04

Annual Report 2004

Summary of Financial Data

All figures as per IFRS in million EUR	change 2004/2003	2004	2003	2002
Turnover	0.8%	660.0	654.9	635.1
Operative results (EBIT)	102.0%	0.3	–15.0	8.1
Consolidated net loss/profit for the year	92.8%	–1.5	–20.7	3.1
Equity	–1.1%	166.7	168.6	196.2
Balance sheet total	–3.1%	285.0	294.1	360.9
Equity ratio		58%	57%	54%
Cash flow	70.1%	–7.6	–25.4	0.7
Employees	0.7%	1,234	1,225	1,156
Earnings per share (in EUR)		–0.05	–0.74	0.11
Share price (high/low) in EUR		5.75/2.71	6.00/2.60	7.45/2.08

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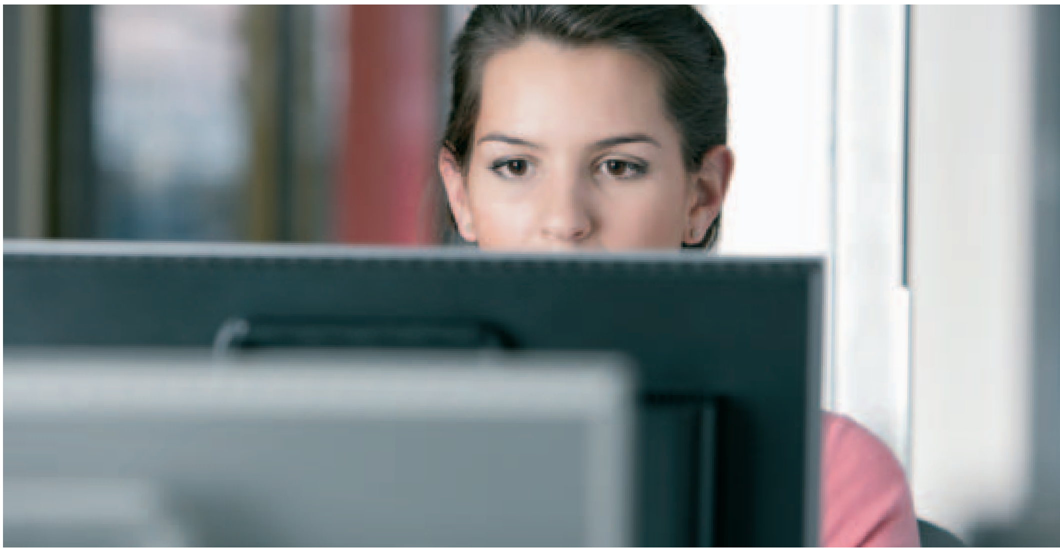


Report for the 2004 Business Year

MAXDATA, founded in 1987, is among the leading international IT manufacturers recording turnover of EUR 660 million. With its Belinea brand, the company is market leader in the monitor business in Germany. For desktops, servers and notebooks the "Prime Standard" ranked MAXDATA AG is among the top ten.

The company, employing more than 1,200 staff members, focuses on the corporate customer market using the Belinea and MAXDATA brand. It sells Europe wide using approx. 10,000 selected specialized dealers and system resellers.

Some 41 percent of turnover is from abroad. The company's goal is to increase this share to about 50 percent by the end of 2005.

Objectives

To our Shareholders, Employees and Friends of the Company

Ladies and Gentlemen,

The 2004 business year once again challenged MAXDATA AG and the entire IT industry. Despite a continued difficult economic environment and strong price wars within the industry, the corporate group managed after 2003 to increase its sales again and earn a positive operating profit. Total unit sales increased significantly in almost all product groups while further falling sales prices had a negative effect on total turnover and operating profit. On the cost side, among other things, our agreement with the staff, who have been voluntarily working longer hours and reducing their vacation since the beginning of 2004 to secure their jobs in Germany, has borne fruit.

The overall positive business development indicates that our unique business model will also be successful in the future. Unlike any other IT manufacturer, MAXDATA focuses its model and sales strategy consistently on business customers and sells its hardware through a close network of loyal partners. The production in Germany allows a quick response to the individual needs of each customer. The keyword here is: Built-to-Order. Our company has flexible, dynamic, high performance and market based structures. Additionally, the corporate group is financially very sound and has a high equity ratio.

