



Future Challenges – Intelligent Answers

Annual Report 2002

The company in figures

	1998	1999	2000	2001	2002
(figures in million EUR to IAS)					
Sales	12.2	14.5	16.3	19.6	21.2
Gross performance ¹	12.6	16.6	18.9	22.1	17.6
EBITDA ²	1.6	2.6	1.6 ³	-3.7	-4.5
EBIT ²	0.8	1.6	0.03 ³	-7.4	-9.8
Net profit/loss	0.3	0.8	-0.3 ³	-5.1	-10.3
Earnings per share (in EUR)	0.40	0.55	-0.08 ³	-1.18	-2.40
Employees ⁴	172	187	245	337	271
Balance-sheet total	10.4	13.7	45.9	40.8	30.0
Equity ratio	45.9 %	53.6 %	84.0 %	82.0 %	77.2 %
Liquid funds	0.7	2.5	22.5	16.3	15.9

¹ Gross performance before other operating income

² After interest income

³ Adjusted for initial public offering costs

⁴ Full-time equivalent, average

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Future Challenges – Intelligent Answers

PRO DV Software AG ranks among the leading software and systems companies for process-optimising and geo-based IT applications: We create innovative customised solutions on the basis of the market's leading technologies.

The most important success factors are – quite apart from our many years of experience in IT and project management – our extensive specialist applications know-how in the fields of telecommunications, industry, public-sector clients, utility providers, and retail/banking clients. Through the combination of our specialist sector know-how with leading technologies we have attained a significant advantage over competitors.

Alongside the established project areas, in the coming years we intend above all to further extend our position in the growth market Geo Solutions. Here PRO DV has set itself the clear objective of rising to become one of the three leading providers in Germany.



Change



Klaus Bullmann and Siegfried Wenzel, Board of managing directors, PRO DV Software AG



>> In 2002 the far-reaching recession in Germany took a further turn for the worse. PRO DV has taken consistent steps to counter the ongoing weakness of the markets: We have divested unprofitable shareholdings and re-structured the company to create sector-oriented divisions with strong sales. These measures will lead to a rise in revenues as early as 2003, and thus to a clear improvement in earnings.

Ladies and Gentlemen,

In the past year the far-reaching recession in Germany took a further turn for the worse. In particular the IT sector suffered as a consequence, again having to contend with a clear downturn in sales. Given such an environment PRO DV was not able to attain its targets for sales and earnings. We have taken the logical steps to counter this ongoing market weakness: The process of concentrating on our core competencies, one which had already been initiated, was continued, and we divested unprofitable shareholdings. Furthermore, we have re-structured the company to create sector-oriented divisions with which we have attained greater customer orientation and stronger sales. Once the economy picks up we will be able to return quickly to positive growth and earnings as our target sectors already have considerable pent-up need for investment.

All in all, with a weak economic environment in the past business year, and above all in the IT sector, the gross performance of PRO DV fell by 20.4 % to 17.6 million euros (2001: 22.1 million euros). The most important reason for this downturn, alongside the tangible reservation of our customers to award IT orders, was the sale of the shareholdings PRO DV Grüne Software GmbH and concept software gmbh, which were no longer part of our core business and whose contributions to the group's sales and earnings had not been taken into account since March and November 2002, respectively. Despite the adverse environment we were nevertheless able to conclude a number of successful projects, for example for the state of Baden-Wuerttemberg, Nestlé and VW, and win substantial follow-up orders, for example from the German Labour Office.

As a result of the downturn in sales and despite our consistent program to lower costs, earnings did not develop as expected in 2002. The operating result before depreciation (EBITDA) was -4.5 million euros (2001: -3.7 million euros). In addition to the necessary expenses to intensify sales in a weak market environment and to the re-structuring costs, high personnel costs have, above all, been a burden on earnings for IT service providers such as PRO DV.

The earnings situation at the subsidiaries also had a negative impact. In particular the Berlin-based subsidiary concept software gmbh failed to meet our expectations and led to a charge of 3.8 million euros on our earnings. Moreover, for reasons of prudence we have decided to adjust the goodwill of the other shareholdings and write these down in full, with the effect that this item will no longer pose a future risk to the balance sheet. These special effects have on the whole led to a negative operating result (EBIT) of -9.8 million euros (2001: -7.4 million euros). PRO DV continues to have a solid equity ratio of over 77.2 per cent with liquid funds of 15.9 million euros (2001: 16.3 million euros).

In recent years PRO DV has increasingly established itself as a provider of location-based IT applications (Geo Solutions). It is forecast that the market for Geo Solutions will see high two-digit growth rates in the coming years. We already have a broad client base ranging from T-Mobile through Aral to the German Ministry of the Interior, and have already attained a strong and independent profile on the market.



In order to avail of this strength and to further raise our overall profile we have decided to focus our core competence on the competence centre Geo Solutions. Thus we will be able to further extend our current market position as a solutions and service provider and rise to become one of the three leading providers in Germany in the coming years.

As a consequence of this strategic decision we have also re-structured PRO DV in terms of its sales departments: Rather than focusing on sales oriented to our competencies and divisions, we are now concentrating on customers in five key sectors. In these divisions our highly-qualified staff, each with many years of experience of similar projects, are in direct contact with our target customers. All the support for customers – from acquisition through to project implementation – lies in the hands of the respective division, something which prevents interface problems and leads to the bundling of sector competence.

With our proven solutions competence and a number of exclusive reference customers we are able to address interesting new customers in an even more specific manner, as well as better understand and solve their requirements. On the whole the re-structuring means that we have enhanced our internal synergies as well as the added value for customers.

The adopted re-structuring measures and the further focusing of the strategy will lead to an increase in sales and to a clear improvement in earnings as early as 2003, albeit still with a negative result. On the whole we expect the gross performance to rise by some 4 % to 18.3 million euros with a negative operating result (EBIT) of minus 2.0 million euros. If the forecast sales are attained, these targets are secured in all the company's divisions by the streamlining measures and cost reductions already adopted. We expect the economy to recover and for the current backlog of investments to be reversed from the beginning of 2004 onwards, with the effect that in the coming year PRO DV will benefit directly and to an above-average degree from the increase in IT investment, and that it will see a permanent return to profitability.

We would like to take this opportunity to thank all the employees for their commitment and work in these less than easy times.

Yours sincerely,




Klaus Bullmann



Siegfried W. Wenzel

Offensive





>> Flexibility, lean structures, greater competition – scarcely a management topic has been such a major issue in recent years as efficient company organisation. PRO DV offers the decisive basis for success: An efficient IT infrastructure with sector-specific know-how. With customised solutions we offer our customers a decisive competitive advantage – Intelligent answers from PRO DV.

> Experienced solutions provider – Focus on five sectors

Since our foundation as a software developer for technical information systems in 1979 we have developed into one of the leading software and systems companies for process-optimising and geo-based IT applications. As a solutions provider and service company PRO DV Software AG focuses on five sectors: Telecommunications, Government, Industry, Utilities und Retail & Banking.

PRO DV always offers its customers solutions from one source. Thanks to its experience and competence, PRO DV covers the entire value-added chain. This encompasses all the essential stages in a project, beginning with the identification of the task, the elaboration of a possible solution and its implementation, through to real-time operation and ongoing maintenance.

By focusing our project experience on five sectors we are able to make intensive use of synergy effects in customer projects and thus further extend our leading position. This specific sector and solutions competence is complemented by the competence centre Geo Solutions. In this segment we intend to conquer a position among the top 3 in Germany in the coming years.

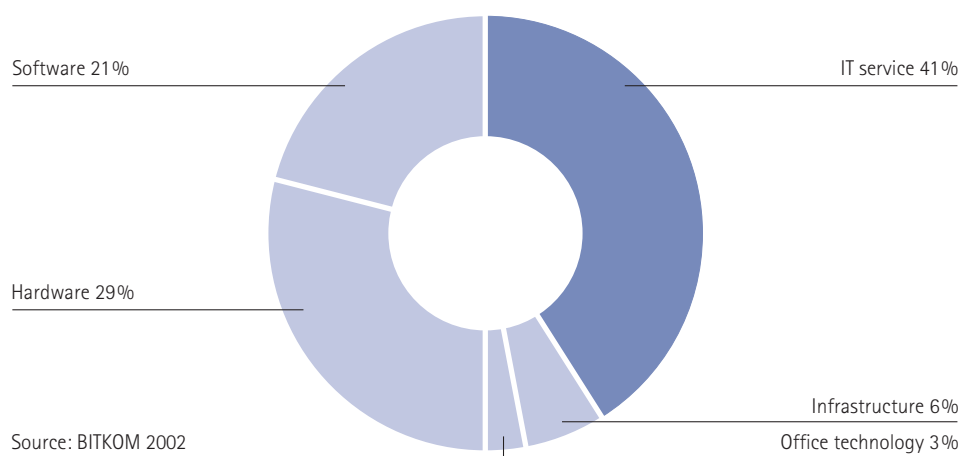


> Growth market information technology

Modern information technology is now the basis for numerous key developments in industry and society. Production processes, business flows and services are no longer conceivable without the detailed analysis of information, without the specific treatment and intelligent use of real-time data. The example of mobile business, the interplay of the internet and electronic commerce with mobile telephony therefore, illustrates the dynamic nature of our market, one which has affected people's personal spheres: Only a few years ago mobile telephones weighing as much as a briefcase were something very few people used. Today, in the era of the internet, GPRS and very soon also UMTS, more and more people are taking care of their private and business matters with a mobile telephone weighing a mere 100 grams or so. With the increasing dissemination of WLAN technology cable-free communication via laptop – both within corporate networks as well as on business trips – is likely to see the decisive breakthrough.

Since its foundation PRO DV has concentrated on the largest segment in the German IT market: In total some 40 per cent of the German IT market (total volume 71 billion euros) is accounted for by IT services, the core competence of PRO DV, according to BITKOM. All in all, two thirds of this portion of 29 billion euros is covered by our range of offerings – consulting, implementation and support services.

> Distribution of IT investment in Germany



Our growth potential in this market is considerable: The German market, with a share of 24 %, is the most important market in western Europe, ahead of Great Britain and France. And, after the USA (global market share 44 %), western Europe is the second-largest market in the world with a share of 30 % and a total volume of 285 billion euro (source: EITO).

> Above-average growth rates thanks to sector specialisation and Geo Solutions

Within the established market segments consulting, implementation and support services – which are strong and still growing – PRO DV focuses horizontally and vertically on attractive sectors:

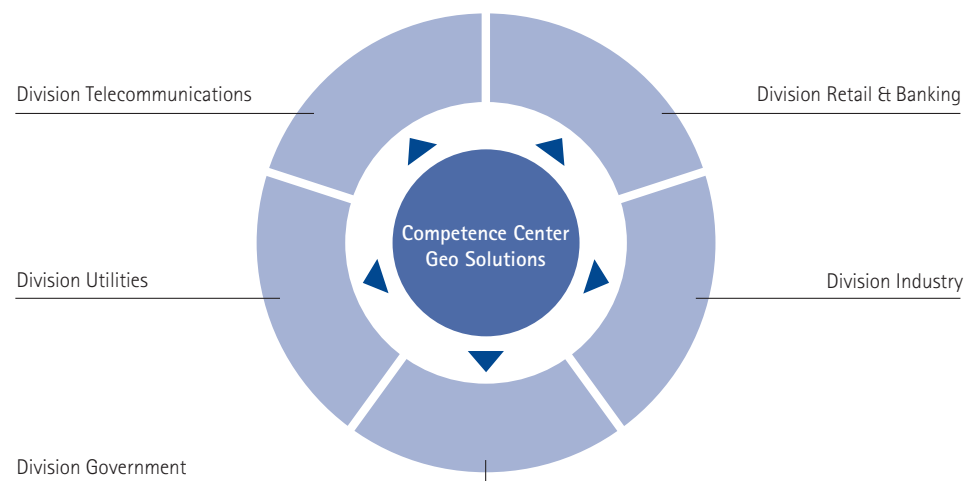
With the divisions Telecommunications, Government, Industry, Utilities und Retail & Banking PRO DV is focusing on particularly interesting sectors. Through the sector-focused sales structure, which as a door-opener is able to avail of the long-standing solutions competence and renowned references of PRO DV, we have ideal access to these sectors. Thus in the coming years we will be able to consistently expand our already strong position within these sectors.

Thanks to the stronger sector-specific orientation we have a significant edge over rivals and create inestimable added value for our customers. This is shown by our list of customers with renowned companies from our target industries, which include telecommunications (T-Mobile, e-plus, O₂), utilities (RWE, Ruhrgas, Verbundnetz Gas), industry (Bayer, VW, Warner Music) and public-sector clients (German Labour Office, German Ministry of the Interior, WDR).





We are also raising our profile with the competence center Geo Solutions thanks to our specialist know-how in one of the segments posting the strongest growth on the IT market. Location-based applications play an increasingly important role in all our divisions. In our competence center we are developing unique know-how, which we then make available to all the divisions through our networked pool of expert knowledge. By bundling the specialist sector knowledge within the company and by specifically interweaving this technology-oriented expert knowledge it is possible to develop the best ideas. By directly linking our sector experts with the extensive knowledge of our engineers, information technology specialists and economic scientists we create unique and powerful solutions in co-operation with our customers.



By combining our sector competence with the competence center Geo Solutions we offer solutions competence that is virtually unique on the market: We are one of the few providers, for example, able to customise integrated solutions in which applications for customer support are coupled with a pool of geographical information.



Understanding





>> So as further enhance sales and bundle the sector know-how which the company has developed, PRO DV has implemented a new structure for its sales force and the units responsible for sales: In our five divisions our customers can all avail of experts with profound knowledge of their respective industry. They are quickly able to grasp the decisive requirements, and thus develop a deeper understanding of the customer's processes and find suitable solutions.

> Division Telecommunication

The high degree of competitive pressure and cost pressure is forcing telecommunications companies to optimise their technical infrastructure. As the growth potential for the fixed line network and the mobile telephony market is limited at present and as tough predatory competition has erupted, there is now a need for customer loyalty programs so as to keep cancellation quotas as low as possible. In this regard PRO DV helps with specific packages of solutions for the fields of technical information systems, billing, knowledge management and customer care. We develop applications for efficient network planning and administration, for example, and make available up-to-date network information – e.g. on malfunctions and coverage – in customer relationship management systems. Thus customer queries may be dealt with quickly and efficiently. For customers such as T-Mobile and O₂ our solutions facilitate important competitive advantages in a keenly-fought sector.

> Project example: Complaints management at T-Mobile

Complaints are not really that tragic. Firstly, a company can learn a lot from them, and, secondly, studies have revealed that 95 per cent of those customers who make a complaint remain loyal to a company – albeit only if their complaint is dealt with in a professional manner. In times of tougher competition, an efficient complaints management system is an important factor for the success of a company therefore.

Take mobile telephony for example: With the introduction of an integrated service management solution for technical customer support – developed by PRO DV – the German market leader T-Mobile is able to react quickly and efficiently to queries and complaints. The system has been fully integrated into the existing IT architecture of the Deutsche Telekom subsidiaries. The solution also allows for interfaces to other information management systems at T-Mobile. Among these are the integration of T-Map for the geographical visualisation of



network malfunctions in the mobile telephony network – which is also a joint development between T-Mobile and PRO DV – as well as the integration of the customer database and the data warehouse technology for the generation of business ratios. The system also has communication interfaces for e-mail, SMS and fax services, allowing network status information to be passed on to customers.

> Division Government

The e-government solutions from PRO DV assist the optimisation of processes in public-sector administration through the use of modern intranet and internet technologies. A decisive factor for the efficient use of services by citizens, industry and public administration is a diversified combination of information, communication, transaction and participation. In this respect the PRO DV experts naturally include the latest security and authentication processes.

Be it food monitoring, emergency management or public information – our applications create leaner processes and greater proximity to the population. Among our clients are the German Labour Office and the German Ministry of the Interior. In the forestry sector we have the product proforst, a leading application for production management control available to forestry administrators and local authorities, and which is currently used by the states of Baden-Wuerttemberg, Berlin, Hamburg and Saarland.

> Project example: Catastrophe prevention with greater proximity to citizens

Reports of catastrophes repeatedly make the headlines in the media, with demands for fast, effective measures to guarantee the safety of citizens. There is also a tangible wish among the population for the swift provision of reliable information so as to ensure that they do the right thing in the event of an emergency.

For this reason PRO DV was commissioned by the central office for civil protection at the German administrative office, an agency of the German Ministry of the Interior, with the elaboration of a modern information solution to aid the management of large-scale hazards and dangers. Now the necessary information for the civil population may be made available on the internet together with other offerings relating to catastrophe protection, civil protection, and emergency services. Under the internet address www.denis.bund.de Germany's emergency service information system (deNIS) bundles the latest announcements, reports and literature research services of all the public agencies, help organisations, institutes and federations, as well as important information on precautionary measures and actions to be taken by the general population in the event of a catastrophe. The available information was integrated and expanded to include a location-based component for the presentation and visualisation of complex situations on a digital map. Thus, for example, it is possible to visualise how floodwaters will spread – an important aid in the deployment of correct and timely preventative measures.





> Division Industry

Increasingly extensive product ranges with a simultaneous reduction in manufacturing depth are a new challenge for industrial companies today. In addition customers expect fast reaction times and short delivery times for orders.

