



3 Months' Report 2003

The company in figures

	3 Months 2003	3 Months 2002
(figures in TEUR to IAS)		
Sales revenues	3,833	4,819
Gross performance	4,219	4,763
EBITDA ¹	-517	-1,479
EBIT ¹	-753	-1,897
Net income/Loss	-756	-1,271
Earnings per share (in euro)	-0.18	-0.30
Employees ²	228	316

	31.03.2003	31.12.2002
Balance-sheet total	28,610	30,052
Equity capital ratio	78 %	77 %
Liquid funds	14,492	15,852

¹ After interest income

² Full-time equivalent, average

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Course of business and position of the company

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In the first three months of 2003 PRO DV Software AG posted a gross performance of 4.22 million euros, following on from 4.76 million euros in the comparative period for the previous year. Sales revenues were 3.83 (previous year: 4.82) million euros. This development essentially came about with the removal of shareholdings from the reporting unit in the past year.

Despite the ongoing stagnation of the economy and the associated reservation towards awarding IT projects, it was possible to stabilise the development of results at PRO DV. The major reasons for this lay in the consistent cost management and, in particular, in the streamlining of the shareholdings portfolio, a process which was initiated last year. In this respect loss-making areas were identified and removed from the group.

These measures are already reflected in the results for the first quarter of this year. The operating result (EBIT) in the period under review improved by 60.5 per cent, from -1.90 million euros in 2002 to -0.75 million euros. Before depreciation (EBITDA) the result improved by 64.8 per cent, from -1.48 million euros to -0.52 million euros. Thanks to constant capacity utilisation in the core areas of the parent company, a solid pattern of stable earnings is developing. The earnings per share were -0.18 euro (previous year: -0.30 euro).





Despite the ongoing tense situation on the markets, the balance sheet situation at PRO DV is very good, with a balance-sheet total of 28.6 million euros and an equity ratio of 78.4 per cent. The cash and cash equivalents at the end of the reporting period amounted to 14.49 million euros, and were thus at virtually the same level as last year (14.84 million euros).

At the end of the period new orders amounted to a total of 4.4 million euros, with total orders in hand of over 7.2 million euros. As a result of intensified sales activities it was possible to acquire 8 new clients in the first quarter. Furthermore, a number of other projects are already in the acquisition phase, with the outlook for orders being placed in the near future. A major contribution to this has been made by the stronger focus on sales throughout the company.

Whereas to date work has been topic-oriented, in the future PRO DV intends to bundle its activities by sectors and, with customer and sector-specific solutions, focus on the target groups telecommunications, industry, government, utilities, retail and banking. In this respect the main competence lies in the field of geo solutions, in which applications use location-based data.

With a view to the current tense situation on the market, given the current level of capacity utilisation, and taking into account the long-term analysis for all business divisions and shareholdings, the company expects the gross performance for 2003 to remain unchanged at 18.3 million euros with an operating result of (EBIT) of -2.0 million euros.

Dortmund, May 2003

The Board of Management

Klaus Bullmann

Siegfried Wenzel

PRO DV in figures

Consolidated balance sheet to IAS

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Assets	TEUR	TEUR
Current assets		
Cash and Cash Equivalents	14,492	15,852
Short-term Investments/Marketable securities	-	-
Trade accounts receivable	2,432	2,434
Accounts receivable due from related parties	-	-
Inventories	718	715
Deferred tax asset	-	-
Prepaid expenses and other current assets	739	723
Total current assets	18,381	19,724
Non-current assets		
Property, plant and equipment	6,128	6,199
Intangible assets	359	392
Goodwill	1,047	1,062
Investments	-	-
Investments accounted for by the equity method	-	-
Notes receivable/loans	-	-
Deferred taxes	2,695	2,675
Other assets	-	-
Total non-current assets	10,229	10,328
Total assets	28,610	30,052

3 Months 2003

Financial

statement

31.03.2003

31.12.2002

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Liabilities and shareholders' equity	TEUR	TEUR
Current liabilities		
Current portion of capital lease obligation	-	-
Short-term debt and current portion of long-term dept	83	66
Trade accounts payable	811	640
Accounts payable due to related parties	-	-
Advance payments received	252	427
Accrued expenses	1,907	2,183
Deferred revenues	-	-
Income tax payable	-	-
Deferred tax liability	-	-
Other current liabilities	635	1,073
Accrued income taxes	4	-
Total current liabilities	3,692	4,389
Non-current liabilities		
Long-term debt, less current portion	858	887
Capital lease obligations, less current portion	-	-
Deferred revenues	-	-
Deferred tax liability	749	746
Pension accrual	-	-
Deferrals	870	833
Total non-current liabilities	2,477	2,466
Minority interest	-	-
Shareholders' equity		
Share capital	4,300	4,300
Additional paid-in capital	32,250	32,250
Treasury Stock	-	-
Retained Earnings/Accumulated deficit	-14,109	-13,353
Accumulated other comprehensive income/loss	-	-
Total shareholders' equity	22,441	23,197
Total liabilities and shareholders' equity	28,610	30,052