For the past 18 years MAXDATA's founder Holger Lampatz shaped the company; at the end of 2004 he decided, in agreement with the Supervisory Board, to resign from the Management Board. The new Management Board can easily tie in with the work of Holger Lampatz and for this purpose employs a double strategy: On the one hand, we will further reduce costs; five million euro should be saved in the 2005 business year. On the other hand, the domestic and foreign organic growth will be accelerated and will thus capture additional market share in the battle for the PC market. MAXDATA is on the right track – with innovative products, highly motivated and well-trained employees as well as a sales strategy optimally attuned to the market. Improved economic conditions in Germany – many experts expect this in 2005 – will give us the tailwind necessary for success.

Reinhard Blunck Jürgen Renz Thomas Stiegler

Opportunities

Quality and flexibility guarantee success MAXDATA is one of the largest IT manufacturers of Europe

The company, founded in 1987, is among the leading hardware manufacturers of Europe. With its Belinea brand, MAXDATA is number one for flat screens in Germany. Additionally, with the desktop computer, notebook, and server product family, the company is well positioned throughout Europe. Growth impulses originate predominantly from the flat screens product category, servers and notebooks.

Organic growth abroad

Germany is the largest market with a turnover share of 58.8 percent (2004). Foreign shares grew continuously in the last years through organic growth without acquisitions and are expected to reach 50 percent in the coming years. The company sells its products abroad using eight national subsidiaries – located in Austria, Switzerland, the Netherlands, Great Britain, France, Spain, Italy and Poland.

Individual Technology

Using the slogan "Individual Technology", MAXDATA concentrates on manufacturing market ready and efficient products that are tailor made to meet customer requirements. MAXDATA emphasizes product quality and product flexibility. Because the company does not burden the customers' IT budgets with superfluous product features, while still supplying the best quality, the customers will profit from a favorable price/performance ratio. MAXDATA products distinguish themselves through their high compatibility with existing IT structures and systems.

Crucial to the success on the market are – in addition to the more than 1,200 efficient and highly motivated employees – three factors:

- The persistent focus on business clientele
- Indirect marketing and sales via a dense and loyal partner network
- The two-brand strategy: Belinea for monitors, and MAXDATA for desktop computers, notebooks and servers.

Clear focus on corporate customers

MAXDATA's largest target group is companies of all industries and any size. This includes governmental agencies, associations, and institutions. No other IT manufacturer concentrates on this market with equal persistence. Consequently, MAXDATA can assure a lean company and cost structure.

10,000 dealers guarantee success

The powerful sales structure consists of some 10,000 IT dealers and system specialists across Europe. In Germany alone the company cooperates with 6,000 partners. The sales partners' range of services extends from first class consulting and implementation of the hardware to improving existing IT systems, up to maintenance and repair services. This includes individual needs analyses and a broadly diversified range of consulting relating to all information technology issues.

MAXDATA – "Made in Germany"

MAXDATA's highly modern production in Würselen near Aachen sets the standards for an efficient IT production. Even in the event of high demand fluctuations – possibly resulting from large contracts or technical innovation driven contract advances – the company always guarantees a short delivery time with the highest delivery reliability. The deciding factor here is the flexible work time model: Annual work time accounts – the time frame extends from three to six workdays a week – allowing the employment of staff members according to the state of the order level.

MAXDATA is as well a leader for creating a generally more flexible pay-scaled work schedule. At the end of 2003 an extension of the workweek to 41 hours and a shortening of the vacation benefit by two days was negotiated with the employees, in order to make jobs competitive in Germany. Later on, many companies – among them large corporate groups like Siemens – signed similar agreements.

Tailor made production for a ready-made price

According to customer demand, MAXDATA produces tailor made desktops, notebooks and servers. A large portion of the products are produced only after receiving the contract – based on the customer requirements (built-to-order). This principle guarantees extreme flexibility and keeps warehousing costs low.

Investment with potential – MAXDATA share

The MAXDATA share was listed for the first time on the Frankfurt stock exchange on 9 June 1999 and has been listed on the prime standard segment since 1 January 2003. The market trend in 2004 reflects the difficult course of business in a particularly competitive industry. The closing price on 31 December 2004 was at EUR 3.00 after being at EUR 5.68 at the beginning of the year. This corresponds to a drop in value of 47.2 percent.

Share portrait 2004	
ISIN Code	DE 000 658 130 9
Stock market Code number	658 130
Earnings per share (euro)	–0.05
Highest price (euro)	5.75
Lowest price (euro)	2.71
Closing price (euro)	3.00
Number of shares	29 Mio.