Exhausting all the potential for optimisation is the only way to meet the increasing demands on the buyer, sourcing and competing markets. The industry experts at PRO DV specialise in production/planning/control, computer aided quality and logistics chain optimisation. The proven PRO DV Manufacturing Execution System f@stchain offers excellent process optimisation using Quick Response Manufacturing: The status of each individual manufacturing stage within the entire manufacturing chain may be observed and analysed in real time on a permanent basis. This improves the inner-company supply chain management, quality management and the regulation of production processes. Our Industry solutions noticeably lower throughput times, reduce production costs, and increase delivery compliance.

> Project example: Digital bay plan for an automobile plant

Manufacturers of complex industrial goods face major logistical and planning challenges. Let us take the example of the automobile industry: On an area of around one square kilometre (about the size of 100 football fields) at a plant in northern Germany Volkswagen AG, the leading European automobile manufacturer, produces drive chain components for its entire vehicle production. With a plant of this size the corporate and production management faces the mammoth task of co-ordinating manufacturing processes whilst ensuring optimum capacity utilisation for the machinery and short reaction times in the event of errors.



In order to make production more transparent PRO DV designed and implemented an internet-aided location-based information system for operating data collection. Visual operating information on a digital bay plan, which covers all the relevant data for the control and rectification of faults, now ensures the transparency of production flows. System errors are displayed on the bay plan using optical signals. The machinery and equipment affected, the components manufactured using these, and the data for repair and maintenance may be located immediately. Thanks to the spatial display of the operational information the engineers have an instrument allowing them to take the right decision quickly and efficiently.

> Division Utilities

The changes in the structure of the energy market have left utility providers facing new challenges: The greater pressure for profitability was followed by a clear increase in network companies; the sustained development and ecological compliance demanded by law have led to a rise in the requirements placed on production. As a consequence those companies which previously had a monopoly in a certain region are now much more customer-focused and are gearing all their organisational structures to greater customer proximity. In this respect customer relationship management is of major significance.

At the same time the energy providers, or utilities as they are also known, are also optimising their infrastructure. Here the network management solutions from PRO DV are used in the expansion and maintenance of networks. The PRO DV solution WinKKS, for example, is used to monitor the corrosion of steel pipes and to initiate specific action if necessary. And our workforce management solutions allow service teams, e.g. for the repair of line damage, to be controlled quickly and efficiently, so that service interruptions are even more of a rarity.

> Project example: Network management for utility providers

The interruption-free operation of extensive networks is a prerequisite for business success for utility companies. A decisive factor in this respect is the swift identification of errors and the constant monitoring of the network. Every element in the network – be it a water pipe, a shut-off valve, an electricity cable, a transformer station or a house connection – is associated with a diversity of technical data and additional geographical information, and especially so if buried underground. Only with precise graphic documentation can objects be localised underground and the network operated with maximum availability for customers. With a process-oriented view of all the data relating to a network the operator has the necessary strategic information to optimise the network, and to perform maintenance work as needed and without inconveniencing customers. Indispensable aids in this task are geographical information systems with which technical and location-based data may be linked, visualised and analysed.

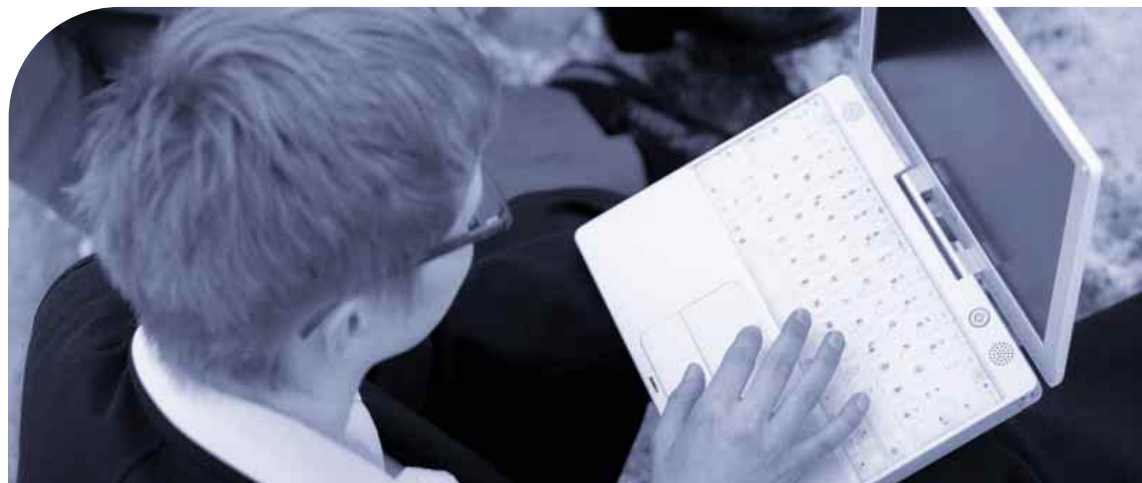
In a number of consecutive projects for the power supplier Stadtwerke Essen (SWE) PRO DV has developed an extensive network information and planning system (NIPS). The original goal of the NIPS project was that of creating an integrated information system to document the geographical position of the complete grid-type network, including technical and auxiliary data. After the replacement of the existing stand-alone solutions with this information system and the establishment of an extensive data stock, the focus increasingly fell on applications for the more efficient processing of operational flows, as well as the integration of external systems and commercial applications. Today the system administers not only practically the entire grid for Stadtwerke Essen and the city's mapping department, but also makes available up-to-date grid data throughout the company. It has considerably improved the planning and information base, thus making operational flows much more efficient.

> Division Retail & Banking

Dwindling margins and price competition have led to the retail trade having to consistently tap the full potential for cost and process optimisation. And banks are also compelled to reduce the costs of their processes in order to remain competitive. PRO DV offers help – with solutions that bring about a specific increase in efficiency. Take the example of expansion planning: Infrastructure data and socio-demographic data for new or existing branch locations are studied by retail trading companies so as to forecast the economic efficiency of a branch. Banks use our solution for real-estate valuation when awarding loans for mortgages. In this respect property-related information is combined with geographical information on infrastructure so as to determine the quality of the location, and minimise the credit risk to a clear degree. Workflow optimisation also allows for a further reduction in the process costs associated with the awarding of loans.

> Project example: Branch planning with digital maps

As a specialist for location-based business solutions PRO DV has developed a geographic marketing and planning system for the mineral oil company Aral, which is headquartered in Bochum, and for a major trading group based in North-Rhine Westphalia.



The trading group, the leading German retail food company with over 9,000 stores and sales of over 25 billion euros, plans locations for new retail outlets using a solution from PRO DV. The new location analysis and planning system not only displays new locations for outlets on a digital map of Germany, but also integrates external statistical data such as purchasing power, age structure, income structure, and the position of competitor's outlets and displays this on the digital map. The bringing together of map data and market information has created a totally new planning instrument which permits the simulation of possible sales profitability on the computer before the opening of new outlets. The investment risk is minimised, the planning process accelerated.

The mineral oil company Aral, the market leader in Germany with sales of over 10 billion euros and nearly 3,000 petrol stations, has also opted for a solution from PRO DV. Pricing information and other data for all the Aral petrol stations are now recorded centrally and linked with external data such as traffic volume, population structure and sales outlets for competitors in the respective catchment area. On the basis of this graphic presentation of information, sales prices and marketing measures may be planned from headquarters and transmitted to the sales outlets.



> Competence Center Geo Solutions

Without reliable location-based data it is often scarcely possible to make secure statements on current and future business activities. Geo Solutions offer the possibility to tap in full the potential of location-based data in conjunction with geographical information systems (GIS) and geo-data servers. Geo-data servers administer – homogeneously and centrally – the data usually stored in differing databases and data formats. Geographical information systems illustrate location-based contexts and make these available for use in other analyses. In this respect geographical data (e.g. road section data) are associated with company-specific information and/or socio-demographic data.

> Growth market Geo Solutions

The integration of location-based and operational data is increasingly becoming a strategic factor in many sectors when reaching entrepreneurial and management decisions. Leading market research institutes foresee above-average growth for this market in the coming years. 85 % of all data is location-based – and thus the integration of the geographical level with the arithmetical level often provides additional, decisive information. In the age of the internet, GPRS and UMTS, geo-data play an ever increasing role, in mobile business for example. Thus PRO DV has developed m-business solutions for personal digital assistants (PDAs). The user is able to avail of location-based applications, cartographic information, as well as location-based and personalised information (location-based services) on his PDA.

Examples of successful applications are increasingly to be found in every sector: Logistics companies use Geo Solutions to plan their routes, mobile telephony providers and utility providers use them to extend their networks, real-estate companies to manage their properties. Cartographic presentations quickly make information visible – and thus accelerate decision-making processes: For instance, how high are sales and what is the market potential in a region or specific contractual territory? PRO DV solutions for site analysis evaluate infrastructure data and socio-demographic data for an appraisal of new or existing branch office locations. How can a logistics company optimise its route planning, how can a mobile telephony or energy provider optimise its network operations? In the case of tour optimisation, routes and vehicles may be visualised and thus, with control from the headquarters, the optimum routes and/or vehicle capacities attained. Using GPS it is actually possible to visualise the movements of a vehicle fleet in real time.

As a result PRO DV customers benefit from greater market presence, faster reaction times, lower costs, greater customer proximity and enhanced customer loyalty.

> Using geo-data efficiently with PRO DV solutions

Our staff in the Geo Solutions competence center have many years of experience in the successful deployment of geographical information systems. They are masters in the underlying technologies for the market, developing innovative components and frameworks.






Thus the competence center has created PROconn, a modular system based on leading standard technology offering significant benefits and simplifications in the integration of geo-components into customer projects. Database formats which have to date only been compatible under difficult circumstances may be integrated into applications with PROconn, with the effect that there is very little restraint placed on the combination of geo-data and operational data. Platform-independent communication uses Java objects which may be encoded. Thus PROconn is excellently suited to critical applications. A further benefit results from the single source approach: Regardless of whether the application is running on a workstation or a PDA, its visual output is automatically amended in line with the display medium. As PROconn has geo-based functionalities, it is the optimum foundation for the swift and investment-favourable provision of geo applications; this foundation is also outstanding thanks to its high degree of performance and the possibility to edit data. PROconn has been successfully deployed in various sectors, above all among companies in the telecommunications sector.

In-depth knowledge of the creation of cartographic images on mobile end-devices and in geo-data tuning round off the specialist skills. In the Geo Solutions competence center our IT experts, engineers and technicians develop the innovative components needed for our exemplary solutions.



Trust



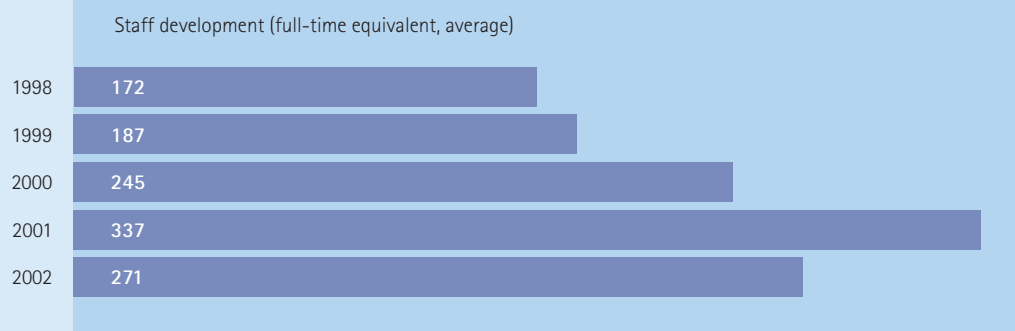
A woman with dark hair, wearing a grey suit and a light blue shirt, is sitting on a wooden deck. She is smiling and looking towards the camera, with her right hand resting on her head. A laptop is open on the deck in front of her. The background is a bright, sunny outdoor setting with wooden planks.

>> PRO DV defines itself through its most important capital: its people. The high degree of willingness to perform well and the intelligent creativity of our employees are the fundamental factors for the success of PRO DV. The further development of the company is determined not least of all by the personal commitment and ideas of each and every individual: The success of the company is the sum of all the individual achievements.

PRO DV specifically invests in highly-qualified staff. As the most important source of our added value, „human capital“ is a key asset for PRO DV. The further development of the company is determined to a decisive degree by the personal commitment and ideas of each and every individual: The company's success is the sum of all the individual achievements. In addition to specialist and social competence, it is commitment, creativity, initiative and a sense of responsibility on the part of our employees which are the key factors in the success of PRO DV.

> Our employees as customer-oriented co-entrepreneurs

We have a clear model: We regard our employees as customer-oriented co-entrepreneurs. Thanks to horizontal hierarchies and self-controlling teams we create the leeway for new ideas and concepts. In addition to extensive know-how and team spirit, an eye for what is technically and economically feasible is also important in our line of business. The further development of the company is based to a decisive degree on the personal commitment and the ideas of each and every individual.



This model was laid down in writing in four principles for the first time last year; these principles were developed in co-operation with our employees:

- Our employees are characterised by their excellent sector and solutions know-how, one of the most important factors for our success.
- Our culture is based on personal responsibility, orientation to success and results on the part of all employees working in customer-oriented teams.
- We are an attractive employer for our staff: We offer the best-possible opportunities for personal development and make strategic investments in the further vocational training of our specialists and executives.
- Our culture is characterised by openness, fairness and trust.

These principles – developed and approved in co-operation with our employees – are not merely empty words for us, but a concrete set of instructions in all our activities. One of the most important ramifications for the personnel management team was the expansion and further development of our personnel management instruments.

In addition to the long-established concept „Managing with target agreements“, in the future the overall view of the company among employees will be evaluated using the





Balanced Scorecard management instrument. Furthermore, the first stages to a comprehensive evaluation approach have been successfully implemented so as to create 360° feedback. With these instruments and measures we are supporting the culture of personal responsibility within the company, as well as fostering the potential of our employees to enhance the continuous improvement process and demand changes. This further strengthens the extent to which employees identify with PRO DV and its corporate objectives.

> Performance-oriented remuneration

PRO DV is managed on a team-oriented basis with clear targets for earnings and results. All our employees are remunerated on a success-oriented basis. The size of the variable salary portions is based on the extent to which individuals achieve their targets and on the function of the employee within the company. Furthermore, employees profit from incentives in the case of special achievements and contributions towards the success of the company.

> Specific further training

In order to give our employees the possibility to develop their own personalities and master the latest technology we offer a wide range of training courses on significant technological trends and hold seminars on project management and personal development.

This strategic investment by PRO DV in further training courses is a component in our customer-oriented know-how strategy and a prerequisite for the satisfaction of our employees.

> Training courses

Furthermore, each year PRO DV offers young people the opportunity to launch their career with an internship or apprenticeships. Of note in this respect in recent years is our excellent experience in the training of information technology specialists (application development) and electronic engineering with IT systems.

> Systematic knowledge management

Having staff with excellent specialist and sector know-how is not the only decisive factor for a strong and powerful company, also of importance is the availability of this know-how for other employees in the right place and at the right time. PRO DV has based the necessary systematic knowledge management system on a „Knowledge Map“. The exchange of information across the entire group of companies and the formation of expert networks makes basic economic sense and consolidates the customer orientation as demanded by best practise.

The sum of all these activities is the basis for our success: Satisfied and committed employees.

Pertinacity





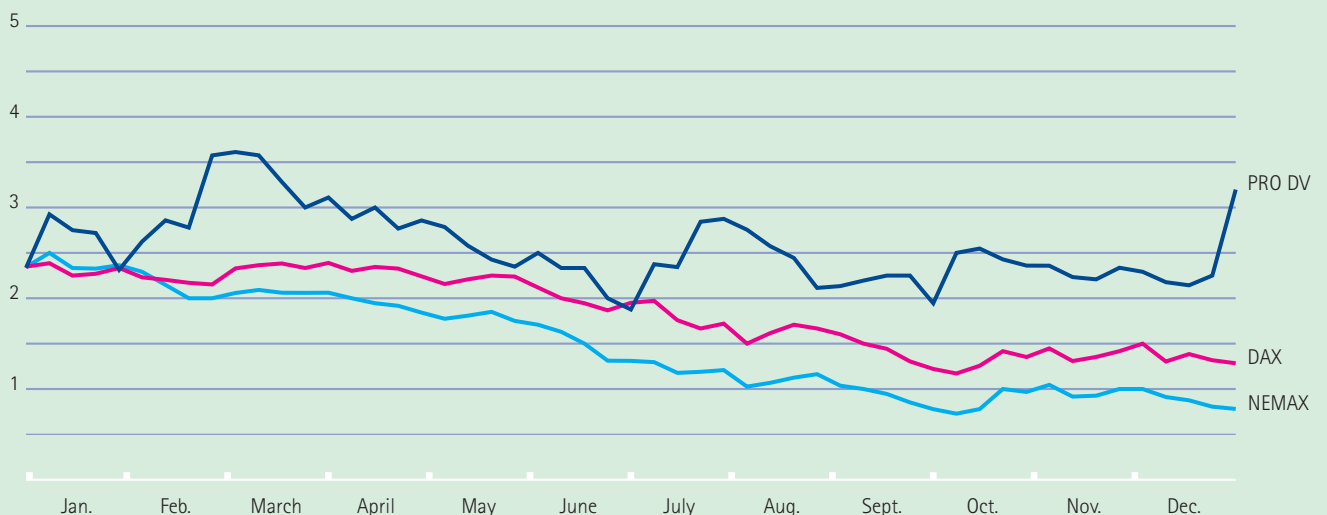
>> Our philosophy is that of providing all those interested in the company with the same open, timely and active information. This high degree of transparency is reflected in the company's commitment to corporate governance at an early stage. As a result the PRO DV share was able to fly in the face of all the negative trends – despite falling markets and the various scandals.