Consolidated income statement to IAS

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	1st Quarter 2003 01.01.2003- 31.03.2003	1st Quarter 2002 01.01.2002- 31.03.2002	3 Months 2003 01.01.2003- 31.03.2003	3 Months 2002 01.01.2002- 31.03.2002
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	TEUR	TEUR	TEUR	TEUR
Revenues	3,833	4,819	3,833	4,819
Other operating income	71	77	71	77
Changes in inventories of finished goods and work in progress	386	-56	386	-56
Production of own fixed assets capitalized	-	-	-	-
Cost of purchased materials and services	389	230	389	230
Personnel expenses	3,612	4,787	3,612	4,787
Depreciation and amortization	221	354	221	354
Amortization (and impairment) of goodwill	15	64	15	64
Other operating expenses	920	1,438	920	1,438
Operating income/loss	-867	-2,033	-867	-2,033
Interest income and expense	99	122	99	122
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	-768	-1,911	-768	-1,911
Income tax	-12	-559	-12	-559
Extraordinary income/expenses	-	-	-	-
Result before minority interest	-756	-1,352	-756	-1,352
Minority interest	-	81	-	81
Net income/loss	-756	-1,271	-756	-1,271
Profit/loss brought forward			-13,363	-3,061
Retained earnings			-14,119	-4,332
Net income per share (basic/diluted)	-0.18	-0.30	-0.18	-0.30
Weighted average shares outstanding (basic/diluted)	4,300,000	4,300,000	4,300,000	4,300,000

Consolidated cash flow statement to IAS

3 Months 2003 3 Months 2002
 01.01.2003- 01.01.2002-
 31.03.2003 31.03.2002

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	TEUR	TEUR
Cash flows from operating activities		
Net income/loss before tax	-768	-1,830
Adjustments for:		
Minority interest	-	-81
Depreciation and amortization:		
Property, plant, equipment and intangible assets	211	317
Production of own fixed assets capitalized	25	101
Interest income	-114	-136
Interest expense	15	14
Operating profit before working capital changes	-631	-1,615
Gains and Losses from disposal of fixed assets	-	-
Invalid payment loss from final consolidation	-	348
Invalid payment gain from final consolidation	-	-
Changes in inventories	-3	224
Changes in trade receivables	2	-137
Changes in accounts receivable from associated companies	-	-
Changes in other assets	-65	-127
Changes in long-term liabilities and shareholders' equity	37	200
Changes in short-term provisions	-276	118
Changes in trade payable	171	-63
Changes in payments on account for orders	-175	-190
Changes in other liabilities and shareholders' equity	-421	-417
Cash generated from operations	-1,361	-1,659
Interest paid	-15	-14
Taxes received	49	501
Net cash used in operating activities	-1,327	-1,172
Cash flows from investing activities		
Sale of subsidiaries net of cash sold	-	-307
Acquisition of subsidiaries net of cash acquired	-	-
Payment for investments in fixed assets	-117	-79
Interest received	114	136
Net cash used in investing activities	-3	-250
Cash flows from financing activities		
Cash repayments of amounts borrowed	-30	-32
Net cash used in financing activities	-30	-32
Net decrease in cash and cash equivalents	-1,360	-1,454
Cash and cash equivalents at beginning of period	15,852	16,296
Cash and cash equivalents at end of period	14,492	14,842