Investors informed realistically

The MAXDATA Management Board realistically informed the financial markets in their quarterly reports about the often difficult daily business, which may have especially influenced private investors in their decisions. However, the Management Board currently sees their stock at its current price to have been valued significantly too low. The company consolidated and strengthened its position on the market, as the profits of the fourth quarter and the overall 2004 year have demonstrated. Additionally, MAXDATA is financed solidly. The corporate group has a high equity capital, with an equity ratio that increased during the year from 57.3 percent to 58.5 percent.

FoMax GmbH largest shareholder

FoMax GmbH is MAXDATA's largest shareholder with 47.7 percent – its indirect shareholder is Siegfried Kaske, Chairman of MAXDATA AG Supervisory Board. 20.9 percent of MAXDATA stock is held by the company founder Holger Lampatz, 28.0 percent is free float. The remaining 3.4 percent is held by the company.

Notification in accordance with Code number 4.2.3

Management Board compensation is comprised of the basic annual salary plus a management bonus. Goals for profit sharing for the following year are set annually, together with the Management Board. This assessment is carried out by the Supervisory Board's Human Resources Committee and is based on quantitative and qualitative criteria. Ascertaining whether a goal has been reached and the amount of the profit sharing, is done along with and based on reporting of annual profit or loss. Payout is made along with the regular monthly salary payment of the month the annual financial statement is established. In connection with the stock option plan from 1999, Management Board member, Thomas Stiegler, received 3,000 options. Since the price of MAXDATA shares underlying the options plan does not currently create enhancement of value, the stock options are not valuated in the sense of the German Corporate Governance Code (here: Section 4.2.3 Para. 3, Sentence 2).

The Management Board and the Supervisory Board view the Corporate Governance Code as an important means to increase trust for the investors, employees, business partners and the general public. Therefore, MAXDATA AG explicitly complies with the contents reported in the Code number 3.10, with the following exceptions:

Contrary to what has been recommended in the Code, the Chair and membership in the MAXDATA AG committees will not be remunerated separately. Such regulation for remuneration to the Chair and membership in the committees would currently not be appropriate, since the most important tasks are administered jointly with the Supervisory Board.

Members of the Supervisory Board are currently not receiving statutory performance based remuneration. Each Supervisory Board member receives a set remuneration in the amount of EUR 30,000. The Chairman of the Supervisory Board receives twice this amount and the deputy Chairman receives one and a half times this amount.

Since early 2005 on the stock index GEX

The MAXDATA share is listed in the newly formed stock index GEX (German Entrepreneurial Index) since early 2005. The GEX includes 117 medium sized German companies – previously there was no separate index in Germany for owner-dominated companies. The GEX launch in January was accompanied by high media response. Interest in MAXDATA from investors, analysts and funds managers should increase further with the listing in the new index.

Shares of the Executive Bodies	Number of options	Number of shares 31.12.2004	Number of shares 31.12.2003	Change 2004/2003
Management Board				
Holger Lampatz	-	6,054,000	6,054,000	-
Thomas Stiegler	3,000	637	637	-
Reinhard Blunck	-	10	n/a*	n/a*
Jürgen Renz	-	-	n/a*	n/a*
Supervisory Board				
Siegfried Kaske	-	-	-	-
Dr. Heinrich Böhmer	-	97,119	97,119	-
Claas Kleyboldt	-	8,258	8,258	-
Hans Reischl	-	-	-	-
Bernhard Scholtes	-	-	-	-
Klaus Wiegandt	-	-	-	-

*not applicable, because Reinhard Blunck and Jürgen Renz were appointed to the Management Board in 2004

Performance

Group Management Report for the Business Year 2004

Economy, market and competition

The business year 2004 was another extremely difficult year for MAXDATA. The German national economy managed to end its three-year stagnation phase and increase gross domestic product by 1.8 percent. However, the cyclical development was still characterized by a deep split. A very active export development was facing a continued weak national development. Private household consumption stagnated and company investment activities disappointed the experts' expectations.

In contrast, the world economy developed aggressively as has not been seen for almost 30 years. Global production increased by about 5 percent and the international trade volume grew by 9 percent. Especially in the USA, the cyclical development proved very strong with a growth rate of 4.4 percent. In addition to the USA, the south Asian economies and especially China proved to be the drivers of the global upswing.