> Further slide in stock prices – PRO DV asserts itself in the face of negative market trend

The doldrums on the international stock markets, which began in mid-2000, developed in 2002 into the biggest bear market since the stock market crash of 1929. At the same time, the third year of this slide in prices was also the toughest yet: In a year-on-year comparison the German stock index Dax slipped by nearly 44 per cent (2001 minus 19.8 %, 2000 minus 7.5 %) with a closing level of 2892 points (31.12.2001: 5160 points) – the biggest-ever loss in its history. Since the last high in March 2000 the most important German stocks listed on the Dax have thus lost nearly two thirds of their total.

Among the year's major losers in the technology crisis was Neuer Markt. Shortly after the fifth anniversary of the exchange's existence Deutsche Börse saw no possibility for Neuer Markt's survival and decided to liquidate the segment. Towards the end major institutional investors had scarcely attached any significance to the stocks listed in the erstwhile growth segment. The Nemax All Share again fell by over 50 per cent in the course of the year, from around 1000 points to less than 400 points. The liquidation of Neuer Markt will be completed by the end of 2003. The successor to the Nemax 50 will come into existence next March, the Tec-Dax.

Over the year as a whole the PRO DV share was able to consistently assert itself in the face of the negative trends on the market. Thus PRO DV ranked among the most stable stocks on Neuer Markt in the past year.



> Key share date

SCN	696780
ISIN	DE0006967805
Abbreviation	PDA
Designated sponsors	M.M. Warburg & Co, Seydler AG
Stock exchange segment	Prime Standard

	2002	2001
Number of shares	4,300,000	4,300,000
Closing price (as of 31.12.)	3.18 EUR	2.15 EUR
High	3.95 EUR	10.55 EUR
Low	1.77 EUR	1.65 EUR
Trading volume (Daily average)	4,675	19,573
Market capitalisation (as of 31.12.)	13.67 Mio. EUR	9.25 Mio. EUR
Free float	45.1%	45.1%

> Shares owned by members of the executive bodies

	Shares 31.12.2002	Shares 31.12.2001	Subscription rights 31.12.2002	Subscription rights 31.12.2001
Board of Management				
Klaus Bullmann	491,225	491,225	10,000	10,000
Siegfried Wenzel	491,225	491,225	10,000	10,000
Supervisory Board				
Dr.-Ing. Knud Norden ¹	0	0	0	0
Dr. Harald Obendiek	0	0	0	0
Michael Petmecky ¹	0	0	0	0
Dr. Walter Aden ²	0	0	0	0
Dr.-Ing. Rolf Windmüller ²	0	0	0	0

¹ since 04.06.2002

² until 04.06.2002



> Shareholder structure

In the course of the initial public offering in March 2000 the company's founders and the other original shareholders signed a lock-up agreement covering 54.9 % of the capital stock; this agreement bans the sale of shares to third parties until March 2004. Compliance with this agreement is ensured through the allocation of separate securities identification numbers to the blocked shares.

> Annual general meeting – The shareholders' day

On 4 June 2002 over 200 shareholders, shareholders' representatives and guests gathered in Hohensyburg Casino in Dortmund for the company's annual general meeting. The agenda covered not only elections to the Supervisory Board and the adoption of resolutions on the presentation of the business annual financial statements – an application was also submitted at the annual general meeting for authority to buy back the company's own shares amounting to as much as 10 % of the capital stock. The authorisation, which runs until 30.11.2003, is intended to give the company the possibility to buy its own shares so as to be able to offer these as payment within the framework of company mergers or in the acquisition of companies and shareholdings. This resolution superseded the regulation which expired at the end of 2001. In addition, the focus was also on the exchange of information and opinions between shareholders and the PRO DV management. All the points on the agenda and resolutions were carried with a majority of over 99 per cent.

> Corporate governance – Transparency of the management

One of the most important demands placed on a publicly-listed company by shareholders is open, honest and timely communication for the capital market. A prerequisite for investments is the placing of trust in the manner in which the company is managed and in its supervisory boards and committees; trust in corporate governance therefore.

For many years in Germany there were no regulations or directives, let alone statutory provisions, on this topic. The German Ministry of Justice initiated a governmental commission to examine this topic – and above all from the stance of an international comparison. By the beginning of 2002 this commission had developed the German Corporate Governance Codex, a list of recommendations for all the major points in the corporate constitution. The codex includes proposals for codes of conduct concerning the lack of orientation to shareholders'

interests, as well as the relationship between and independence of the managing and supervisory boards. Furthermore, the codex calls for the complete independence of the company auditors.

The 4th Financial Market Promotion Act, which came into effect in mid-2002, obliges listed stock corporations to acknowledge compliance with the codex's guidelines in their annual reports or to explain any possible derogations (in line with the principle of „comply or explain“).

The Board of Management and Supervisory Board of PRO DV Software AG support the proposals and guidelines of the codex in the interest of all the shareholders and capital market players. For this reason, on 2 July 2002 PRO DV became one of the first companies on Neuer Markt to submit the declaration in line with § 161 AktG.

> New stock market segmentation – PRO DV moves into the premium segment

In order to strengthen the trust placed in the German capital market, Deutsche Börse re-segmented the German stock market as of January 2003: The newly-created Prime Standard is now the premium segment and places the highest transparency demands in Europe on the companies listed on the exchange. Quarterly reporting, analyst conferences, the publication of a corporate calendar, and the use of international accounting standards are obligatory, for example. On the newly-created General Standard compliance is merely needed with the minimum statutory requirements. Trading on Neuer Markt is set to be suspended at the end of 2003.

Thanks to its open information policy PRO DV fulfils all the requirements of the Prime Standard. With the change into the new premium segment PRO DV retains the interest of institutional investors and analysts to the benefit of all the shareholders. Following scrutiny of the criteria for acceptance by Deutsche Börse the PRO DV share was admitted to trading on Prime Standard as of 01.01.2003. At the same time this marked the end of trading of the PRO DV share on Neuer Markt.

> Our extensive information offering for shareholders

Private and institutional investors demand a high degree of transparency from publicly-listed companies. This transparency serves as a basis for well-founded investment decisions. PRO DV informs all those interested in the company in the same timely, comprehensive, transparent manner. In addition to the obligatory annual report, the quarterly reports and various announcements on current developments at PRO DV Software AG, our Investor Relations department is in constant contact with the financial world. Not only did the year 2002 see a whole host of individual meetings with analysts, major investors and financial journalists, but we also sought contact to private investors.

Our Internet site <http://www.prodv.de> offers up-to-date information on the company and its finances. Naturally all the shareholders and others interested in the company are able to register for the e-mail newsletter, making sure that they never miss any important news about the company.

Concentration





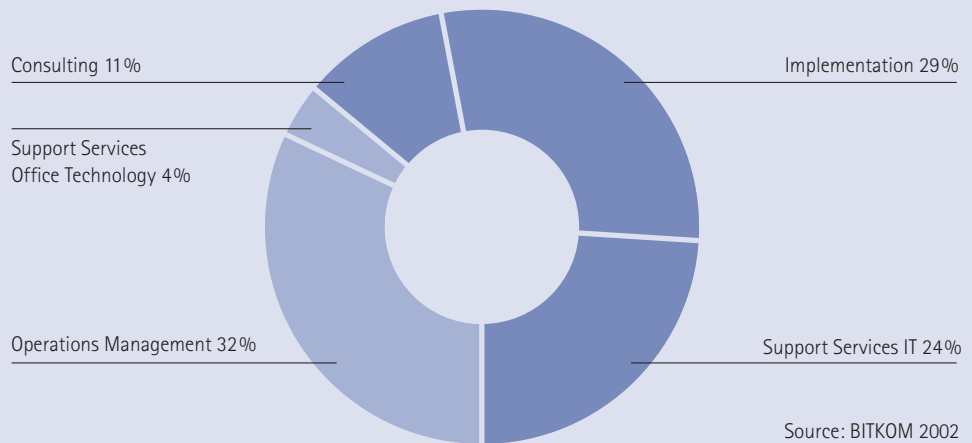
>> The previous year was shaped by the concentration to the core business and our own strengths. Investments were intensely reviewed and, as a reaction to the market situation, a new, customer and market oriented organisation instituted: With the common purpose to an evident increase of the income in the following years.

> The market and economy as a whole

The past 2002 business year was characterised, as had been the previous year, by stagnating economic development and muted consumer spending worldwide: Planned investments were postponed or cancelled at short notice. Since its foundation PRO DV has concentrated on the largest segment in the German IT market: According to BITKOM a total of some 40 per cent of the German IT market (total volume 71 billion euros) is accounted for by IT services, the core competence of PRO DV. We are well positioned on this partial market, which has a volume of 29 billion euros, with our range of offerings – consulting, implementation and support services.

> Distribution of IT services in Germany

64 % are covered in full or in part by the competencies of PRO DV



Our growth potential in this market is considerable: The German market, with a share of 24 %, is the most important market in western Europe, ahead of Great Britain and France. And, after the USA (global market share 44 %), western Europe is the second-largest market in the world with a share of 30 % and a total volume of 285 billion euros (source: EITO).

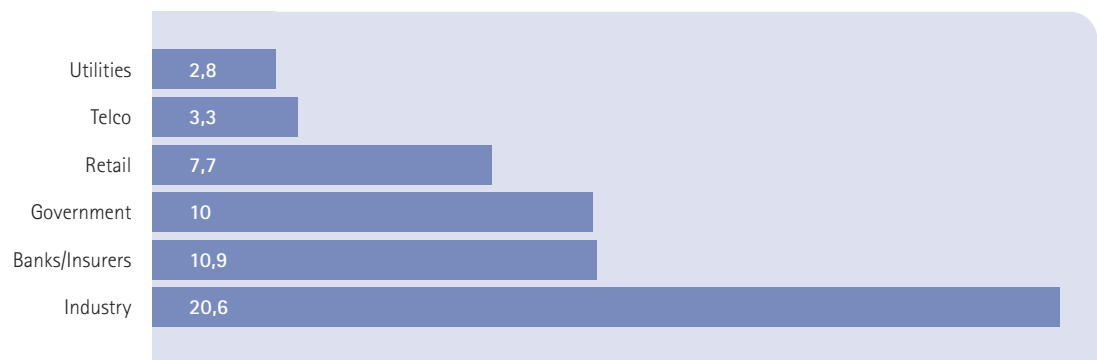
In this respect PRO DV serves important sectors in Germany. In addition to telecommunications and public-sector administration, companies from the fields of industry, the retail trade and utilities providers rank among the customers of PRO DV.





> IT investment in Germany (EUR bn)

PRO DV serves important sectors

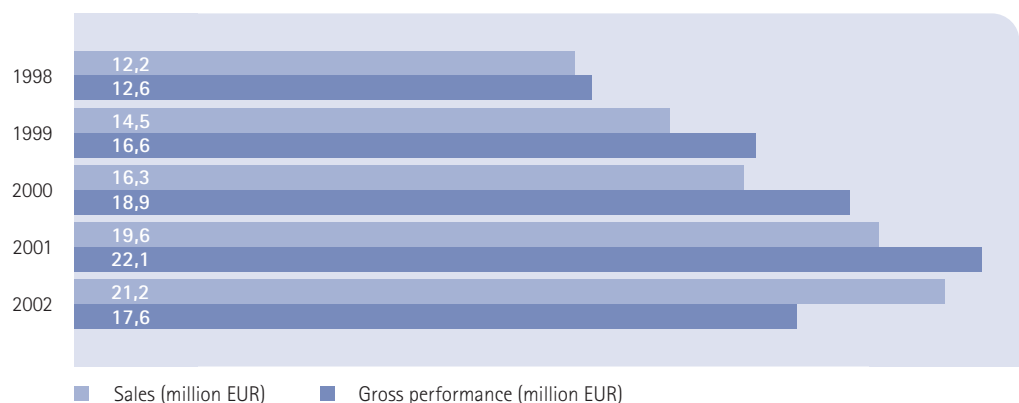


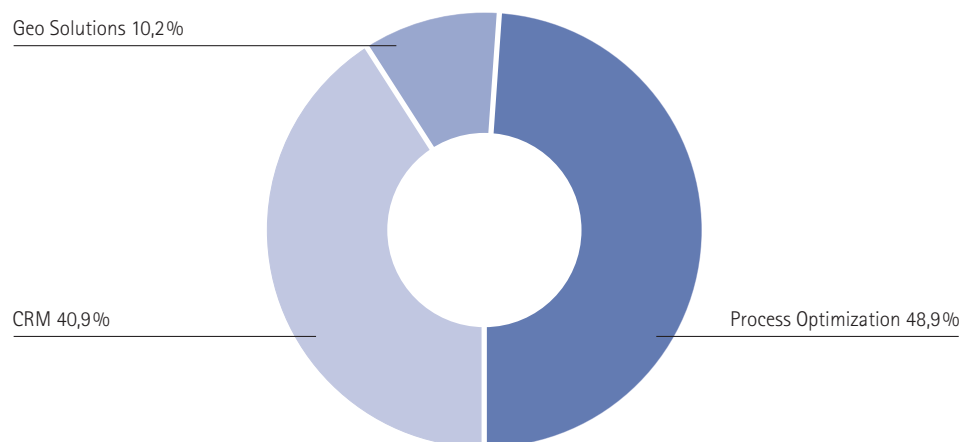
Source: BIT, Techconsult2000

> Development of sales and performance

The consolidated gross performance at the PRO DV group in the reporting period amounted to 17.6 million euros (2001: 22.1 million euros). This decrease of 20.4 % is partly due to the general economic situation. On the other hand, as a result of freezes on IT budgets and purchase reticence in the 2002 business year, PRO DV services could not be placed on the market to the extent that they had been in the previous year. Furthermore, in the course of the year PRO DV divested the shareholdings PRO DV Grüne Software GmbH (March 2002) and concept software gmbh (November 2002). As of these dates the above companies were no longer consolidated in the group of companies.

The volume of work in progress, after the deduction of advances already received, amounted to 0.7 million euros (2001: 3.0 million euros). No development services were capitalised in the 2002 business year.





With respect to the individual competence centers Process Optimization contributed 8.6 million euros (2001: 11.6 million euros) or 48.9 % of the gross performance, the competence center CRM contributed 7.2 million euros (= 40.9 %) (2001: 7.1 million euros), and Geo Solutions 1.8 million euros (= 10.2 %) (2001: 3.4 million euros) to the gross performance. With the suspension of the internet portals ForestNetService and gartencenter24 in 2001, there was no reporting for the Web Business segment in 2002.

In the past business year new projects with a total volume of 15.0 million euros were commissioned. Orders on hand as of 31.12.2002 amounted to 7.9 million euros.

> Earnings

The earnings situation in the 2002 business year fell considerably short of our expectations. Thus the operating result (EBIT) for the PRO DV group was -9.8 million euros (2001: -7.4 million euros). In the course of the year PRO DV reacted to the emerging deterioration in earnings and took corrective measures.

One of the essential factors in this development was the considerable lack of capacity utilisation at the subsidiary concept software gmbh in Berlin. The management of the company did not succeed in developing customers and markets to a sufficient degree so as to attain the corresponding sales. For this reason the Board of Management decided to sell the company. In the wake of this measure PRO DV performed a one-off depreciation of 2.3 million euros on the stated goodwill of the shareholding with no effect on earnings. concept software therefore contributed -3.8 millions euros to results. The sale of PRO DV Grüne Software led to charges of a further 0.35 million euros.

In addition the goodwill of the other shareholdings was written down in full in the 2002 business year. Thus the extraordinary depreciation on goodwill amounted to 3.6 million euros. Furthermore, there was additional depreciation and disposals from capitalised development costs totalling 0.5 million euros. The operating result before depreciation (EBITDA) was -4.5 million euros (2001: -3.7 million euros).



Further potential for savings was tapped through the integration of the subsidiary PRO DV Software GmbH Cologne into PRO DV Software AG and the suspension of the business operations of pro dv online gmbh (Munich). Both locations will be retained as business offices for PRO DV Software AG. This integration has led to a reduction in costs and considerably simplified internal processes. Since 11.12.2002 pro dv online gmbh has functioned as a personally liable partner in the newly-founded Immobilienverwaltungsgesellschaft Hauert 6 mbH & Co. KG. As a wholly-owned subsidiary of PRO DV Software AG this company is responsible for the administration of the building in Dortmund.

With respect to the competence centers of PRO DV Process Optimization contributed -2.1 million euros, CRM -1.4 million euros, and Geo Solutions -2.0 million euros. The extremely high negative contribution by Geo Solutions is essentially due to extensive forward development services such as those for the framework PROconn.

