



3 Months' Report 2004

The Company in figures

(Figures in TEUR to IAS/IFRS)

	3 Months 2004	3 Months 2003
Sales revenues	3,592	3,833
Gross performance	4,176	4,219
EBITDA ¹	118	-517
EBIT ¹	-86	-753
Net income/loss	-95	-756
Earnings per share (in Euro)	-0.02	-0.18
Employees ²	193	228

	31.03.2004	31.03.2003
Balance-sheet total	26,290	27,392
Equity capital ratio	80 %	77 %
Liquid funds	12,942	13,979

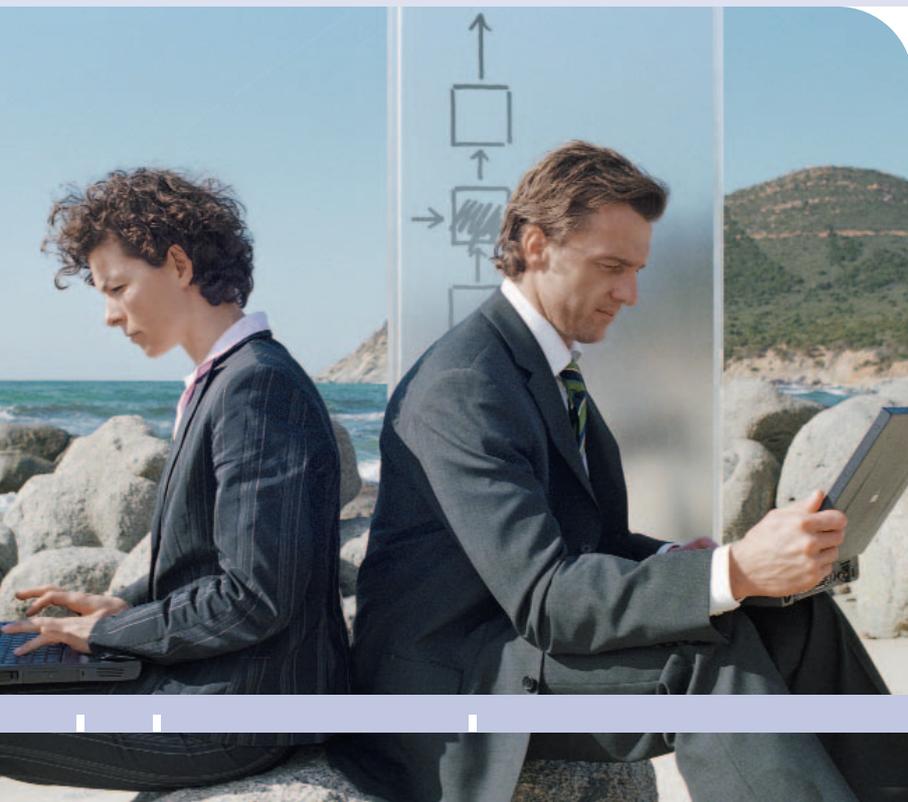
¹ After interest income

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 2004 PRO DV Software AG posted a gross performance at previous year's level of 4.2 million Euros. Sales revenues for the same time period were 3.6 million Euros (2003: 3.8 million Euros).

Despite the ongoing stagnation of the economy and the associated reservation towards awarding IT projects, PRO DV was able to maintain its level of performance. Thanks to consistent cost management and reduced personnel expenses, it was again possible to attain a significant cost savings reflected in the results.

Thus the operating result (EBIT) improved significantly in the first quarter to –0.09 million Euros following on from –0.75 million Euros in the months January – March 2003. The earnings per share increased during the same period from –0.02 Euros following on from –0.18 Euros in first quarter 2003.

Thanks to the substantially more strongly developed and industry-oriented orientation of the company in terms of sales, with orders received in the amount of 4.4 million Euros and an order backlog of 5.7 million Euros on the effective date of this report, it was possible to stabilise capacity utilization of the areas of the company. Moreover, the balance sheet situation at PRO DV is good, with a balance-sheet total of 26.3 million Euros and an equity ratio of 79.6 percent. The cash and cash equivalents at the end of the reporting period amounted to 12.9 million Euros.



Before the backdrop of the adjusted personnel capacity and an increase in the efficiency of project handling in conjunction with stabilisation of the trend of business, the company is standing by its earnings projection for 2004 and anticipates a balanced result for the overall year.