The IT industry also felt the only moderate economic cycle in Germany. While the western European IT market grew by 3.0 percent to reach its previous year's level again, the computer hardware segment merely grew by 1.1 percent in comparison to the previous year. The IT industry grew in Germany by 2.5 percent. However, the computer hardware segment could not profit from this growth to the same extent, reaching only a small growth level of 0.9 percent.

In 2004, the computer hardware segment was able to stop the economic downswing of the previous years. After many companies distanced themselves from making IT investments in the previous years to a degree felt by the computer industry, the companies made the respective replacement investments in 2004.

Turnover and sales development

MAXDATA managed to again significantly increase its sales figures in almost all product groups, in comparison to the previous year. 22 percent more servers, 13 percent more notebooks and 16 percent more monitors were sold on the market.

The TFT flat screen even recorded a sales increase of 33 percent, while the sales of CRT monitors declined 17 percent due to the general decline in demand for this type of monitor.

In the business to business segment, important to MAXDATA, the corporate group was able to maintain its position on the German market at the previous year's level for the PC and monitor segments.

Number of units sold	**2004**	**2003**	**Change**
CRT monitors	283,940	342,217	–17 %
TFT flat screens	900,182	675,019	33 %
Belinea monitors	**1,184,122**	**1,017,236**	**16 %**
Desktop systems*	366,737	339,585	8 %
Notebooks	84,473	74,432	13 %
MAXDATA PC systems	**451,210**	**414,017**	**9 %**
MAXDATA Server systems	**12,753**	**10,445**	**22 %**

*Changed reporting form for desktop systems; for comparison purposes the previous year's numbers were adjusted to this systematics.

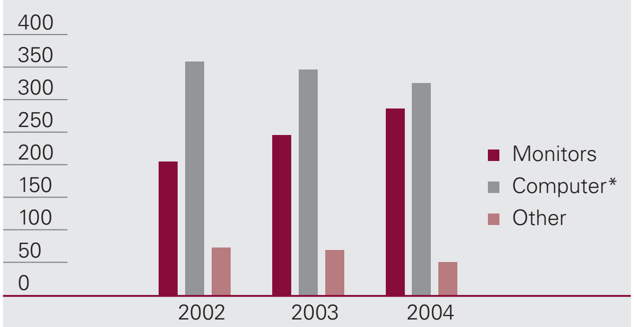
However, the tremendous price pressure especially in the computer segment, despite the welcomed overall sales increase, resulted in a turnover increase to merely EUR 660 million (previous year: EUR 654.9 million), thus not reaching its revenue goal.

Foreign turnover increased 2004 to a share of 41.2 percent of total turnover (previous year: 38.2 percent) or EUR 272.1 million (previous year: EUR 250.2 million). Domestic turnover declined accordingly to 58.8 percent (previous year: 61.8 percent) or EUR 387.9 million (previous year: EUR 404.7 million).

MAXDATA is directly represented in eight European markets outside of Germany since the 2003 business year. MAXDATA sells Belinea monitors and MAXDATA PC systems using distribution partners in 14 other European countries, focusing on North and East Europe.

In its strategic core business, MAXDATA sells PC systems, notebooks, and servers under the MAXDATA brand, and monitors under the Belinea brand. Of the total hardware turnover, 49.4 percent are attributed to MAXDATA computer systems (PC desktops, notebooks and server), the Belinea monitor business segment contributed 43.1 percent and other products (peripheral devices, software and services) 7.5 percent.

Development of turnover by product groups in million Euro



*Changed reporting form for desktop systems; for comparison purposes the previous year's numbers were adjusted to this systematics.

Profit situation

The slight turnover growth recorded in the business year with, admittedly, a sinking gross profit margin, efficiency increasing actions in production and logistics, the discontinuation of one-time expense recorded in the previous year and the overall special effects that resulted from this led to an EBIT of EUR 0.3 million after the previous year recorded an EBIT of EUR –15.0 million.

The gross profit margin recorded in 2003 at 15.0 percent fell in 2004 to 14.3 percent throughout all product groups, despite the approximately 14 percent increase in unit sales. This decline is mainly attributable to the competitors' more and more aggressive pricing policy, which in the end prevented the company from reaching its profit goal planned for the 2004 business year.

The improvement of the operating profit achieved, in comparison to the previous year, is attributable to a reduction in personnel expenses by EUR 1.3 million, the decline of depreciation by EUR 2.8 million, and a positive change of the other operating income/expenses by a total of EUR 15.4 million. This amount is mainly the result of the company recording, instead of a warranty expense of EUR 15.6 million in the previous year – due to a one-time charge - a corresponding income of EUR 5.2 million under other operating expenses, due to an increase in efficiency allowing the company to release the warranty reserves, and a lower allocation to this provision.