The consolidated operating result was -10.3 million euros (2001: -8.2 million euros). The net loss for the year throughout the group after the deduction of profits due to third parties was 10.3 million euros (net loss 2001: 5.1 million euros). The earnings per share were established as -2.40 euros per share.

Despite the tense economic situation at present, we assume that the enhanced positioning of the company and the consolidation measures already adopted will allow us to place our solutions and services on the market. As a consequence of these moves, we expect a clear improvement in earnings for the 2003 business year with an operating result (EBIT) of -2.0 million euros.

> Investment

In the past year we invested in office and business equipment. Furthermore, the year 2002 saw replacement investment in IT infrastructure so as to ensure that servers and PC workstations remained state-of-the-art, for instance, thus securing the capability of our teams. Investment in the 2002 business year totalled 0.3 million euros. Of this sum 0.2 million euros was accounted for by fixed assets and 0.1 million euros by intangible fixed assets.



> Employees

The situation on the labour market has eased over previous years. Taking into account full-time equivalents and the quotas for shareholdings in subsidiaries as of 31.12.2002 an annual average of 271 (2001: 337) staff were employed throughout the group. The decrease of 19.6 % primarily results from the sale of the two companies PRO DV Grüne Software GmbH and concept software gmbh. With respect to the point in time of the sale these measures led to a decrease of 61 in the group's personnel. Furthermore, there were no activities to counter natural fluctuation.

> Other important events in the business year

The annual general meeting of PRO DV Software AG took place in Hohensyburg Casino in Dortmund on 4 June 2002. The mandate of the then members of the supervisory board ended as scheduled with the conclusion of this annual general meeting. Of the shareholders present two proven IT experts, Dr.-Ing. Knud Norden, Dortmund, a member of the board of RWE Systems AG and responsible for the IT sector throughout the entire RWE Group, and Michael Petmecky, Dortmund, the member of the board of SIGNAL IDUNA Versicherungsgruppe responsible for Organisation and IT, were elected to the supervisory board. Furthermore Dr. Harald Obendiek, Oberhausen, Personnel Director at ThyssenKrupp Technologies, was elected for a second term in office.

Furthermore, the annual general meeting approved the merger of PRO DV Software GmbH, Cologne, with PRO DV Software AG. The shareholders approved by a clear majority the cost reduction program adopted by the Board of Management. With its leaner structures, the office in Cologne developed well in the course of 2002, thus underlining the correctness of this decision.

A further module intended to enhance the confidence of the domestic capital market was the re-segmentation of the stock market in Germany at the beginning of 2003. Since January there have been two segments with differing transparency requirements: the Prime Standard and the General Standard.

PRO DV fulfils the requirements of the tougher Prime Standard, which requires quarterly reporting, analyst conferences and the use of all international accounting standards, and thus has the highest transparency obligations in Europe. Against this background, and in the interests of all the shareholders, PRO DV has decided to move into the Prime Standard segment. Following scrutiny of the criteria for acceptance by Deutsche Börse, the PRO DV share was admitted to trading on Prime Standard as of 01.01.2003. At the same time this marked the end of trading on Neuer Markt.





> Net worth and financial position

The balance-sheet total of the PRO DV group as of 31.12.2002 was 30.1 million euros (2001: 40.8 million euros). The equity capital as of the balance-sheet date amounted to 23.2 million euros (2001: 33.5 million euros). This corresponds to an equity capital ratio of 77.1 %.

With subscribed capital of 4.3 million common stock shares this results in equity per share (balance-sheet date rate) of 5.39 euros. As of 31.12.2002 the closing price for the PRO DV share was 3.18 euros. Vis-à-vis the balance-sheet date rate the stock exchange rate is merely 58.9 % (market-to-book ratio), i.e. the current market valuation is more than half the equity on the books.

The cash and cash equivalents as of the balance-sheet date amounted to 15.9 million euros (2001: 16.3 million euros). With short-term borrowed capital of 4.39 million euros this results in a ratio of 3.6 for liquid assets to current liabilities (cash ratio). The excellent liquidity base of the company is further underlined by the ratio of 4.3 for liquid assets and short-term receivables to current liabilities and of 4.5 for total current assets to current liabilities (current ratio).

The current assets as of 31.12.2002 amounted to 19.7 million euros (2001: 24.0 million euros). In relation to the total assets this corresponds to a current assets proportion of 65.5 %. Thus more than half of the assets are merely tied up in the short term, something which allows the company to react flexibly to changing market situations.

The cash flow from ordinary activities was positively impacted by the successful conclusion of a number of major projects in the final quarter of 2002, and in particular at the parent company. In the past business year it amounted to -0.1 million euros following a negative cash flow of -4.6 million euros in the previous business year. The cash flow from investment activities was -0.3 million euros (2001: -1.2 million euros). Through the decrease in liabilities in the 2002 business year the cash flow from financing activities in 2002 was -0.1 million euros.





> Risks and risk management

The greater demands placed on risk management in the wake of the introduction of the „Company Control and Transparency Act“ (KonTraG) have been taken into account by the Board of Management of PRO DV. Risk sources have been identified and examined with regard to their possible impact on the course of business for PRO DV. The results of this examination have been recorded in detailed documentation. Measures for risk minimisation have been initiated, and the Board of Management has provided information on their implementation on a regular basis.

The risks essentially cover project and cost calculation risks from ongoing fixed-price orders. In order to improve internal processes, as long ago as 1994 PRO DV introduced a quality management system to ISO 9001, which has been amended in line with new developments ever since.

The earnings situation is a strained one as a result of the current economic outlook and the associated market situation. So as to guarantee continuous capacity utilisation, the sales activities are to be expanded and the consistent cost management continued. No other risks have been identified at the current point in time which could have a permanent negative impact on the net worth, financial position and earnings.

> Research and development

In the past business year PRO DV invested engineering services of ca. 9 man years in developments throughout the group. A considerable portion of this was accounted for by the ongoing development in the field of modern technologies and platforms such as JAVA, mobile commerce, f@stchain and the development of the geo-based framework PROconn.

Compared to the previous year the development expenses within the group were reduced by some 34 per cent.



> Events after the end of the business year

After the end of the business year there were no events of particular significance which require reporting.

> Outlook

We have made an optimistic start to 2003 despite the current weakness of the economy. In order to bundle the sector-specific know-how of our employees within PRO DV the operating areas have been amalgamated in sector-oriented divisions. This re-structuring means that there is an even greater focus on customers at PRO DV, and thanks to this orientation we will be able to place our range of solutions on the market more effectively.

All in all we expect the gross performance to increase by some 4 % to 18.3 million euros in 2003 with an as yet negative operating result (EBIT) of 2.0 million euros. The expected clear improvement in results is to be aided by the continuation of active cost management and an increase in efficiency within the newly-established divisions. Moreover the development of our earnings will be aided by the streamlining of the portfolio of shareholdings in interplay with the consistent use of depreciation. With the consistent implementation of all the measures, and presupposing an easing in the general market situation and in the economy as a whole, it is our declared goal to create the basis in 2003 for a return to profitability in 2004.

Dortmund, February 2003
The Board of Management



Klaus Bullmann



Siegfried Wenzel



PRO DV in figures

Consolidated balance sheet to IAS

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	Financial statement 31.12.2002	Financial statement 31.12.2001
Assets	TEUR	TEUR
Current assets		
Cash and Cash Equivalents (42)	15,852	16,296
Short-term Investments/Marketable securities	-	-
Trade accounts receivable (39, 40, 41)	2,434	3,474
Accounts receivable due from related parties	-	32
Inventories (10, 34, 35, 36, 37, 38)	715	3,062
Deferred tax asset	-	-
Prepaid expenses and other current assets (39, 40)	723	1,131
Total current assets	19,724	23,995
Non-current assets		
Property, plant and equipment (25, 29, 30, 31, 32)	6,199	7,028
Intangible assets (10, 25, 27, 28)	392	1,402
Goodwill (10, 25, 26)	1,062	4,804
Investments (25, 33)	-	67
Investments accounted for by the equity method	-	-
Notes receivable/loans	-	-
Deferred taxes (10, 43)	2,675	3,552
Other assets (39)	-	-
Total non-current assets	10,328	16,853
Total assets	30,052	40,848

	Financial statement 31.12.2002	Financial statement 31.12.2001
Liabilities and shareholders' equity	TEUR	TEUR
Current liabilities		
Current portion of capital lease obligation	-	-
Short-term debt and current portion of long-term dept (54)	66	326
Trade accounts payable (55)	640	1,008
Accounts payable due to related parties	-	-
Advance payments received (34)	427	190
Accrued expenses (52, 53)	2,183	1,674
Deferred revenues	-	-
Income tax payable	-	-
Deferred tax liability	-	-
Other current liabilities (55)	1,073	1,232
Accrued income taxes (51)	-	8
Total current liabilities	4,389	4,438
Non-current liabilities		
Long-term debt, less current portion (54)	887	964
Capital lease obligations, less current portion	-	-
Deferred revenues	-	-
Deferred tax liability (10, 43, 51)	746	986
Pension accrual	-	-
Deferrals (66)	833	868
Total non-current liabilities	2,466	2,818
Minority interest	-	93
Shareholders' equity (44, 45, 46, 47, 50)		
Share capital	4,300	4,300
Additional paid-in capital (48)	32,250	32,250
Treasury Stock	-	-
Retained Earnings/Accumulated deficit (49)	-13,353	-3,051
Accumulated other comprehensive income / loss	-	-
Total shareholders' equity	23,197	33,499
Total liabilities and shareholders' equity	30,052	40,848

Consolidated income statement to IAS

	4th Quarter 2002 01.10.2002- 31.12.2002	4th Quarter 2001 01.10.2001- 31.12.2001	Year 2002 01.01.2002- 31.12.2002	Year 2001 01.01.2001- 31.12.2001
	TEUR	TEUR	TEUR	TEUR
Revenues (56, 57, 59, 60)	8,117	5,221	21,189	19,604
Other operating income (66, 67)	42	182	271	597
Changes in inventories of finished goods and work in progress	-3,024	45	-3,578	2,090
Production of own fixed assets capitalized	-	42	-	423
Cost of purchased materials and services	1,022	707	1,570	1,738
Personnel expenses (62, 63)	3,391	4,671	16,166	19,634
Depreciation and amortization (64)	471	418	1,519	1,901
Amortization (and impairment) of goodwill (64)	1,370	1,589	3,773	1,845
Other operating expenses (65)	1,427	1,786	5,134	5,843
Operating income/loss	-2,546	-3,681	-10,280	-8,247
Interest income and expense (68, 69)	105	119	431	726
Income from investments and participations	-	-	-	-
Income/expense from investments accounted for by the equity method	-	-	-	-
Foreign currency exchange gains/losses	-	-	-	-
Other income/expense	-	-	-	-
Result before income taxes and minority interest	-2,441	-3,562	-9,849	-7,521
Income tax (70, 71)	10	-856	646	-2,401
Extraordinary income/expenses	-	-	-	-
Result before minority interest	-2,451	-2,706	-10,495	-5,120
Minority interest (74)	104	11	193	29
Net income/loss	-2,347	-2,695	-10,302	-5,091
Profit/loss brought forward			-3,061	2,030
Retained earnings			-13,363	-3,061
Net income per share (basic/diluted) (72)	-0.55	-0.63	-2.40	-1.18
Weighted average shares outstanding (basic/diluted) (45)	4,300,000	4,300,000	4,300,000	4,300,000

Consolidated cash flow statement to IAS

	Year 2002 01.01.2002- 31.12.2002	Year 2001 01.01.2001- 31.12.2001
	TEUR	TEUR
Cash flows from operating activities		
Net income / loss	-9,657	-7,492
Adjustments for:		
Minority Interest	-93	-29
Depreciation and amortization:		
Property, plant, equipment and intangible assets (64)	4,719	3,034
Production of own fixed assets capitalized	573	712
Interest income (68, 69)	-481	-821
Interest expense (68, 69)	50	96
Operating profit before working capital changes	-4,889	-4,500
Decrease in long-term liabilities and shareholders' equity	110	218
Losses from disposal of fixed assets (28)	315	559
Invalid payment loss from final consolidation (11, 14, 20)	510	-
Changes in inventories	2,288	-1,420
Decrease in trade receivables	672	275
Changes in accounts receivable from associated companies	32	-32
Changes in other assets	338	-46
Increase in short-term provisions	697	449
Decrease in trade payable	-151	-18
Increase in payments on account for orders	236	190
Increase in other liabilities and shareholders' equity	-225	-200
Cash generated from operations	-67	-4,525
Interest paid	-50	-96
Taxes received	-	12
Net cash used in operating activities	-117	-4,609
Cash flows from investing activities		
Sale of subsidiaries net of cash sold (11, 14, 20)	-462	-
Acquisition of subsidiaries net of cash acquired	-	-478
Payment for investments in fixed assets	-280	-1,584
Interest received	481	821
Net cash used in investing activities	-261	-1,241
Cash flows from financing activities		
Cash repayments of amounts borrowed	-66	-394
Net cash used in financing activities	-66	-394
Net decrease in cash and cash equivalents	-444	-6,244
Cash and cash equivalents at beginning of period	16,296	22,540
Cash and cash equivalents at end of period	15,852	16,296

Changes in fixed assets for 2002 to IAS

	Cost of acquisition					
	01.01.2002	Additions	Disposal through final consolidation	Disposals	31.12.2002	
	TEUR	TEUR	TEUR	TEUR	TEUR	
Tangible assets						
Lands and buildings	6,027	-	-	-	6,027	
Other facilities, office furniture and equipment	4,114	187	724	301	3,276	
Payments on account and facilities under construction	-	-	-	-	-	
Total tangible assets	10,141	187	724	301	9,303	
Intangible assets						
Software and licences	1,174	62	246	63	927	
Self-produced intangible assets	2,322	-	-	1,144	1,178	
Total intangible assets	3,496	62	246	1,207	2,105	
Goodwill	6,829	31	4,111	-	2,749	
Financial investments	67	-	41	26	-	
Total fixed assets	20,533	280	5,122	1,534	14,157	

Depreciation						Book value	
01.01.2002	Additions	Disposal through final consolidation	Disposals	31.12.2002		31.12.2002	31.12.2001
TEUR	TEUR	TEUR	TEUR	TEUR		TEUR	TEUR
702	214	-	-	916		5,111	5,325
2,411	549	488	284	2,188		1,088	1,703
-	-	-	-	-		-	-
3,113	763	488	284	3,104		6,199	7,028
867	183	211	63	776		151	307
1,227	573	-	863	937		241	1,095
2,094	756	211	926	1,713		392	1,402
2,025	3,773	4,111	-	1,687		1,062	4,804
-	-	-	-	-		-	67
7,232	5,292	4,810	1,210	6,504		7,653	13,301

PRO DV Software AG

Notes to the consolidated financial statements to IAS as of 31.12.2002

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A. General

- (1) The PRO DV Group is a group of companies with 4 subsidiaries, and currently employs some 250 staff.
- (2) The Group's parent company is PRO DV Software AG, Hauert 6, 44227 Dortmund, Germany.
- (3) The objective of the group of companies is to offer customers integrated process-oriented consulting, ranging from the development of internet-capable information systems through to system integration and the maintenance of these solutions. The range of services also covers staff training and customer care services. In addition to standard software components from other manufacturers, the company uses its own independent, industry-specific software components within the framework of its comprehensive consulting and integration services. Individual solutions are developed and programmed for customers as necessary on the basis of these software components. All the products developed by the company are suitable for use on the internet or an intranet.
- (4) PRO DV Software AG has prepared these consolidated financial statements in line with the provisions of the International Accounting Standards Committee (IASC), London, that were in effect on the balance-sheet date. The applied accounting principles comply with the guidelines of the European Union for consolidated accounting. The guidelines laid down in § 292 a of the German Commercial Code (HGB) have been observed.
- (5) The consolidated financial statements have been prepared in euros.
- (6) The balance-sheet date of the companies on the reporting entity is 31st December. The accounting period for the financial statements is 1st January 2002 to 31st December 2002.
- (7) **Stock option plan**
IAS does not currently have any provisions for the statement and valuation of stock option plans. No special treatment is proscribed for the balance sheet or the profit and loss account. Inasmuch it is not necessary to state any corresponding expenses as personnel expenses, as is the case with US-GAAP for example. Against this background the treatment is based on HGB, whereby it is not necessary to take the stock option plan into account on the balance sheet (cf. Point 47).

(8) Corporate Governance

On 2 July 2002 the Board of Management and the Supervisory Board signed a compliance declaration as defined in the German Corporate Governance Codex (§ 161 AktG); they have made this accessible to the shareholders on the company's website.

(9) Date of publication

The consolidated financial statements are to be released for publication on 25.03.2003. This has been approved by the Board of Management and the Supervisory Board.