Dortmund, May 2004

The Board of Management



Klaus Bullmann



Udo Bücher



Uwe Osterkamp



PRO DV in figures

Consolidated balance sheet to IAS/IFRS

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Assets	3 Months 2004	Financial statement
	31.03.2004 TEUR	31.12.2003 TEUR
Current assets		
Cash and Cash Equivalents	12,942	13,979
Short-term Investments/Marketable securities	-	-
Trade accounts receivable	2,126	2,378
Accounts receivable due from related parties	-	-
Inventories	934	752
Deferred tax asset	-	-
Prepaid expenses and other current assets	515	675
Total current assets	16,517	17,784
Non-current assets		
Property, plant and equipment	5,627	5,690
Intangible assets	229	264
Goodwill	984	1,000
Investments	-	-
Investments accounted for by the equity method	-	-
Notes receivable/loans	-	-
Deferred taxes	2,797	2,518
Other assets	136	136
Total non-current assets	9,773	9,608
Total assets	26,290	27,392

Liabilities and shareholders' equity	3 Months 2004 31.03.2004 TEUR	Financial statement 31.12.2003 TEUR
Current liabilities		
Current portion of capital lease obligation	-	-
Short-term debt and current portion of long-term dept	66	66
Trade accounts payable	181	297
Accounts payable due to related parties	-	-
Advance payments received	569	1.277
Accrued expenses	1,443	1,599
Deferred revenues	-	-
Income tax payable	-	-
Deferred tax liability	-	-
Other current liabilities	678	931
Accrued income taxes	28	23
Total current liabilities	2,965	4,193
Non-current liabilities		
Long-term debt, less current portion	793	822
Capital lease obligations, less current portion	-	-
Deferred revenues	-	-
Deferred tax liability	652	381
Pension accrual	-	-
Accrued expenses	168	183
Deferrals	776	782
Total non-current liabilities	2,389	2,168
Minority interest	-	-
Shareholders' equity		
Share capital	4,300	4,300
Capital reserve	19,191	19,191
Treasury Stock	-	-
Retained Earnings/Accumulated deficit	-2,555	-2,460
Accumulated other comprehensive income/loss	-	-
Total shareholders' equity	20,936	21,031
Total liabilities and shareholders' equity	26.290	27.392

Consolidated income statement to IAS/IFRS

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	1st Quarter 2004 01.01.2004- 31.03.2004 TEUR	1st Quarter 2003 01.01.2003- 31.03.2003 TEUR	3 Months 2004 01.01.2004- 31.03.2004 TEUR	3 Months 2003 01.01.2003- 31.03.2003 TEUR
Sales revenues	3,592	3,833	3,592	3,833
Other operating income	104	71	104	71
Changes in inventories of finished goods and work in progress	584	386	584	386
Production of own fixed assets capitalized	-	-	-	-
Cost of purchased materials and services	189	389	189	389
Personnel expenses	3,226	3,612	3,226	3,612
Depreciation	189	221	189	221
Amortization (and impairment) of goodwill	15	15	15	15
Other operating expenses	826	920	826	920
Operating income/loss	-165	-867	-165	-867
Interest income and expense	68	99	68	99
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	-97	-768	-97	-768
Income tax	-2	-12	-2	-12
Extraordinary income/expenses	-	-	-	-
Result before minority interest	-95	-756	-95	-756
Minority interest	-	-	-	-
Net income/loss	-95	-756	-95	-756
Loss brought forward			-2,470	-13,363
Accumulated deficit			-2,565	-14,119
Net income per share (basic/diluted)	-0.02	-0.18	-0.02	-0.18
Weighted average shares outstanding (basic/diluted)	4,300,000	4,300,000	4,300,000	4,300,000

Consolidated cash flow statement to IAS/IFRS

	3 Months 2004 01.01.2004- 31.03.2004 TEUR	3 Months 2003 01.01.2003- 31.03.2003 TEUR
Cash flows from operating activities		
Net income/loss before tax	-97	-768
Adjustments for:		
Minority Interest	-	-
Depreciation and amortization:		
Property, plant, equipment and intangible assets	183	211
Production of own fixed assets capitalized	21	25
Interest income	-79	-114
Interest expense	11	15
Operating profit before working capital changes	39	-631
Changes in long-term liabilities and shareholders' equity	-21	37
Gains and Losses from disposal of fixed assets	-	-
Changes in long-term assets	-	-
	-21	37
Changes in:		
Inventories	-182	-3
Trade receivables	252	2
Other assets	64	-65
Short-term provisions	-156	-276
Trade payable	-116	171
Payments on account for orders	-708	-175
Other liabilities and shareholders' equity	-253	-421
	-1,099	-767
Cash generated from operations	-1,081	-1,361
Interest paid	-11	-15
Taxes paid	95	49
Net cash used in operating activities	-997	-1,327
Cash flows from investing activities		
Disposal of consolidated companies net of cash sold	-	-
Acquisition of subsidiaries net of cash acquired	-	-
Payment for investments in fixed assets	-90	-117
Interest received	79	114
Net cash used in investing activities	-11	-3
Cash flows from financing activities		
Cash repayments of amounts borrowed	-29	-30
Net cash used in financing activities	-29	-30
Net decrease in cash and cash equivalents	-1,037	-1,360
Cash and cash equivalents at beginning of period	13,979	15,852
Cash and cash equivalents at end of period	12,942	14,492