Considering a financial result comparable to the previous year and considering regular income taxes, which included in the previous year a value adjustment for deferred taxes, the consolidated net loss was recognized at EUR 1.5 million after recording a consolidated net loss of EUR 20.7 million in the previous year. Overall, an operating loss of EUR –0.05 per share was calculated, after recording a loss of EUR –0.74 per share in 2003.

Financial position

The increased equity ratio of 58.5 percent (previous year: 57.3 percent) emphasizes the solid financial position of the group, through which MAXDATA has achieved large financial independence. Additionally, the strength of MAXDATA's balance sheet was also expressed by the equity to long-term assets ratio of 311.4 percent (previous year: 298.7 percent).

The cash flow from operating activities is EUR –5.9 million (previous year: EUR –34.7 million). Cash and cash equivalents were recorded at the end of the business year at EUR 53.3 million.

Investments

In the expired business year, MAXDATA invested EUR 6.6 million. As in 2003 the investment focus was mostly replacement purchases for production and IT infrastructures.

Human resources

The employees' productivity is the basis on which the company's success and maintaining its competitiveness is built. Thus, efficient human resources management is essential for the productivity of the entire organization.

The average number of employees at the MAXDATA corporate group in 2004 was at 1,234 (previous year: 1,225). The portion of employees working abroad increased by about 9 percent, to a total of 214.

The development and expansion of national companies has mostly been completed. The number of employees will grow systematically as the market shares increase.

Qualitatively the expansion of the team and project work was pushed in 2004. A project organization was established in several large projects, spanning function and hierarchy. Focus was the service with the project "re-direction" and the product management with the respective task forces.

Another focus of human resource management in 2004 was expanding the sales structures: key account management and field services have been established. An international project management team for large projects was created to support the ambitious growth.

MAXDATA also used electronic media for hiring staff in 2004. About a third of all incoming applications in 2004 were done online. In choosing its personnel MAXDATA continues to pay close attention to suitable qualification and personality.

In 2004, an employee evaluation system was developed for a systematic human resource and management force development in an international context. This system represents together with the agreement on objectives and evaluation the cornerstone for the development need of the employees.

Also in 2004, MAXDATA offered a diversified spectrum of eight training professions. During the course of the MAXDATA corporate group internationalization, there is now also an option for international training jobs.

In the management development segment, specific actions were implemented on the topic "Mission Statement", to strengthen the corporate identity. German courses were offered again to ideally integrate foreign employees and to promote their use of German as a second language.

The workweek, increased to 41 hours as decided on in 2003 and effective in 2004 in the German corporate group companies, as well as the reduction of annual vacation by an average of two days, contributed significantly in the past business year to the efficiency and productivity of the MAXDATA companies. The manner in which this contribution to increase productivity was supported by the workforce proves the employees' high sense of responsibility for the future of the entire organization. All participants deserve special respect and recognition for this.

Management Board structure

Effective 21 April 2004, Reinhard Blunck was nominated by the Supervisory Board to become a member of the Management Board for the segments of purchasing, production, logistics and service. Furthermore, on 16 September 2004, Jürgen Renz was also nominated to become a member of the Management Board. He is responsible for the sales and marketing segments.

Chairman Holger Lampatz and his deputy Chairman, Thomas Stiegler, were members of MAXDATA's Management Board, in addition to Reinhard Blunck and Jürgen Renz. Effective 31 December 2004, Holger Lampatz resigned his position on the Management Board at his own free will and in agreement with the Supervisory Board. In the course of his retirement the Supervisory Board nominated Jürgen Renz to become the Spokesman of the Management Board and Thomas Stiegler the deputy Spokesman of the Board as of 1 January 2005.

Risk management

The risk management system was further developed during the reporting year, and adjusted to the changing conditions. In doing so, the auditors analyze and test the systems for early risks detection in line with Article 317 Para. 4 of the HGB. In collaboration between the Management Board and the Supervisory Board, based on Corporate Governance and the Compliance Statement of 8 March 2004, risks will be identified and suitable instruments and measures to minimize and avoid these risks are established.

By using this sophisticated, continuously updated risk management system, risks will be determined, documented and assessed within the individual business segments. Thus, risks jeopardizing the viability of the company will be made transparent on the one hand, and on the other hand, the company will be able to recognize and use the resulting opportunities. MAXDATA places the highest value on maintaining a consistently high quality level.