B. Explanation of essential differences to German legislation in accounting, valuation and consolidation methods.

(10) The essential differences to German law for accounting, valuation and consolidation methods concern the following cases:

- I. For temporary differences between fixed assets and debt on the commercial balance sheet and on the fiscal balance sheet to IAS, accrual items are formed for deferred taxes (liability method) under IAS 12.
- II. Under IAS 12 a deferred tax claim for fiscal losses not yet carried forward is stated to the extent to which it is probable that the taxable result will be available and against which the unused fiscal losses may be used.
- III. Under IAS 37 provisions are only stated inasmuch as the probability of their use is greater than 50 %.
- IV. Under IAS 27 the minority interests in the consolidated balance sheet are stated separately from borrowed capital and shareholders' equity, which is accounted for by shareholders of the parent company. The losses of a consolidated subsidiary due to minority interests which exceed the corresponding share in the equity capital of the subsidiary are – provided the extent to which the minorities are binding and are in a position to offset the losses – set off against the minority shareholding in the consolidated equity capital. If the subsidiary posts profits at a later date, these are to be allocated to the full amount to the minority shareholding until the loss share of the minorities previously assumed by the majority has been reimbursed.
- V. IAS proscribes more extensive disclosures in the reporting in the notes to the financial statements.

- VI. Under IAS 11 manufacturing orders are valued using the percentage-of-completion method if certain prerequisites are fulfilled. Accordingly the earnings are already recorded as profit in the profit and loss account in the periods in which the service is performed in accordance with the progress (degree of completion) of the work. A particular prerequisite for this is that the result of the manufacturing order may be reliably calculated.
- VII. Self-constructed intangible fixed assets (e.g. internal development projects) are, in contrast to § 248 Section 2 of the German Commercial Code (HGB), to be capitalised in line with the prerequisites laid down in IAS 38 (technical and financial feasibility of development, the later possibilities, intentions and ability for exploitation at the developing company, certainty regarding the benefits arising from the development, reliable information on the development costs incurred).
- VIII. Lower valuations resulting from fiscally permissible depreciation may not be stated in the annual financial statements to IAS. Extraordinary depreciation on buildings in accordance with § 254 German Commercial Code (HGB), which is based on § 6b German Income Tax Act (EStG), is therefore of no significance in the IAS fixed assets.
- IX. In the case of company acquisitions, under IAS 22 the portion of the acquisition costs by which the acquisition costs exceed the pro rata assets and debt is to be valued and stated as goodwill. The decisive factor for acquisition costs to IAS 22.21 are the (counter) services stated at fair value which the buyer paid in connection with the acquisition (fair value). Under IAS in the valuation of the acquisition costs for purchases through contributions in kind it is possible to derogate from the values foreseen under German commercial law; and in particular in the case of „hidden premiums“ (contribution at book values) it may be much higher. As a consequence, within the framework of capital consolidation using IAS values, the goodwill is much higher.

C. Consolidation methods

Reporting entity

- (11) The consolidated financial statements of PRO DV Software AG include all subsidiaries of the parent company in accordance with the principles of IAS 27.

Accordingly the following companies have been consolidated:

Subsidiaries			
Name	Location	Shareholding	Duration stake held
PRO DV Software GmbH	Manfred-von-Ardenne-Ring 15, 01099 Dresden, Germany	80 %	01.01.02–31.12.02
concept software gmbh	Wrangelstr. 11–12, 12165 Berlin, Germany	80 %	01.01.02–31.10.02
PRO DV Grüne Software GmbH	Hauert 14, 44227 Dortmund, Germany	100 %	01.01.02–07.03.02
pro dv online gmbh	Kapellenstr. 10, 85622 Feldkirchen Germany	100 %	01.01.02–31.12.02
PRO DV Software GmbH ¹	Agrippastr. 45, 50676 Cologne Germany	100 %	01.01.02–07.10.02
Sports & Bytes GmbH	Berswordtstr. 1, 44139 Dortmund Germany	50 %	01.01.02–31.12.02
Immobilienverwaltungs- gesellschaft Hauert 6 mbH & Co. KG	Hauert 6, 44227 Dortmund Germany	100 %	18.12.02–31.12.02

¹ Merged with PRO DV Software AG, no final consolidation.

Changes in the Group

- (12) With the sale and transfer agreement from 07.03.2002 (Doc. No. 329/2002 of the notary public Günter Leifert, Dortmund) the GmbH shares in PRO DV Grüne Software GmbH were sold.
- (13) With the merger agreement between PRO DV Software GmbH, Cologne, and PRO DV Software AG, Dortmund, from 10.04.2002 (Doc. No. 450/2002 of the notary public Günter Leifert) the assets of PRO DV Software GmbH, Cologne, were taken over with effect from 01.01.2002, by PRO DV Software AG. The merger agreement was entered on the commercial register of the transferring legal entity as of 05.09.2002, and as of 07.10.2002 the merger was entered on the commercial register of the assuming legal entity.
- (14) With the sale and transfer agreement from 04.11.2002 (Doc. No. 508/2002 of the notary public Kurt Meyer, Dortmund) the GmbH shares in concept software gmbh were sold.

- (15) In the 2002 business year a limited partnership was founded under the name Immobilienverwaltungsgesellschaft Hauert 6 mbH & Co. KG and endowed with partnership capital of TEUR 50. The partnership capital of TEUR 50 was assumed by PRO DV Software AG. The personally liable partner is pro dv online gmbh.

Consolidation principles

- (16) The consolidated financial statements include PRO DV Software AG and the companies over which it exercises control. Control is generally exercised if the Group holds more than 50 per cent of the voting rights of a company, either directly or indirectly, and is able to determine its financial and business strategy. Furthermore, joint venture companies are included in the reporting entity using quota consolidation (benchmark treatment; IAS 31.25).
- (17) Debts are consolidated in accordance with IAS 27. This means that accounts receivable and accounts payable between the companies included in the consolidated financial statements are offset against one other. Income and expenditure are consolidated in accordance with IAS 27, by offsetting expenditure and income within the Group.
- (18) In order to ensure that taxes on profits are stated appropriately, tax deferrals should be formed for consolidation measures that affect results.
- (19) The purchase method of accounting (IAS 22) is applied to purchased companies. Companies acquired during the financial year are included in the consolidated financial statements as of the date of purchase.
- (20) Companies which no longer fulfil the criteria for classification as a subsidiary are excluded from full consolidation (IAS 27.24). The date for the final consolidation is always determined by the cut-off date for the exclusion of the subsidiary from the reporting entity, i.e. the point in time at which the parent company no longer exercises control over the subsidiary. The sum for the final consolidation is calculated by contrasting the revenue from the sale with the disposal values of the assets and debts included in the consolidated financial statements.

D. Comments on the balance sheet and on accounting and valuation methods

General

- (21) The consolidated financial statements have been prepared in accordance with the provisions of the International Accounting Standards (IAS) and the interpretations of the Standing Interpretations Committee (SIC) in effect on the cut-off date. The balance sheet and the profit and loss account of the companies included in the reporting entity for the consolidated financial statements have essentially been prepared in accordance with the accounting and valuation methods of the parent company as presented below.

Financial instruments

(22) The IAS Standard 39 subdivides financial assets into the following categories:

- financial instruments held for trading purposes,
- financial investment held until they are due,
- extended loans and receivables
- as well as financial assets available for sale.

Within the PRO DV group financial instruments are generally classified as „extended loans and receivables" or as „financial assets available for sale". In one case a financial instrument was treated as a „financial asset held until it is due".

In the case of a „customary" purchase or sale financial instruments are booked on the date of performance, i.e. on the day on which the asset is delivered or accepted.

(23) Financial instruments are stated at „carried purchase costs" or at the „fair value". In the case of short-term receivables and liabilities the carried purchase costs fundamentally correspond to the nominal value or the sum to be repaid. The fair value generally corresponds to the market or stock exchange value.

(24) Financial instruments shown on the balance sheet include cash on hand and cash at banks, accounts receivable and accounts payable, as well as liabilities to banks. The PRO DV group does not own any derivatives as defined in IAS 32, such as options and swaps.

Fixed-asset movement schedule

(25) The detailed development of the fixed assets is to be seen in the consolidated fixed-asset movement schedule, which is a constituent part of these consolidated financial statements.

Goodwill

(26) Goodwill represents the difference between the costs for the acquisition of a company and the value of the shareholding acquired in the present pro rata fair values of identifiable net assets and debts on the day of acquisition. The goodwill arising from the initial consolidation was depreciated using the straight-line method over a useful economic life of 20 years in accordance with IAS 22.44.

The expectations placed in the acquisition of the shares in concept software gmbh, Berlin, were not fulfilled. The earnings situation of the company deteriorated on a sustained basis. For this reason the shareholding in this company was sold. The goodwill on the balance sheet (TEUR 2,299) was treated as a disposal therefore.

Negative economic factors as well as difficult conditions in the market segments in which PRO DV Software GmbH, Dresden, and Sports & Bytes GmbH, Dortmund, operated led to a sustained deterioration in the earnings of the companies. For this reason the goodwill of these companies carried on the balance sheet amounting to TEUR 1,039 (PRO DV Software GmbH, Dresden) and TEUR 373 (Sports & Bytes GmbH) were written down in full in the reporting period. With respect to the sums stated in the profit and loss account we would refer to Point 64.

Other intangible assets

- (27) Purchased intangible assets are stated at their acquisition cost. They are subject to scheduled depreciation using the straight-line method over a period of three years, in line with their useful economic lives. There was no extraordinary depreciation.

Software development costs

- (28) In principle, software development costs are stated as an expenditure in the profit and loss account in the year in which they arise. However, costs that are clearly attributable to a particular development and from which a future economic gain is to be expected are capitalised as self-produced intangible fixed assets. These intangible assets are depreciated over 5 years. Unscheduled depreciation of TEUR 170 was performed. The losses from the disposal of capitalised development costs amount to TEUR 281. The depreciation and disposals were performed as expected sales revenues could only be attained with difficulty in the past, as further sales revenues were only to be expected on a sporadic basis in the medium term, as market demand for these products is likely to be low as a result of decreasing or cancelled IT budgets, or due to the specific reservation of customers.

Fixed assets

- (29) The tangible fixed assets are valued in accordance with IAS 16 at cost of acquisition or manufacture, minus scheduled depreciation. Depreciation is performed using both the straight-line method and the diminishing-balance method. Buildings are depreciated over 25 years, office furniture and equipment over 3–13 years. In principle fixed assets with a purchase cost of up to EUR 410.00 are written down in full in the year of acquisition. This does not apply to the first-ever fitting out of office space.
- (30) Financing expenses were not capitalised but recorded as expenditure as they arose.
- (31) Repair and maintenance costs are booked as expenses as incurred. Expenses for renewals and essential improvements are capitalised.

- (32) Assets used on the basis of the leasing agreements are capitalised and depreciated in accordance with IAS 17 if the prerequisites for „finance leasing“ are fulfilled. At present these prerequisites are not fulfilled with the leased objects (e.g. vehicles) with the effect that there is no capitalisation.

Financial assets

- (33) The securities included in the fixed assets exclusively comprise financial investments that are to be kept until final maturity in accordance with IAS 39.10. They were valued at cost in accordance with IAS 39.73.

Inventories

- (34) The inventories primarily concern work in progress from manufacturing orders. The stated sum of TEUR 715 is calculated after the deduction of the advances of TEUR 1,280 (2001: TEUR 2,947). In accordance with IAS 11.42 ff. manufacturing orders with a positive balance from customers are treated as assets and manufacturing orders with a negative balance are treated as debt (TEUR 427, 2001: TEUR 190).
- (35) Work in progress represents customer orders (manufacturing orders) which have not been completed. Under IAS 11 manufacturing orders are to be valued using the percentage-of-completion method if certain prerequisites are fulfilled. Accordingly the order revenue is recorded on the profit and loss account as profit in the periods in which the service is performed and in accordance with the progress made. Revenues from fixed-price contracts are recorded in accordance with the profits realised and the degree of completion; they are determined pro rata to the percentage of the internal and external expenses in the estimated total expenses for each order as of the balance-sheet date. The advances received (payments on account) have been separated from the inventories for reasons of clarity (TEUR 1,280).

- (36) The order revenues recorded in the reporting period amount to TEUR 7,585.

(37) Calculation of percentage of completion:

Description	PRO DV Software AG	PRO DV Software GmbH Dresden	Total
	TEUR	TEUR	TEUR
Order revenue originally agreed upon	3,329	854	4,183
Order costs incurred through to cut-off date	1,088	900	1,988
Order costs through to completion	1,538	278	1,816
Estimated total order costs	2,626	1,178	3,804
Estimated profit	703	-324	379
Degree of completion	41.43 %	76.40 %	52.26 %

Calculation of percentage of completion in the previous year:

Description	PRO DV Software AG	PRO DV Software GmbH Dresden	concept software gmbh Berlin	PRO DV Software GmbH Cologne	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
Order revenue originally agreed upon	5,936	1,373	1,086	24	8,419
Order costs incurred through to cut-off date	4,114	1,071	807	18	6,010
Order costs through to completion	1,428	384	42	1	1,855
Estimated total order costs	5,542	1,455	849	19	7,865
Estimated profit	394	-82	237	5	554
Degree of completion	74.23 %	73.61 %	95.05 %	94.74 %	76.41 %

Trade goods

(38) The trade goods were valued at cost.

The inventory of trade goods changed as follows in the reporting period:

	TEUR
Trade goods on hand as of 1.1.2002	63
Stock movement	- 40
Trade goods on hand as of 31.12.2002	23

Accounts receivable and other assets

(39) All the accounts receivable and other assets have a residual term of less than one year.

(40) Adequate valuation adjustments have been performed.

Accounts receivable

(41) The accounts receivable are stated at the nominal value. As all the accounts receivable are due within one year, the book value corresponds to the fair value of these receivables.

Cash on hand and credits with banks

- (42) The average rate of interest for term money was ca. 3.4 %. The liquidity posted on the cash flow statement comprises cash on hand and credits with banks.

Deferred taxes

- (43) In accordance with IAS 12, an allowance was formed for deferred taxes for all temporary differences, as well as for deferred tax claims from tax losses brought forward. The deferred taxes were calculated at the rate of taxation expected for the period in which an asset is realised or a debt is satisfied. The assumed future rate of taxation (for corporation tax, solidarity surcharge and trade tax) is 40 %. Temporary differences arise mainly from discrepancies between the tax accounting and the commercial law accounting of land, development costs, and the percentage-of-completion method of valuation for work in progress. Deferred tax assets were created only to the same amount as expected future taxable income. Extraordinary depreciation of TEUR 3,379 was performed on deferred tax claims. This depreciation was necessary as PRO DV Grüne Software GmbH as well as concept software gmbh, Berlin, were excluded from the reporting entity in the course of the year (cf. Points 12, 14) as well as due to the planned fiscal changes with loss carryforwards.

The deferred taxes of TEUR 2,675 consists of loss brought forward (TEUR 1,600) and profit effecting consolidating entries (TEUR 1,075).

Shareholders' equity

- (44) The subscribed capital is EUR 4,300,000.00.
- (45) The capital stock is divided into 4,300,000 no-par-value shares. Of these shares, 100,000 common stock shares were subscribed to from the authorised capital in 2001.
- (46) For the further financing of the company the company may avail of an authorised capital of TEUR 2,000.
- (47) The capital stock may be increased by a nominal sum of as much as TEUR 230 in as many as 230,000 bearer shares (contingent capital). The contingent capital serves to grant subscription rights to members of the board and employees of PRO DV Software AG as well as to members of the management and employees of affiliated companies. The contingent capital increase will be only be performed inasmuch as the holders of subscription rights avail of their subscription rights. The new shares participate in the profit from the beginning of the business year in which they are created through the exercising of subscription rights.

(48) The capital reserve comprises the premium on the issue of shares.

(49) The revenue reserve exclusively comprises statutory reserves.

(50) Development of shareholders' equity

Capital development in the year under review:

		Share capital	Capital reserve	Revenue reserve	Net profit	Total
Date	Circumstances	TEUR	TEUR	TEUR	TEUR	TEUR
01.01.2002		4,300	32,250	10	-3,061	33,499
31.12.2002	Loss for the year	-	-	-	-10,302	-10,302
31.12.2002		4,300	32,250	10	-13,363	23,197

Capital development in the previous year:

		Share capital	Capital reserve	Revenue reserve	Net profit	Total
Date	Circumstances	TEUR	TEUR	TEUR	TEUR	TEUR
01.01.2001		4,300	32,250	10	2,030	38,590
31.12.2001	Loss for the year	-	-	-	-5,091	-5,091
31.12.2001		4,300	32,250	10	-3,061	33,499

Provisions for taxes

(51) The provisions for taxes concern obligations from current taxes (corporation tax and trade tax) and deferred taxes:

Provisions for taxes:

	As of 01.01.02	Used	Reversal	Transfer	As of 31.12.02
	TEUR	TEUR	TEUR	TEUR	TEUR
Provisions for taxes					
Trade tax	8	8	-	-	-
Corporation tax	-	-	-	-	-
Total provisions for taxes	8	8	-	-	-

Deferred taxes:			
	As of 01.01.02	Reversal	As of 31.12.02
	TEUR	TEUR	TEUR
Deferred taxes	986	240	746
Total	986	240	746

Following circumstances had to be considered on determination of tax accrual and deferral:

Provisions for deferred taxes:		
	TEUR	Income taxes TEUR
Activated development costs	242	97
Elimination of flat-rate value adjustment	10	4
Inventories (percentage of completion)	438	175
Land and buildings (§ 6b-reserve)	546	218
Set-off difference from consolidation of debts	627	252
Provisions for passive deferred taxes		746

Other provisions

(52) The other provisions are based on reasonable commercial assessment of the amounts necessary as of the balance-sheet date to cover the company's future payment obligations, identifiable risks and uncertain liabilities. In accordance with IAS 37, the amount stated is the figure that appears most likely after careful investigation of the facts.

