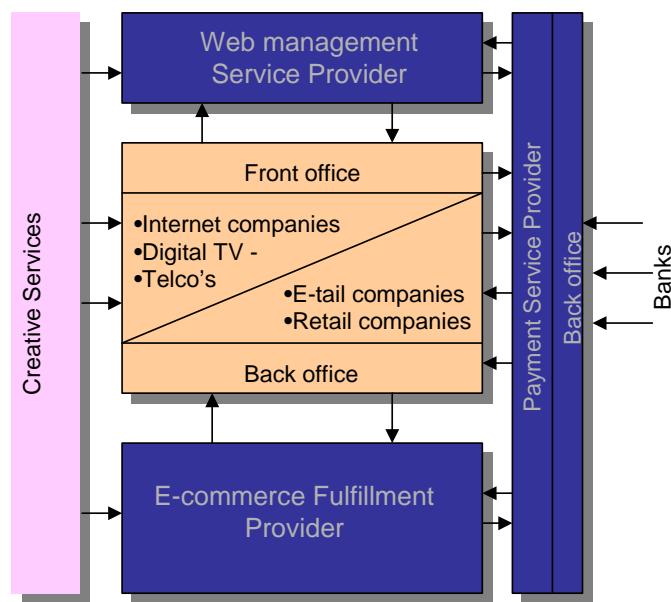


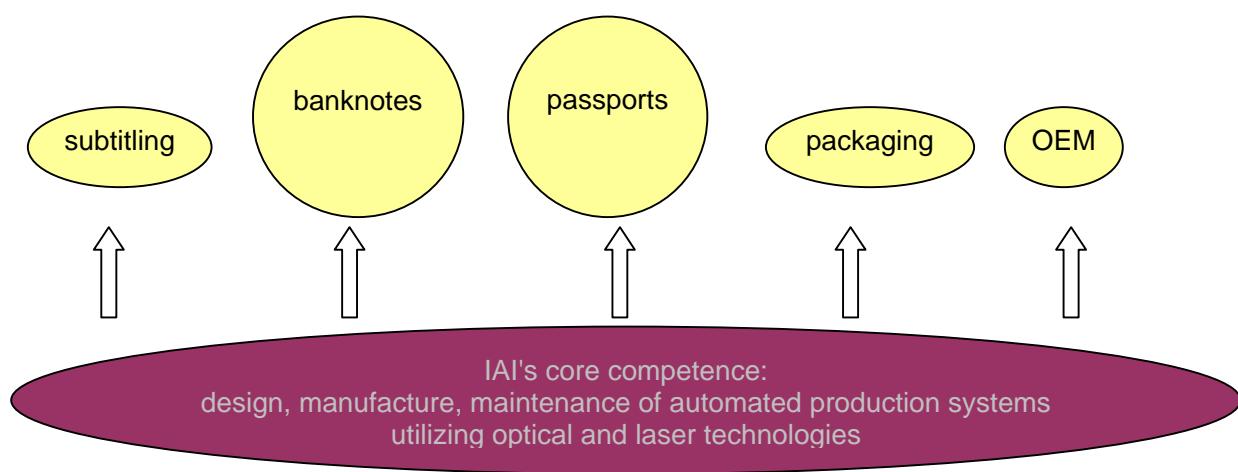
Figure Ib: *DOCdata: The e-Commerce Service Company*

As the internet is more and more becoming a “stage” from everybody for everybody, the boundaries between BtoB and BtoC models will slowly vanish and both models will become more and more entangled. DOCdata expects that there will be a growing need for companies that can offer both models at the same time. DOCdata will be one of these companies. Regarding fulfillment, DOCdata already functions as such. DOCdata will focus on clients that have a strong concept or product (brand); only then is it possible to generate enough traffic to the website.

## II. IAI

### *The Laser Application Company*

Industrial Automation Integrators (IAI) exploits its core-competence, the design, assembly, installation and maintenance of automated production systems utilizing laser- and optical technology, to offer specific, innovative and high value adding products to niche-markets. IAI seeks to protect such products by e.g. applying for patents. At present the most important niche-markets are those where security features are applied to security documents.



*Figure IIa: Present niche-markets of IAI*

The results achieved within the present niche-markets, particularly the uniqueness of the products, the excellent reputation and the profitability, prove that IAI possesses the strategic capabilities required to be successful in these niche-markets. Most likely these capabilities can also be successfully deployed in other, similar niche-markets.

That is why IAI first of all aims at improving its position in the present niche-markets by:

- market-development: increase sales of present products to new customers;
- product-development: increase sales by introducing new products for present markets.

For new applications in new niche-markets IAI will use the concentric diversification approach: increase sales by introducing new products for adjacent markets, based on re-use and accumulated knowledge and experience. For the careful selection of new applications IAI developed a selection procedure.

## DOCdata N.V. – Vision 2010: “Gear to Growth”

The figure below depicts the anticipated developments in the coming years: the increasing importance of the banknote, passport, “other security documents”, packaging applications and the appearance of at least one new niche-market.

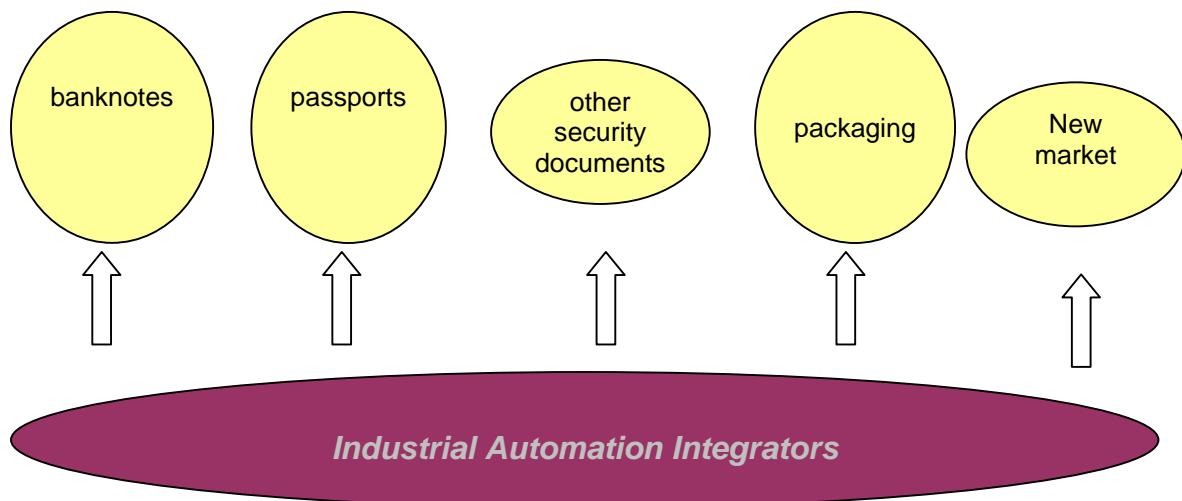


Figure IIb: Focus 2006-2008 for IAI

Apart from autonomous growth to be realised via the above strategy, the results allow investments in or take-overs of other companies. Potential candidates must at least satisfy the following requirements:

- they must be active in a growth market;
- they must use technology similar to IAI's technology;
- synergy must lead to substantial benefits for IAI, for the candidate, but preferably for both.