Consolidated segment statement
By divisions from 01.01. – 31.03.2004 to IAS/IFRS

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	Division Telecommunications		Division Retail & Banking	
	31.03.2004	31.03.2003	31.03.2004	31.03.2003
	TEUR	TEUR	TEUR	TEUR
1. By areas of competence				
Sales revenues	1,045	1,098	166	273
Production of own fixed assets capitalized	-	-	-	-
Changes in inventories of finished goods and work in progress	294	392	25	16
Gross performance	1,339	1,490	191	289
Other operating income	32	22	3	3
Cost of purchased materials and services	18	77	8	48
Personnel expenses	1,002	1,142	209	210
Depreciation	26	28	2	4
Other operating expenses	291	292	45	49
Segment result	34	-27	-70	-19
Non-attributable costs				
Depreciation administration				
Legal and consulting costs				
Amortization (and impairment) of goodwill				
Financial result				
Income tax				
Minority interest				
Net income/loss				

	Germany	
	31.03.2004	31.03.2003
	TEUR	TEUR
2. By geographical markets		
Gross performance	4,087	4,100

Capital development from 01.01. – 31.03 2004 to IAS/IFRS

Date	Circumstances	Share capital TEUR	Capital reserve TEUR	Profit reserve TEUR	Accumulated deficit TEUR	Total TEUR
01.01.2004		4,300	19,191	10	-2,470	21,031
31.03.2004	Net loss	-	-	-	-95	-95
31.03.2004		4,300	19,191	10	-2,565	20,936

	Division Utilities		Division Government		Division Industry		Other areas		Group	
	31.03.2004	31.03.2003	31.03.2004	31.03.2003	31.03.2004	31.03.2003	31.03.2004	31.03.2003	31.03.2004	31.03.2003
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
	366	427	1,666	1,550	349	377	-	108	3,592	3,833
	-	-	-	-	-	-	-	-	-	-
	-2	-68	313	-28	-46	74	-	-	584	386
	364	359	1,979	1,522	303	451	-	108	4,176	4,219
	4	4	28	20	37	20	-	2	104	71
	6	65	122	120	35	71	-	8	189	389
	316	361	1,243	1,229	456	563	-	107	3,226	3,612
	7	7	47	51	40	45	-	11	122	146
	59	16	260	275	171	201	-	34	826	867
	-20	-86	335	-133	-362	-409	-	-50	-83	-724
									67	75
									-	53
									15	15
									68	99
									-2	-12
									-	-
									-95	-756

	EU		Other countries		Group	
	31.03.2004	31.03.2003	31.03.2004	31.03.2003	31.03.2004	31.03.2003
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
	28	106	61	13	4,176	4,219

Capital development from 01.01. – 31.03.2003 to IAS/IFRS

Date	Circumstances	Share capital TEUR	Capital reserve TEUR	Profit reserve TEUR	Accumulated deficit TEUR	Total 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

Appendix

> Economic development

The markets addressed by PRO DV have again been characterised by cautious investment over the past 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 have not yet lived up to expectations.

> Events of particular significance

In February, PRO DV and SAP AG, Walldorf, concluded a partnership agreement. Together, they will develop and market new solutions that create significant added value for customers. They will kick off their partnership with vertical applications for power companies with an emphasis on the area of SAP portal technology.

Against this background, PRO DV has developed possible applications of the SAP portal technology for the power supply sector. Thus solutions have already been created, on the basis of which, for example, information from the SAP system, the Internet, geographical information systems or other data sources can be combined. For visualising the information, PRO DV has developed and gained SAP-certification for optically standardised functional modules for characteristic workflows in marketing and maintenance.

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

There have been no events of particular significance within the company since 31.03.2004.

> Research and development

In the first three months of the financial year, approx. 3.0 man-years in engineering services were invested in 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 90.

> Accounting and valuation methods

The accounting, valuation, and calculation methods used for the quarterly statements as of 31.03.2004 were the same as those used for the annual financial statements as of 31.12.2003. This quarter report has been prepared in compliance with international accounting standards/ international financial reporting standards.





> Number of employees

As of 31.03.2004, an average of 193 staff were employed at 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 itself of contingent capital of TEUR 230 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 the members of the Board of Management and Supervisory Board as of 31 March 2004 has remained unchanged and is as follows:

	Shares held 31.03.2004	Shares held 31.12.2003	Subscription rights 31.03.2004	Subscription rights 31.12.2003
Board of management				
Klaus Bullmann	491,225	491,225	10,000	10,000
Udo Bücher	0	0	0	0
Uwe Osterkamp	28,730	28,730	10,000	10,000
Supervisory board				
Dr.-Ing. Knud Norden	0	0	0	0
Michael Petmecky	0	0	0	0
Siegfried Wenzel	491,225	491,225	10,000	10,000

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

PRO DV Software AG
Hauert 6
44227 Dortmund
Tel.: +49 231 9792-0
Fax: +49 231 9792-200

Investor Relations
E-Mail: ir@prodv.de
Tel: +49 231 9792-341
Fax: +49 231 9792-200

Information about PRO DV Software AG on the Internet:
<http://www.prodv.de>

Additional offices in:
Dresden, Cologne, Munich and Nuremberg