The provision for outstanding invoices concerns transactions where invoicing is to be expected in 2002 but whose economic roots lie in the past year.

(53) The other provisions predominantly have a term of less than one year.

Composition and development:

Other provisions						
	As of 01.01.02	Addition through purchase	Used	Reversal	Disposal through final con- solidation	As of 31.12.02
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
a. Provisions for personnel:						
Bonuses	156	153	-	235	20	218
Holiday entitlement	749	722	-	654	69	612
Overtime	96	96	-	49	13	36
Trade association	63	55	-	60	10	58
Contributions under the equalisation of burdens law	36	34	2	33	2	31
b. Misc. provisions:						
Re-structuring measures	100	100	-	-	-	-
Outstanding invoices	292	243	31	544	5	557
Costs of annual report	50	50	-	77	-	77
Internal and external auditing costs	87	80	-	112	16	103
Commissions	6	-	-	46	6	46
Litigation risks	13	-	-	5	-	18
Warranty	-	-	-	239	-	239
Other provisions	26	26	-	214	26	188
Total	1,647	1,559	33	2,268	167	2,183

Liabilities due to banks

(54) The liabilities to banks are stated at the re-payment sum on the balance-sheet date; as of 31.12.2002 they are comprised as follows:

Liabilities		
	2002	2001
	TEUR	TEUR
Loans	953	1,049
Current account overdraft	-	241
Total	953	1,290
Residual terms less than 1 year	66	326
1 to 5 years	263	339
over 5 years	624	625
Total	953	1,290

Trade accounts payable and other liabilities

(55) Trade accounts payable and other liabilities are stated at the amounts repayable. Because of the short credit period for these liabilities, this method corresponds to the fair value of these liabilities.

E. Comments on the profit and loss account

Recognition of sales

(56) Sales of standard products are recognised when the goods are delivered. In the case of service contracts, sales are recognised when the work is performed. For manufacturing orders the revenue is realised in the profit and loss account in line with the degree of completion if a reliable calculation is possible (IAS 11). Sales are shown exclusive of sales tax, sales reductions and credit notes.

Segment reporting

(57) Composition and changes:

Segment reporting

1. By areas of competence	PO 31.12.2002	PO 31.12.2001	GEO 31.12.2002	GEO 31.12.2001	
	TEUR	TEUR	TEUR	TEUR	
Sales	11,140	9,790	2,996	2,578	
Capitalised cost of self-constructed assets	-	355	-	68	
Change in finished goods inventories and work in progress	-2,548	1,484	-1,164	730	
Gross performance	8,592	11,629	1,832	3,376	
Other operating income	262	388	4	56	
Cost of materials/Cost of purchased Services	416	944	218	439	
Personnel expenses	7,734	9,821	2,517	3,615	
Depreciation	500	1,194	307	312	
Other operating expenses	2,316	2,924	822	644	
Segment result	-2,112	-2,866	-2,028	-1,578	
Non-attributable costs					
IPO costs					
Legal and consulting costs					
Depreciation goodwill					
Financial result					
Taxes on income and earnings					
Minority shares					
Income/loss					
Other information					
Segment assets	3,813		428		
Non-attributable common assets					
Consolidated assets					
Segment liabilities	3,568		363		
Non-attributable liabilities					
Investments	74		18		
Non-attributable investments					
2. By geographical markets	Germany 31.12.2002	Germany 31.12.2001	EU 31.12.2002	EU 31.12.2001	
	TEUR	TEUR	TEUR	TEUR	
Gross performance	17,036	20,691	126	203	

	CRM 31.12.2002	CRM 31.12.2001	Web 31.12.2002	Web 31.12.2001		Group 31.12.2002	Group 31.12.2001
	TEUR	TEUR	TEUR	TEUR		TEUR	TEUR
	7,053	7,236	-	-		21,189	19,604
	-	-	-	-		-	423
	134	-124	-	-		-3,578	2,090
	7,187	7,112	-	-		17,611	22,117
	5	136	-	17		271	597
	936	353	-	2		1,570	1,738
	5,915	5,813	-	385		16,166	19,634
	99	356	-	39		906	1,901
	1,634	1,314	-	678		4,772	5,560
	-1,392	-588	-	-1,087		-5,532	-6,119
						613	-
						362	283
						3,773	1,845
						431	726
						646	-2,401
						193	29
						-10,302	-5,091
	1,976					6,217	
						23,835	
						30,052	
	1,478					5,409	
						1,446	
						6,855	
	90					182	
						98	
						280	

	Other countries 31.12.2002	Other countries 31.12.2001	Group 31.12.2002	Group 31.12.2001
	TEUR	TEUR	TEUR	TEUR
	449	1,223	17,611	22,117

(58) Abbreviations in the segment reporting:

PO: Process Optimization
Information management solutions for the optimisation of business processes
and corporate flows

GEO: Geo Solutions
Geographical information management solutions

CRM: Customer Relationship Management,
Information management solutions

Web: Web Business

(59) The activity of concept software gmbh, Berlin, (now sold) concerned the PO and GEO segments; the activity of PRO DV Grüne Software GmbH (now sold) exclusively concerned the PO segment.

Suspension of areas

(60) The PRO DV group comprised four segments, Process Optimization, Geo Solutions, Customer Relationship Management and Web Business through to the 2001 reporting period. The segment Web Business did not fulfil the sales and earnings expectations as long ago as 2001. The management decided, therefore, to suspend the segment and announced this decision on 20.12.2001. This approach corresponds to the long-term strategy of the company, namely that of focusing on the three competence centres. Inasmuch it was not necessary to state any figures for the Web segment for the 2002 reporting period.

(61) The sale of PRO DV Grüne Software GmbH and of concept software gmbh, Berlin, correspond to a suspension of areas as defined in IAS 35.

Personnel expenses

Personnel expenses		
	TEUR	
(62) Wages and salaries	13,654	
Social security	2,512	
Total	16,166	

- (63) At the end of the accounting period 265 (2001: 380) staff were employed by the Group. Part-time and temporary employees were taken into consideration using the actual number of people employed. The annual average number of employees for the accounting period was 271 (2001: 337) taking into account full-time equivalents and the proportion and duration of the group's interests in the various subsidiaries.

Depreciation

- (64) There was a significant increase in depreciation in the business year. In particular there was a considerable impact from extraordinary expenses due to the devaluation of development costs (TEUR 170) and lower goodwill. Depreciation was performed on the goodwill at PRO DV Software GmbH, Dresden (TEUR 1,039), Sports & Bytes GmbH (TEUR 373) as well as on the goodwill at concept software gmbh, Berlin (TEUR 2,299) (cf. Point 26).

Rental and leasing expenses

- (65) The rental and leasing expenses in the accounting period were:

	TEUR	
Rental expenses:	424	
Leasing expenses:	368	

Treatment of grants

- (66) Investment grants for intangible fixed assets, buildings, business and office equipment to the amount of TEUR 659 (2001: TEUR 712) are stated as deferred income. The deferred income items are reversed in line with the service life of the subsidised goods in the respective accounting period. In this accounting period a total of TEUR 53 (2001: TEUR 69) was reversed with an effect on earnings. Job guarantees are made for the subsidies, and if these cannot be honoured, the subsidies might have to be repaid.
- (67) Expenditure grants to the value of TEUR 94 (2001: TEUR 165) were shown as revenue. This includes a grant within the framework of an EU promotional project to improve development processes. In this respect grants were only permissible for the personnel expenses plus travel expenses and third-party services (TEUR 85). The figure also includes a grant of TEUR 9 from the Labour Office.

Financial costs

(68) The financial result in the profit and loss account is mainly the result of interest income and expenditure in connection with cash at banks and liabilities.

(69) Composition of the financial result:

Financial result		
	TEUR	
Other interest and similar income	481	
Interest and similar expenses	50	
Financial result	431	

Taxes on income and earnings

(70) Because of the present circumstances the average tax charge for 2002 is 0 %. The transition from nominal taxes (40 %) to the actual tax charges (6.6 %) is as follows:

(71) Transition of the income tax rate		
	TEUR	%
Result before taxes	-9,851	
Nominal taxes	-3,940	40.0
Depreciation of goodwill	1,509	-15.3
Valuation adjustments on deferred tax claims from loss carryforwards	2,871	-29.2
Non-deductible expenses	146	-1.5
Tax-free income	-12	0.1
Other	72	-0.7
Actual tax expenses	646	-6.6

Earnings per share

(72) The diluted and the undiluted earnings per share are EUR -2.40 (2001: EUR -1.18). The figure used to calculate the diluted and the undiluted earnings is the net loss for the year of TEUR -10,302 (2001: TEUR -5,091). The weighted average number of shares used for the calculation of the undiluted and diluted earnings per share is 4,300,000.

Research and development

(73) In the past business year engineering services of ca. 8.8 man years were invested in developments. A considerable portion of this was accounted for by the ongoing development work in the field of modern technologies and platforms such as JAVA, mobile commerce and the development of the geo-based framework PROconn.

Minority interest

(74) The minority result exclusively account for PRO DV Software GmbH, Dresden.

F. Other details

Other financial obligations

(75) There are other financial obligations in respect of leasing and tenancy agreements.

The tenancy agreements are principally for rented premises for business offices with terms of between 36 and 103 months, and amount to TEUR 589 (2001: TEUR 835) for the entire terms. The leasing agreements are principally for the vehicles used with terms of three years and amount to a total of TEUR 515 (2001: TEUR 544).

(76) Residual terms:		
	TEUR	
less than 1 year	499	
1 to 5 years	572	
more than 5 years	33	

Contingent liabilities and claims

(77) The company is currently the defending party in a legal dispute in which it faces a claim of EUR 1.8 million. The State of North Rhine-Westphalia is asserting its rights under producer's liability on a software development contract which this company is seeking to reverse. However, it was not the defendant company which entered into the contract with the plaintiff, the State of North Rhine-Westphalia, but Olivetti, which has gone into receivership and which engaged the company as a sub-contractor. The claim is based on a warranty agreement with PRO DV, under which PRO DV was to undertake certain warranty work in exchange for a payment of EUR 12,782.30. One of the issues of crucial importance to the case is whether PRO DV fully succeeded to Olivetti's warranty obligations. Under a declaration of exemption from Joachim Beck, Klaus Bullmann, Heinz Leonhardt and Siegfried Wenzel, they will indemnify PRO DV by internal arrangements if the State of North Rhine-Westphalia presses its claim after a final judgement or for a settlement made with the agreement of the above-mentioned persons to an amount exceeding EUR 12,782.30. The potential risk of litigation is therefore considered to be slight.

Relationships with related parties

(78) 32.21 % of the shares are held by members of the Board of Management and related parties.

Board of Management/Management

(79) The board of managing directors of the parent company comprises Klaus Bullmann and Siegfried Wenzel. The total remuneration of the Board of Management for the year 2002 was TEUR 368 (2001: TEUR 938, including); the variable portion in this sum is TEUR 0.

The figure for the previous year includes the remuneration for Dipl.-Ing. Heinz Leonhardt, who left the Board of Management by mutual consent with effect from 31.08.2001.

Supervisory Board

(80) Members of the Supervisory Board during the year 2002 were:

Dr.-Ing. Rolf Windmüller (Chairman), Ennepetal (until 04.06.2002)

Further Supervisory Board mandates: AVU AG, Gevelsberg; DEW GmbH, Dortmund; E.ON Engineering GmbH, Gelsenkirchen; Heinrich Industrie AG, Essen, Lech-Elektrizitätswerke AG, Augsburg; Osram GmbH, München; Pfalzwerke AG, Ludwigshafen; SAG Netz- und Energietechnik GmbH, Langen/Hessen

Dr. Walter Aden (Vice Chairman), Dortmund (until 04.06.2002)

Further Supervisory Board mandates: Tarox Holding AG, Lünen; Interseroh AG, Cologne; DOC-CONNEX AG, Dortmund; fundamenta Capital AG, Leverkusen

Dr.-Ing. Knud Norden (Chairman), Dortmund (since 04.06.2002)

Profession: Member of the Board RWE Systems AG, Department IT

Further Supervisory Board mandates: RWE Systems Applications GmbH, Eschborn, Chairman; net.workers Gesellschaft für Internet Technologie AG, Hagen, Chairman; ivl Informationsverarbeitung Leverkusen GmbH, Leverkusen; RWE Com Geschäftsführungs-GmbH, Essen

Michael Petmecky, Dortmund (since 04.06.2002)

Profession: Member of the Board SIGNAL IDUNA Versicherungsgruppe

Further Supervisory Board mandates: Versicherungswirtschaftlicher Datendienst GmbH, Icking; DEUFINANZ Vermittlungs-AG, Dortmund; Netlife AG, Hamburg; Lufthansa Systems Network GmbH, Hamburg, Beirat; ADA-HAS IT Management AG, Willich, Advisory Board insurance

Dr. Harald Obendiek (Vice Chairman), Oberhausen

Profession: Director Human Resources ThyssenKrupp Technologies

No further Supervisory Board mandates

The Supervisory Board salary for the year 2002 amounts to TEUR 27,9 (Vj. TEUR 24,5).

Dortmund, February 2003

The Board of Management



Klaus Bullmann



Siegfried Wenzel

Auditors' report

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We have audited the consolidated financial statements, comprising the balance sheet, the income statement and the statements of changes in shareholders' equity and cash flows as well as the notes to the financial statements, prepared by the Company PRO DV Software AG, Dortmund, for the business year from January 1, 2002 to December 31, 2002. We have also audited the inclusion of the companies to be consolidated, the used consolidation policies and the adequacy of the financial statements of the consolidated group companies. The preparation and the content of the consolidated financial statements are the responsibility of the Company's executive board. Our responsibility is to express an opinion whether the consolidated financial statements are in accordance with International Accounting Standards (IAS) based on our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and generally accepted standards for the audit of financial statements promulgated by the German Institute of Chartered Accountants (IDW). Those standards require that we plan and perform the audit such that it can be assessed with reasonable assurance whether the consolidated financial statements are free of material misstatements. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the amounts and disclosures in the consolidated financial statements are examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position, results of operations and cash flows of the Group for the business year in accordance with IAS.

Our audit, which also extends to the group management report prepared by the executive board for the business year from January 1, 2002 to December 31, 2002 has not led to any reservations. In our opinion, on the whole the group management report together with the other disclosures in the consolidated financial statements provides a suitable understanding of the Group's position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the group management report for the business year from January 1, 2002 to December 31, 2002 satisfy the conditions required for the Company's exemption from its obligation to prepare consolidated financial statements and the group management report in accordance with German law.

Munich, February 18, 2003

AWT Allgemeine Wirtschaftstreuhand GmbH
Wirtschaftsprüfungsgesellschaft

S. Denk
Wirtschaftsprüfer
(German Public Auditor)

C. Küpper
Wirtschaftsprüfer
(German Public Auditor)

Report by the Supervisory Board

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In the past business year the Board of Management has informed the Supervisory Board, both personally and in writing, on the course of business and the business planning, on the position of the company, as well as on major business events. In five joint meetings the Supervisory Board discussed the business development, monitoring the management on the basis of the reports by the Board of Management. All the measures requiring the approval of the Supervisory Board were discussed in detail in the Supervisory Board meetings. Furthermore, the chairman of the Supervisory Board has been informed by the Board of Management about all important ongoing business transactions.

In 2002 the Supervisory Board focused on the economic position of the shareholdings, and in particular in connection with the sale of the shares in PRODV Grüne Software GmbH and concept software gmbh, which the Supervisory Board approved. Another key aspect was the new customer-focused strategic orientation, the necessary structural changes, the general economic position of the company, and the re-structuring of the competence centers. In addition, measures to extend the market position and enhance the company's development were discussed at the meetings.

The annual general meeting on 4 June 2002 elected two new members of the Supervisory Board: Dr.-Ing. Knud Norden, Dortmund, as a member of the board of RWE Systems AG responsible for the IT sector throughout the entire RWE Group, and Michael Petmecky, Dortmund, as a member of the board of SIGNAL IDUNA Versicherungsgruppe responsible for Organisation and IT. Dr. Harald Obendiek, Oberhausen, Personnel Director at ThyssenKrupp Technologies, a member of the Supervisory Board since 1997, was elected for a second term in office. The mandate of the members of the supervisory board ended as scheduled with the conclusion of this year's annual general meeting. The Supervisory Board would like to thank the retiring members Dr. Walter Aden and Dr.-Ing. Rolf Windmüller for their work, and in particular on the preparation and implementation of the initial public offering.

The accounting, annual financial statements and management report of PRO DV Software AG, as well as the consolidated financial statements and consolidated management report to IAS for the 2002 business year, have been audited by AWT Horwath GmbH Wirtschaftsprüfungsgesellschaft, Munich. They have been granted an unqualified audit opinion. The annual financial statements and management report of PRO DV Software AG, the consolidated financial statements, the consolidated management report and the audit reports were submitted to the Supervisory Board. In its own examination of the annual financial statements, the management report, the consolidated financial statements and the consolidated management report the Supervisory Board did not have any cause for objections. At its meeting on 18.03.2003 the Supervisory Board approved the annual financial statements and the consolidated financial statements submitted by the Board of Management for 2002; which have thus been established.