Consolidated segment statement
By divisions from 01.01. – 31.03.2003 to IAS

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		Division		Division		
		Telecommunication	31.03.2003	Retail & Banking	31.03.2002	
		TEUR	TEUR	TEUR	TEUR	
1. By areas of competence						
Revenues		1,098	1,151	273	1,528	
Production of own fixed assets capitalized		-	-	-	-	
Changes in inventories of finished goods and work in progress		392	49	16	-762	
Gross performance		1,490	1,200	289	766	
Other operating income		22	12	3	29	
Cost of materials/Cost of purchased services		77	25	48	128	
Personnel expenses		1,142	1,142	210	1,015	
Depreciation		28	45	4	60	
Other operating expenses		292	318	49	400	
Segment result		-27	-318	-19	-808	
Non-attributable costs						
Depreciation administration						
Legal and consulting costs						
Amortization (and impairment) of goodwill						
Financial result						
Taxes on income and earnings						
Minority shares						
Income/loss						
				Germany		
				31.03.2003	31.03.2002	
2. By geographical markets		TEUR		TEUR		
Gross performance		4,100		4,608		
Capital development from 01.01. – 31.03 2003 to IAS						
		Share capital	Capital reserve	Profit reserve	Retained earnings	Total
Date	Circumstances	TEUR	TEUR	TEUR	TEUR	TEUR
01.01.2003		4,300	32,250	10	-13,363	23,197
31.03.2003	Net loss	-	-	-	-756	-756
31.03.2003		4,300	32,250	10	-14,119	22,441

Division Utilities		Division Government		Division Industry		Other areas		Group	
31.03.2003	31.03.2002	31.03.2003	31.03.2002	31.03.2003	31.03.2002	31.03.2003	31.03.2002	31.03.2003	31.03.2002
TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
427	232	1,550	1,331	377	493	108	84	3,833	4,819
-	-	-	-	-	-	-	-	-	-
-68	35	-28	397	74	238	-	-13	386	-56
359	267	1,522	1,728	451	731	108	71	4,219	4,763
4	2	20	33	20	13	2	-12	71	77
65	2	120	3	71	39	8	33	389	230
361	392	1,229	1,274	563	830	107	134	3,612	4,787
7	50	51	91	45	100	11	8	146	354
16	55	275	329	201	243	34	33	867	1,378
-86	-230	-133	64	-409	-468	-50	-149	-724	-1,909
								75	-
								53	60
								15	64
								99	122
								-12	-559
								-	81
								-756	-1,271

EU		Other Countries		Group	
31.03.2003	31.03.2002	31.03.2003	31.03.2002	31.03.2003	31.03.2002
TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
106	63	13	92	4,219	4,763

Capital development from 01.01. – 31.03 2002 to IAS

		Share capital	Capital reserve	Profit reserve	Retained earnings	Total
Date	Circumstances	TEUR	TEUR	TEUR	TEUR	TEUR
01.01.2002		4,300	32,250	10	-3,061	33,499
31.03.2002	Net loss	-	-	-	-1,271	-1,271
31.03.2002		4,300	32,250	10	-4,332	32,228

Appendix

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> Economic development

The markets addressed by PRO DV have been characterised by cautious investment in recent months. This is seen above all in the fact that investments already planned for IT infrastructure and IT solutions have been cancelled and that customers have cut their budgets. The predicted economic recovery and the associated increase in investment activity for IT projects has not yet been seen to the extent forecast.

> Events of particular significance

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. Compliance with the minimum statutory requirements is merely required for the newly-created General Standard. 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.

> Events of particular significance after the end of the reporting period

There have been no events of particular significance within the company since 31.03.2003.

> Research and development

In the first three months of the financial year engineering services of ca. 3.7 man years were invested in the further development of our solutions and services. Product developments which commenced in this period were not capitalised as self-constructed assets.

> Investments

Investments in intangible fixed assets and fixed assets in the reporting period amounted to TEUR 117 euros.

> Deferred taxes

Capitalised deferred taxes as part of the tax loss carryforward for corporation tax and trade earnings tax have been stated at the capitalised sum from 31.12.2002.



> Accounting and valuation methods

The accounting, valuation and calculation methods used for the quarterly statements as of 31.03.2003 were the same as those used for the annual financial statements as of 31.12.2002. This quarterly report has been prepared in compliance with International Accounting Standards.

> Number of employees

As of 31.03.2003 an average of 228 staff were employed with PRO DV Software AG and its subsidiaries. This figure is based on the full-time equivalent, i.e. in calculating the figure part-time staff, trainees and interns have been taken into consideration on a pro rata basis.

> Equity capital

The company may avail of contingent capital of TEUR 230 euro through the issue of bearer shares with an arithmetical share in the capital stock of 1 euro each in order to grant subscription rights to employees and members of the Board of Management of PRO DV Software AG.

> Directors' holdings

The number of shares held by members of the Board of Management and Supervisory Board as of 31.03.2002 has remained unchanged and is as follows.

	Shares held	Shares held	Subscription rights	Subscription rights
	31.03.2003	31.12.2002	31.03.2003	31.12.2002
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	0	0	0	0
Dr. Harald Obendiek	0	0	0	0
Michael Petmecky	0	0	0	0



In the event of any queries
we will be pleased to help.

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