The Supervisory Board is in agreement with the proposal by the Board of Management for the appropriation of the loss for the 2002 business year. We would like to take this opportunity to thank the Board of Management and all the employees for their services and commitment in the 2002 business year.

Dortmund, March 2003
The Supervisory Board



Dr.-Ing. Knud Norden, Chairman

Glossary

> **Balanced Scorecard**

Extensive key ratio and management system which is consistently oriented to our corporate strategy

> **Competence Center**

Operational business division which with its bundled specialist know-how (thematic or technological) complements the sector-focused divisions

> **Data Warehousing**

Intelligent use of databases for the effective and swift storage and provision of large amounts of information

> **Division**

Operational business division comprising sales and solutions development which exclusively focuses its know-how on one sector

> **EBIT**

Earnings before interest and taxes

> **EBITDA**

Earnings before interest and taxes, depreciation and amortisation

> **GPRS – General Packet Radio Service**

New digital mobile telephony standard with which data is transferred in the form of individual packages

> **GPS – Global Positioning System**

Satellite-aided positioning as used with vehicle navigation systems

> **LAN – Local Area Network**

The connection of several computers with one another (network), e.g. within a building

> **Location Based Services**

Services and offerings which are based on and tailored to the respective location of the user

> **MES – Manufacturing Execution System**

The integration of materials management, quality and capacity management ensuring seamless, simultaneous, business processes and cross-company management of material and information flows

> **UMTS – Universal Mobile Telecommunications System**

Future digital mobile telephony standard with high transmission rates allowing for the playback of images and films on mobile end-devices

> **PDA – Personal Digital Assistant**

A small portable computer

> **WLAN – Wireless LAN**

Cable-free connection of several computers with one another

> **Workflow**

Chain of work stages within a business process



Financial calendar

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Schedule

25 March 2003	Balance sheet press conference	Courtyard Marriott Hotel Duesseldorf Harbour
25 March 2003	Analyst conference	Courtyard Marriott Hotel Duesseldorf Harbour
May 2003	3-month report	
4 June 2003	Annual general meeting	Casino Hohensyburg Dortmund
August 2003	6-month report	
November 2003	9-month report	

Board of Management

Klaus Bullmann (CEO)
Finance, Investor Relations,
Business Development

Siegfried Wenzel
Professional Services, Sales,
Controlling, Human Resources

Supervisory Board

Dr.-Ing. Knud Norden, Dortmund (Chairman)
Michael Petmecky, Dortmund
Dr. Harald Obendiek, Oberhausen

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Annual Report 2002

Report according to HGB

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Management report for the 2002 business year

> The market and economy as a whole

The past 2002 business year was characterised, as had been the previous year, by stagnating economic development and muted consumer spending worldwide: Planned investments were postponed or cancelled at short notice. Since its foundation PRO DV has concentrated on the largest segment in the German IT market: According to BITKOM a total of some 40 per cent of the German IT market (total volume 71 billion euros) is accounted for by IT services, the core competence of PRO DV. We are well positioned on this partial market, which has a volume of 29 billion euros, with our range of offerings – consulting, implementation and support services.

Our growth potential in this market is considerable: The German market, with a share of 24 %, is the most important market in western Europe, ahead of Great Britain and France. And, after the USA (global market share 44 %), western Europe is the second-largest market in the world with a share of 30 % and a total volume of 285 billion euros (source: EITO).

In this respect PRO DV serves important sectors in Germany. In addition to telecommunications and public-sector administration, companies from the fields of industry, the retail trade and utilities providers rank among the customers of PRO DV.

> Development of sales and performance

The gross performance at PRO DV Software AG in the reporting period amounted to 13.9 million euros (2001: 13.2 million euros) with sales of 16.4 million euros (2001: 12.2 million euros). This increase is essentially due to the completion in the past year of a number of long-running large-scale projects. Accordingly the volume of work in progress, after the deduction of advances already received, amounted to 0.4 million euros (2001: 1.9 million euros).

In the past business year new projects with a total volume of 11.7 million euros were commissioned. Orders on hand as of 31.12.2002 amounted to 6.6 million euros.

> Earnings

The earnings situation in the 2002 business year fell considerably short of our expectations. Thus the earnings from ordinary activities at PRO DV Software AG were -5.3 million euros (2001: -4.7 million euros). In the course of the year PRO DV reacted to the emerging deterioration in earnings and took corrective measures.

The subsidiaries of PRO DV Software AG, which fell short of our expectations in the past business year, had a major impact on this result. Thus, in line with the prudence concept, the Board of Management performed depreciation of 2.8 million euros on the shareholding valuations.

In addition there were extraordinary expenses through the disposal of the shareholding in concept software gmbh and valuation adjustments totalling 2.3 million euros on loans to the company. The sale of PRO DV Grüne Software GmbH resulted in extraordinary expenses of 0.5 million euros, while the merger of PRO DV Software GmbH Cologne led to charges of a

further 0.5 million euros. This is contrasted with extraordinary income of 2.5 million euros from the transfer of the real estate Hauert 6 and the associated reversal of the special item for investment allowances of 0.2 million euros. The extraordinary result was -0.6 million euros.

Further potential for savings was tapped through the integration of the subsidiary PRO DV Software GmbH Cologne into PRO DV Software AG and the suspension of the business operations of pro dv online gmbh (Munich). Both locations will be retained as business offices for PRO DV Software AG. This integration has led to a reduction in costs and considerably simplified internal processes.

The headquarters of PRO DV Software AG in Dortmund are owned fully by the company. This valuable real estate had to date been stated on the balance sheet as part of the fixed assets of PRO DV Software AG. For reasons of transparency the Board of Management has decided to separate the operating business from the administration of the real estate. This is intended to ease comparability with other companies for the capital market. To this end the real estate administration company Immobilienverwaltungsgesellschaft Hauert 6 mbH & Co. KG was founded as a wholly-owned subsidiary of PRO DV Software AG and the real estate assets of 5.4 million euros transferred to this company. Since 11.12.2002 pro dv online gmbh has functioned as a personally liable partner in the newly-founded Immobilienverwaltungsgesellschaft Hauert 6 mbH & Co. KG. As a wholly-owned subsidiary of PRO DV Software AG this company is responsible for the administration of the building in Dortmund.

The other operating income amounted to 0.6 million euros, essentially from investment grants and allowances, as well as group charges.

Despite the tense economic situation at present, we assume that the enhanced positioning of the company and the consolidation measures already adopted will allow us to place our solutions and services on the market. As a consequence of these moves, we expect a clear improvement in earnings for the 2003 business year.

> Investment

In order to strengthen the liquidity of a number of subsidiaries, additions to the capital reserves of these subsidiaries were made by PRO DV Software AG in the past business year.

With regard to the fixed assets there was additional investment in office and business equipment in the past business year. Furthermore, the year 2002 saw replacement investment in IT infrastructure so as to ensure that servers and PC workstations remained state-of-the-art, for instance, thus securing the capability of our teams.

> Employees

As of 31.12.2002 the company employed an annual average total of 192 staff (2001: 193), taking into account full-time equivalents.

> Other important events in the business year

The annual general meeting of PRO DV Software AG took place in Hohensyburg Casino in Dortmund on 4 June 2002. The mandate of the members of the Supervisory Board ended as scheduled with the conclusion of this annual general meeting. Of the shareholders present Dr.-Ing. Knud Norden, Dortmund, a member of the board of RWE Systems AG and responsible for the IT sector throughout the entire RWE Group, and Michael Petmecky, Dortmund, the member of the board of SIGNAL IDUNA Versicherungsgruppe responsible for Organisation and IT, two proven IT experts were elected to the Supervisory Board. Furthermore Dr. Harald Obendiek, Oberhausen, Personnel Director at ThyssenKrupp Technologies, was elected for a second term in office.

Furthermore, the annual general meeting approved the merger of PRO DV Software GmbH, Cologne, with PRO DV Software AG. The shareholders approved by a clear majority the cost reduction program adopted by the Board of Management. With its leaner structures, the office in Cologne developed well in the course of 2002, thus underlining the correctness of this decision.

A further module intended to enhance the confidence of the domestic capital market was the re-segmentation of the stock market in Germany at the beginning of 2003. Since January there have been two segments with differing transparency requirements: the Prime Standard and the General Standard.

PRO DV fulfils the requirements of the tougher Prime Standard, which requires quarterly reporting, analyst conferences and the use of all international accounting standards and thus has the highest transparency obligations in Europe. Against this background, and in the interests of all the shareholders, PRO DV has decided to move into the Prime Standard segment. Following scrutiny of the criteria for acceptance by Deutsche Börse, the PRO DV share was admitted to trading on Prime Standard as of 01.01.2003. At the same time this marked the end of trading on Neuer Markt.

> Net worth and financial position

The balance-sheet total of PRO DV Software AG as of 31.12.2002 amounted to 25.4 million euros (2001: 30.4 million euros). The equity capital as of the balance-sheet date amounted to 21.4 million euros (2001: 27.3 million euros). This corresponds to an equity capital ratio of 83.9 %.

The cash and cash equivalents as of the balance-sheet date amounted to 15.7 million euros (2001: 15.9 million euros). With short-term borrowed capital of 4.0 million euros this results in a ratio of 3.9 for liquid assets to current liabilities (cash ratio). The excellent liquidity base of the company is further underlined by the ratio of 4.6 for liquid assets and short-term receivables to current liabilities and of 4.7 for total current assets to current liabilities (current ratio).

The current assets as of 31.12.2002 amounted to 18.8 million euros (2001: 22.5 million euros). In relation to the total assets this corresponds to a current assets proportion of 73.9 %. Thus more than half of the assets are merely tied up in the short term, something which allows the company to react flexibly to changing market situations.

> Risks and risk management

The greater demands placed on risk management in the wake of the introduction of the „Company Control and Transparency Act“ (KonTraG) have been taken into account by the Board of Management of PRO DV. Risk sources have been identified and examined with regard to their possible impact on the course of business for PRO DV. The results of this examination have been recorded in detailed documentation. Measures for risk minimisation have been initiated, and the Board of Management has provided information on their implementation on a regular basis.

The risks essentially cover project and cost calculation risks from ongoing fixed-price orders. In order to improve internal processes, as long ago as 1994 PRO DV introduced a quality management system to ISO 9001, which has been amended in line with new developments ever since.

The earnings situation is a strained one as a result of the current economic outlook and the associated market situation. So as to guarantee continuous capacity utilisation, sales activities are to be expanded and consistent cost management continued. No other risks have been identified at the current point in time which could have a permanent negative impact on the net worth, financial position and earnings.

> Research and development

In the past business year PRO DV invested engineering services of ca. 3.5 man years in developments. A considerable portion of this was accounted for by the ongoing development in the field of modern technologies and platforms such as JAVA, mobile commerce and the development of the geo-based framework PROconn.

Compared to the previous year the development expenses within the company were reduced by some 42 per cent.

> Events after the end of the business year

After the end of the business year there were no events of particular significance which require reporting.

> Outlook

We have made an optimistic start to 2003 despite the current weakness of the economy. In order to bundle the sector-specific know-how of our employees within PRO DV the operating areas have been amalgamated in sector-oriented divisions. This re-structuring means that there is an even greater focus on customers at PRO DV, and thanks to this orientation we will be able to place our range of solutions on the market more effectively.

The expected clear improvement in results is to be aided by the continuation of active cost management and an increase in efficiency within the newly-established divisions. Moreover the development of our earnings will be aided by the streamlining of the portfolio of shareholdings in interplay with the consistent use of depreciation. With the consistent implementation of all the measures, and presupposing an easing in the general market situation and in the economy as a whole, it is our declared goal to create the basis in 2003 for a return to profitability in 2004.

Dortmund, February 2003

The Board of Management



Klaus Bullmann



Siegfried Wenzel

PRO DV in figures

Balance sheet according to HGB

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	Financial statement 31.12.2002	Financial statement 31.12.2001
Assets	TEUR	TEUR
A. Fixed assets		
I. Intangible assets		
Concessions, industrial property rights and similar rights and values as well as licence from such rights an values	105	159
II. Tangible assets		
1. Land, similar rights und buildings including buildings at external land	-	3,088
2. Other facilities, office furniture and equipment	843	899
	843	3,987
III. Financial investments		
1. Shares in associated companies	5,654	2,887
2. Subsidiaries	-	757
	5,654	3,644
	6,602	7,790
B. Current assets		
I. Inventory		
1. Work in progress	1,306	3,847
2. Merchandise	21	2
3. Payments on account	-937	-1,978
	390	1,871
II. Accounts receivable and other assets		
1. Trade debtors	1,986	2,127
2. Accounts receivable from associated companies	165	1,839
3. Accounts receivable from subsidiaries	-	64
4. Other assets	576	777
	2,727	4,807
III. Cash in hand, cash at banks	15,680	15,890
	18,797	22,568
C. Accruals	50	47
	25,449	30,405

	Financial statement 31.12.2002	Financial statement 31.12.2001
Shareholders' equity and liabilities	TEUR	TEUR
A. Shareholders' equity		
I. Subscribed capital		
Conditional capital: TEUR 230 (2001: TEUR 230)	4,300	4,300
II. Capital reserve	27,667	27,667
III. Revenue reserves:		
Legal reserves	10	10
IV. Net loss	-10,619	-4,668
	21,358	27,309
B. Special item for investment allowance	106	346
C. Provisions		
Other provisions	1,877	1,232
D. Liabilities		
1. Payments on accounts for orders	464	232
2. Trade creditors	258	398
3. Accounts payable to associated companies	522	70
4. Other liabilities	863	817
with a residual term up to one year: TEUR 863 (2001: TEUR 817)		
for taxes: TEUR 595 (2001: TEUR493)		
for social security: TEUR238 (2001: TEUR243)		
	2,107	1,517
E. Accruals	1	1
	25,449	30,405

Income statement according to HGB

	01.01.2002- 31.12.2002		01.01.2001- 31.12.2001	
	TEUR	TEUR	TEUR	TEUR
1. Sales revenues		16,400		12,244
2. Increase/decrease in work in progress		-2,542		993
Total performance		13,858		13,237
3. Other operating income		592		698
		14,450		13,935
4. Material costs:				
a. Expenditure on materials and suppliers and on good received	670		168	
b. Expenditure on services received	484	1,154	791	959
Gross profit		13,296		12,976
5. Staff costs:				
a. Wages and salaries	10,084		10,563	
b. Social security contributions and retirement pension costs	1,849		1,726	
Pension costs: TEUR 150 (2001: TEUR 136)				
6. Depreciation:				
a. on intangible fixed assets	624		690	
b. on current assets, as far as exceeding general depreciations	628		306	
7. Other operating costs	3,238	16,423	2,968	16,253
		-3,127		-3,277
8. Other interests and similar income	573		886	
from associated companies: TEUR 95 (2001: TEUR 75)				
9. Depreciation on financial investments	2,761		2,248	
10. Interests and similar expenditure	1		7	
Financial result		-2,189		-1,369
11. Profit from ordinary activities		-5,316		-4,646
12. Extraordinary income	2,668		-	
13. Extraordinary expenses	3,273		-	
14. Extraordinary result		-605		-
		-5,921		-4,646
15. Tax on income and earnings	-		-	
16. Other tax	30	30	22	22
17. Loss for the year		-5,951		-4,668
18. Loss brought forward		-4,668		-
19. Net loss		-10,619		-4,668

Notes to the financial statement for the 2002 business year

1. General notes

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The company is registered under the name PRO DV Software Aktiengesellschaft in the Commercial Register of Dortmund Local Court under the number HRB 12 956.

The company was admitted to Frankfurt stock exchange in March 2000 following its initial public offering and is quoted on Neuer Markt.

The annual financial statements as of 31 December 2002 are based on the provisions of the German Commercial Code for the accounting of stock corporations and the supplementary provisions of the German Stock Corporation Act.

With effect from 01.01.2002 PRO DV Software GmbH, Cologne, was merged with PRO DV Software AG. Thus a comparison of the figures from the annual financial statements as of 31.12.2002 with those for the previous year is only possible to a limited degree.

1.1 Accounting and valuation principles

The accounting and valuation principles are the same as those used last year.

The intangible fixed assets are valued at their cost of acquisition minus scheduled straight-line depreciation. Depreciation was calculated on the basis of the expected useful economic life of the asset.

Tangible fixed assets are valued at their acquisition costs or manufacturing costs minus scheduled depreciation if subject to wear and tear. Depreciation was calculated on the basis of the estimated useful economic life of the assets. In 2002 it was calculated using both the straight-line method and the diminishing-balance method. Low-value assets were written off in full in the year of their addition. This does not apply to low-value assets which serve to fit out offices for the first time. Changes in the fixed assets are shown in a separate statement of asset additions and disposals as an appendix to the notes.

The scheduled depreciation is based on the following economic lives:

Depreciation		
Software and licenses	3 years	
Buildings	25 years	
Other fixed assets	3 to 13 years	

Financial assets were valued at their acquisition costs. Insofar as necessary, extraordinary depreciation was performed on financial assets.

Work in progress was valued at manufacturing costs which, besides production costs, also includes necessary production overheads, pro rata administrative overheads and special production costs. In the event of an expected loss the work in progress is valued on a retrograde basis. In such cases the figure stated for work in progress takes into consideration the costs to be incurred on the basis of a loss-free valuation.

Insofar as there is an active balance in favour of the customer for manufacturing orders, advances received have been offset against the inventories at their nominal value in the period under review. Advances received from customers are stated as liabilities insofar as they exceed the valuation for the respective manufacturing order.

Accounts receivable and other assets are shown in the balance sheet at their nominal values. Individual valuation adjustments and lump-sum allowances were formed for identifiable risks.

The special item for the investment grant is stated at the nominal value. The reversal corresponds to the service life of the promoted assets.

The provisions were calculated on the basis of commercial considerations, taking into account the uncertain liabilities and risks identifiable at the time the balance sheet was prepared.

Liabilities are shown in the balance sheet at the amounts repayable.

Accounts receivable from and payable to associated companies are shown separately.

2. Comments on individual items in the balance sheet

For ease of comparability the summarised assets and debt for the 2002 business year have been contrasted with the consolidated figures (PRO DV AG and PRO DV Cologne) from the previous year.

	2002	2001
	TEUR	TEUR
Fixed assets	6,603	7,931
Current assets	18,846	22,990
Assets	25,449	30,921
Shareholders' equity (incl. special item)	21,463	27,655
Provisions	1,878	1,275
Liabilities	2,108	1,991
Liabilities	25,449	30,921

2.1 Fixed assets

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Changes in and depreciation of individual items on the fixed assets list are to be seen in the fixed-asset movement schedule which is an appendix to the notes.

With the sale and transfer agreement from 07.03.2002 (Doc. No. 329/2002 of the notary public Günter Leifert, Dortmund) the GmbH shares in PRO DV Grüne Software GmbH were sold. The book loss is included in the extraordinary expenses.

With the sale and transfer agreement from 04.11.2002 (Doc. No. 508/2002 of the notary public Kurt Meyer, Dortmund) the GmbH shares in concept software gmbh were sold. The book loss is included in the extraordinary expenses.

With the merger agreement between PRO DV Software GmbH, Cologne, and PRO DV Software AG, Dortmund, from 10.04.2002 (Doc. No. 450/2002 of the notary public Günter Leifert) the assets of PRO DV Software GmbH, Cologne, were taken over with effect from 01.01.2002, by PRO DV Software AG.

The merger agreement was entered on the commercial register of the transferring legal entity as of 05.09.2002, and as of 07.10.2002 the merger was entered on the commercial register of the assuming legal entity.

In the 2002 business year a limited partnership was founded under the name Immobilienverwaltungsgesellschaft Hauert 6 mbH & Co. KG and endowed with partnership capital of TEUR 50. The partnership capital of TEUR 50 was assumed by PRO DV Software AG. The personally liable partner is pro dv online gmbh.

In the 2002 business year the land and property Hauert 6 was sold to Immobilienverwaltungsgesellschaft Hauert 6 mbH & Co. KG.

Within the framework of the merger of PRO DV Software GmbH, Cologne, and the purchase of the assets and debts from pro dv online gmbh, Munich, the original acquisition and manufacturing costs (AC/MC) as well as the accumulated depreciation of the transferring legal entity were included in the fixed asset movement schedule. The actual net acquisition costs, the addition to the book value therefore, is determined as follows:

	PRO DV Cologne	pro dv online
Total additions historical AC/MC	EUR 316,590.82	EUR 112,384.04
Total additions accumulated depreciation	EUR 175,620.31	EUR 20,800.04
Total additions book values	EUR 140,970.51	EUR 91,584.00

Shareholding				
Shareholding	Headquarters	Shareholding	Equity capital TEUR	Annual result TEUR
PRO DV Software GmbH	Dresden	80 %	-226	-795
pro dv online gmbh	Munich	100 %	3	124
Immobilienverwaltungsgesellschaft Hauert 6 mbH & Co. KG	Dortmund	100 %	5,648	-2

2.2 Inventories

Work in progress comprises projects started, including those for clients in the segments Process Optimization, Customer Relationship Management and Geo Solutions, from which the relevant advance payments (TEUR 937) have been openly offset as soon as there is a balance payable to the customer. Advances received are stated on the liabilities side if they exceed the valuation of the respective degree of completion (TEUR 464).

2.3 Accounts receivable and other assets

The other assets essentially include interest income tax and solidarity tax (TEUR 432), deferred interest income (TEUR 80), as well as payments on account (TEUR 29).

The accounts receivable from affiliated companies (TEUR 165) essentially result from ongoing services. The loan claims against PRO DV Software GmbH, Dresden (TEUR 628) were written down in full in the current year as in the present situation re-payment is not to be expected.

All the accounts receivable have a residual term of less than one year.

2.4 Cash in hand and cash at banks

This item essentially comprises fixed-term deposits to the value of TEUR 15,183.

2.5 Accruals

This item shows contributions, fees and remuneration paid in advance.

2.6 Shareholders' equity and extraordinary items

The subscribed capital amounts to EUR 4,300,000.00.

As of 31.12.2002 the company has authorised capital of EUR 2.0 million available for the further financing of the company.

The capital stock is divided into 4,300,000 no-par-value shares. Of these 100,000 have been subscribed to from the authorised capital in 2001.

The capital stock has been increased by a nominal sum of as much as EUR 230,000.00, divided into as many as 230,000 bearer shares, through a contingent capital increase (contingent capital). The contingent capital increase serves to grant subscription rights to board members and employees of the company as well as to the board members and employees of affiliated companies in accordance with the resolution adopted by the ordinary general meeting on 11.02.2001. The contingent capital increase is only to be performed insofar as the holders of subscription rights exercise their rights.

The Board of Management is authorised, subject to the consent of the Supervisory Board, to lay down further details for the performance of the contingent capital increase as well as the scope of the subscription rights. Insofar as the Board of Management is affected, the details are laid down by the Supervisory Board.

2.6.1 Changes in shareholders' equity for the period from 1 January to 31 December 2002

The entire shareholders' equity has developed as follows:

shareholders' equity					
	Subscribed capital	Capital reserve	Revenue reserve	Net loss	Total
	EUR	EUR	EUR	EUR	EUR
As of 31.12.2001	4,300,000.00	27,666,569.37	9,780.37	-4,667,797.62	27,308,552.12
Net loss for the year	0.00	0.00	0.00	-5,951,288.19	-5,951,288.19
As of 31.12.2002	4,300,000.00	27,666,569.37	9,780.37	-10,619,085.81	21,357,263.93

2.6.2 Special item for investment subsidies

In accordance with § 281 HGB a special equity item has been formed for investment subsidies to the amount of TEUR 106. The special item is reversed for the respective accounting period in line with the service life of the subsidised goods. In this accounting period a total of TEUR 37 was released with an effect on earnings. As the land and property Hauert 6 was sold to Immobilienverwaltungsgesellschaft Hauert 6 mbH & Co. KG at the end of the year, it was necessary to reverse the special item insofar as it was accounted for by the land (TEUR 203); this reversal was unscheduled. Job guarantees were made in return for these subsidies. Insofar as these guarantees cannot be honoured, the subsidies may have to be repaid.

2.7 Other provisions

The other provisions essentially take into account vacation entitlements for employees (TEUR 512), overtime claims for employees (TEUR 36), internal annual accounting and auditing costs (TEUR 88), costs for the annual report (TEUR 77), contributions to social insurance against occupational accidents (TEUR 50), outstanding invoices (TEUR 538), warranties (TEUR 198), threatened losses from pending rental agreements (TEUR 43), staff bonuses (TEUR 212), as well as miscellaneous provisions (TEUR 123).

2.8 Liabilities

The other liabilities include TEUR 595 in tax liabilities, and TEUR 250 in social security liabilities.

All the liabilities (TEUR 2,107) have a residual term of less than one year.

3. Comments on individual items on the profit and loss account

To enhance comparability with the previous year the major items on the profit and loss account, the figures for the previous year have been consolidated (PRO DV AG and PRO DV Cologne).

	2002	2001
	TEUR	TEUR
Total performance	13,859	13,978
Gross profit	12,705	13,443
Personnel expenses	-11,933	-13,200
Depreciation	-625	-752
Other operating expenses	-3,237	-3,239
Result from ordinary activities	-2,498	-3,086
Financial result	572	869
Extraordinary result	-3,995	-2,554
Taxes	- 30	- 23
Net loss for the year	-5,951	-4,794

3.1 Sales revenues

The sales revenues for the 2002 business year are broken down as follows:

	TEUR	
by areas of activity		
Revenue from software developments	14,017	
Revenue from license sales	253	
Revenue from maintenance	1,217	
Revenue from sale of merchandise	850	
Revenue from software developments from affiliated companies	51	
Revenue from sales to affiliated companies	12	
Sales revenues	16,400	

All the sales revenues, with the exception of a sum of TEUR 75 (foreign country), were attained in Germany.

3.2 Other operating income

Other operating income includes income of TEUR 218 from affiliated companies. There is also income of TEUR 37 from the reversal of the special item for investment allowances (cf. Point 2.6.2) as well as public-sector allowances of TEUR 85.

3.3 Depreciation on current assets insofar as this exceeds the depreciation customary at the stock corporation

The depreciation concerns loan claims (incl. interest) receivable from PRO DV Software GmbH, Dresden, of TEUR 628.

3.4 Interest income

The interest income includes interest income of TEUR 95 from affiliated companies.

3.5 Depreciation on financial assets und investments classified as assets

The depreciation concerns the shares in PRO DV Software GmbH, Dresden (TEUR 1,729) and in Sports & Bytes GmbH (TEUR 1,032).

3.6 Extraordinary result

With the notarised document from 23.12.2002 the land Hauert 6 with its buildings was transferred to Immobilienverwaltungsgesellschaft Hauert 6 mbH & Co. KG at its market value. The resulting book profit is TEUR 2,466. In this respect the special item for investment allowances attributable to the building amounting to TEUR 203 was also reversed.

With effect from 01.01.2002 the subsidiary PRO DV Software GmbH, Cologne, was merged with PRO DV Software AG. A merger loss of TEUR 493 resulted from this transaction (cf. 2.1).

In the 2002 business year the shareholdings in PRO DV Grüne Software GmbH and concept software gmbh, Berlin, were sold (cf. 2.1).

A loan claim against concept software gmbh amounting to TEUR 1,331 was written down in full following the company registering for composition proceedings.

The extraordinary result is comprised as follows:

	TEUR
Extraordinary income:	
Reversal of special item for investment allowances	203
Book profit from the sale of the land Hauert 6	2,466
	2,669
Extraordinary expenses:	
Book loss shareholding PRO DV Grüne Software GmbH	-446
Book loss shareholding concept software gmbh, Berlin	-1,004
Claim loss loan concept software gmbh, Berlin	-1,331
Merger loss PRO DV Software GmbH, Cologne	-493
	-3,274
	-605

3.6 Taxes on income and earnings

There are no taxes on income and earnings. Thus there is no charge on the result from ordinary activities.

4. Executive bodies of the company

4.1 Board of Management

The members of the Board of Management of PRO DV Software AG are:
Dipl.-Ing. Klaus Bullmann (Chairman),
Dipl.-Ing. Siegfried Wenzel.

The emoluments of the Board of Management in 2002 amounted to TEUR 368 (2001: TEUR 478). The figure for the previous year includes the remuneration for Dipl.-Ing. Heinz Leonhardt, who left the Board of Management by mutual consent with effect from 31.08.2001.

4.2 Supervisory Board

The Supervisory Board of PRO DV Software AG was comprised as follows in the 2002 calendar year:

Dr.-Ing. Rolf Windmüller (Chairman), Ennepetal (until 04.06.2002)
further Supervisory Board mandates: AVU AG, Gevelsberg; DEW GmbH, Dortmund; E.ON Engineering GmbH, Gelsenkirchen; Heinrich Industrie AG, Essen, Lech-Elektrizitätswerke AG, Augsburg; Osram GmbH, Munich; Pfalzwerke AG, Ludwigshafen; SAG Netz- und Energietechnik GmbH, Langen/Hesse

Dr. Walter Aden (Deputy Chairman), Dortmund (until 04.06.2002)
further Supervisory Board mandates: Tarox Holding AG, Lünen; Interseroh AG, Cologne; DOC-CONNEX AG, Dortmund; fundamenta Capital AG, Leverkusen

Dr.-Ing. Knud Norden (Chairman), Dortmund (since 04.06.2002)
Profession: Board member RWE Systems AG, Department IT
further Supervisory Board mandates: RWE Systems Applications GmbH, Eschborn, Chairman of the Supervisory Board; net.workers Gesellschaft für Internet Technologie AG, Hagen, Chairman of the Supervisory Board; ivl Informationsverarbeitung Leverkusen GmbH, Leverkusen; RWE Com Geschäftsführungs-GmbH, Essen

Mr Michael Petmecky, Dortmund (since 04.06.2002)
Profession: Board member SIGNAL IDUNA Versicherungsgruppe
further Supervisory Board mandates: Versicherungswirtschaftlicher Datendienst GmbH, Icking; DEUFINANZ Vermittlungs-AG, Dortmund; Netlife AG, Hamburg; Lufthansa Systems Network GmbH, Hamburg, advisory council; ADA-HAS IT Management AG, Willich, specialist committee for insurance policies

Dr. Harald Obendiek, Oberhausen
Profession: Personnel Director at ThyssenKrupp Technologies
no other Supervisory Board mandates

The total emoluments of the Supervisory Board for 2002 business year were TEUR 27.9 (2001: TEUR 24.5).

4.3 Corporate Governance

On 2 July 2002 the Board of Management and the Supervisory Board signed a compliance declaration as defined in the German Corporate Governance Codex (§ 161 AktG); they have made this accessible to the shareholders on the company's website.

5. Other financial obligations

The company has an annual rental obligation of TEUR 340 for the land Hauert 6, and annual rental obligations of TEUR 220 (2001: TEUR 288) for its business offices. As of the balance-sheet date there are obligations of TEUR 370 (2001: TEUR 313) from leasing agreements. There is joint and several liability with Immobilienverwaltungsgesellschaft Hauert 6 mbH & Co. KG with regard to the reversal of the special items for investment allowances of TEUR 202 which has arisen through the sale of the building Hauert 6.

6. Number of employees

The number of employees developed as follows in the business year:

Employees					
	1st quarter 31.03.2002	2nd quarter 30.06.2002	3rd quarter 30.09.2002	4th quarter 31.12.2002	Annual average
Senior management	23	23	22	21	22
Other full-time employees	173	170	160	154	164
Part-time employees	23	18	16	16	18
Total	219	211	198	191	204

The annual average number of employees taking into account full-time equivalents was 192. The employees of PRO DV Software GmbH, Cologne (17) and pro dv online gmbh, Munich (3) are included in the above figures.

7. Appropriation of profit

The Board of Management proposes that the net loss of TEUR10,619 be carried forward to new account.

PRO DV Software AG
Dortmund, February 2003


Klaus Bullmann


Siegfried Wenzel

Auditors' Report

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We have audited the annual financial statements, together with the bookkeeping system and the management report of the Company PRO DV Software AG, Dortmund, for the business year from January 1, 2002 to December 31, 2002. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions in the articles of incorporation agreement are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 of the German Commercial Code (HGB) and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Chartered Accountants (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with principles of proper accounting. On the whole the management report provides a suitable understanding of the Company's position and suitably presents the risks of future development.

Munich, February 18, 2003

AWT Allgemeine Wirtschaftstreuhand GmbH
Wirtschaftsprüfungsgesellschaft

S. Denk
Wirtschaftsprüfer
(German Public Auditor)

C. Küpper
Wirtschaftsprüfer
(German Public Auditor)

Changes in fixed assets for 2002 according to HGB

	Cost of acquisition					
	01.01.2002	Addition PRO DV Cologne/ pro dv online	Addition	Disposal	31.12.2002	
	TEUR	TEUR	TEUR	TEUR	TEUR	
I. Intangible assets						
Concessions, industrial property rights and similar rights und values as well as licence from such rights and values	565	75	30	63	607	
II. Tangible assets						
1. Land and buildings	4,159	-	-	4,159	-	
2. Other facilities, office furniture and equipment	2,303	354	132	233	2,556	
	6,462	354	132	4,392	2,556	
III. Financial investments						
1. Shares in associated companies	5,134	-	6,376	2,941	8,569	
2. Subsidiaries	757	-	275	-	1,032	
	5,891	-	6,651	2,941	9,601	
	12,918	429	6,813	7,396	12,764	

Accumulated depreciation						Book value		Depreciation	
01.01.2002	Addition PRO DV Cologne/ pro dv online	Addition	Disposal	31.12.2002		31.12.2002	31.12.2001	2002	
TEUR	TEUR	TEUR	TEUR	TEUR		TEUR	TEUR	TEUR	
	406	38	120	62	502	105	159	120	
	1,072	-	127	1,199	-	-	3,088	127	
	1,403	158	377	225	1,713	843	899	377	
	2,475	158	504	1,424	1,713	843	3,987	504	
	2,248	-	1,730	1,063	2,915	5,654	2,887	1,730	
	-	-	1,032	-	1,032	-	757	1,032	
	2,248	-	2,762	1,063	3,947	5,654	3,644	2,762	
	5,129	196	3,386	2,549	6,162	6,602	7,790	3,386	