Risks of the business model

Competitor risks

MAXDATA has consciously set a focus and made priorities visible, by its strategy to focus on corporate customers, the two-brand strategy and on indirect sales structures. The success of this adjustment is monitored regularly. By observing market developments, the company ensures that necessary adjustments are made in a timely manner. According to MAXDATA estimates, opportunities of this type have consistently outweighed the risks.

Purchasing risks

The company is substantially dependent on suppliers for the procurement of components and preliminary products. Including third parties creates risks such as poor quality, unexpected delivery problems or unforeseen price increases. Additionally, unwanted dependencies can arise from the worldwide relationships with suppliers.

The MAXDATA group purchases predominantly on the Asian market. With the help of supplier controlling, MAXDATA will further optimize its supplier relationships and will forward procurement advantages growing from these relationships to its customers. Using carefully selected suppliers, MAXDATA has a series of long-term supplier relationships that are continuously supplemented by new relationships, to ensure a balanced supplier portfolio. A thorough and experienced product management team preserves MAXDATA's access to relevant technology and balances trends found in the procurement market with the wishes and demands of the corporate customers.

Quality risks

The company follows a strict demand for high quality, pursues an intense quality assurance according to DIN EN ISO 9001:2000 within the scope of the existing and certified quality management and applies special test methods before delivering the products to the customer. This way the company achieves high customer satisfaction.

Currency risks

MAXDATA faces currency risks because cost of sales are mostly billed to the company in US dollar whereas sales are mostly billed in euro. These currency risks are limited by using a coordinated currency safety strategy. MAXDATA is further confronted with exchange rate fluctuations in Switzerland, Great Britain and Poland. MAXDATA faces these risks using hedge transactions adjusted to the average volumes and terms. Common market finance instruments are used, including in particular currency swaps for the purchase or sale of foreign currency.

Inventory risks

In the fast paced IT sector, it is highly important to keep inventories low and inventory turnover ratios high. This task receives an additional blow by the constant price drop of the preliminary and end products. MAXDATA strives to keep devaluation at a minimum, by applying an active inventory management, permanent controls of the inventories and a highly developed built-to-order system at the product location in Würselen.

Accounts-receivable risks

Increasing insolvency numbers in Germany and Europe increase the importance of having a reasonable limit of bad debt loss risk. MAXDATA is successfully managing its account receivables by using a continuous commercial credit system and a monitored approval and control process. This is supplemented by having a close and trustworthy cooperation with bad debt insurance companies. This measure consistently ensures a low bad debt loss rate.

Information technology risks

In the last few years the importance of the constant availability of hardware and software for processing company transactions has increased even further. This availability is subject to potential risks by external and internal influences. MAXDATA meets this fact by constantly monitoring and adjusting the networks and systems to the changing needs.

Risks in the Human Resource segment

With the help of an efficient personnel management, MAXDATA ensures that in all segments, motivated employees are promoted and employed in accordance with their strengths and abilities. Consistent efforts were implemented in the employee and management development area to maintain MAXDATA group's ability to compete.

Insurance risks

All significant and insurable risks and dangers are covered by broad and effective insurance arrangements.

Process and communication risks

MAXDATA manages the risk of information gaps for those taking decisions with the aid of continuous and transparent processes. In this regard, communication that is adapted to the current situation both within and between the company departments is gaining importance.

Outlook

The leading economic research institutes forecasted in their fall report a growth of 3.2 percent for the world economy in 2005. The weakened economy in the USA and China will equally contribute curbing the global growth rate as well as the sustained high oil prices.

A growth of 2.0 percent is expected for the Euro sector. The economic research institutes are forecasting weaker growth of the gross domestic product for Germany by 1.5 percent. The German Council of the Federal Government is expecting only a 1.4 percent growth. Also in the next year the experts are not anticipating a drastic upsurge of the national economy. Exports are again expected to be the drivers of the moderate economic cycle.

Market research institutes see the development of worldwide IT expenses in 2005 as far more positive. Accordingly, they are expecting a growth of 5.0 percent. The computer hardware segment will have particular importance, since more and more companies' IT budgets have been used to implement new technologies. In the information technology sector, a growth of 4.0 percent is forecasted for the western European market.

However, the segment computer hardware in Germany, which is significant for MAXDATA, will not profit equally from this overall positive market development. The market volume is expected to increase by 1.9 percent, after the slight growth in 2004 of 0.9 percent.

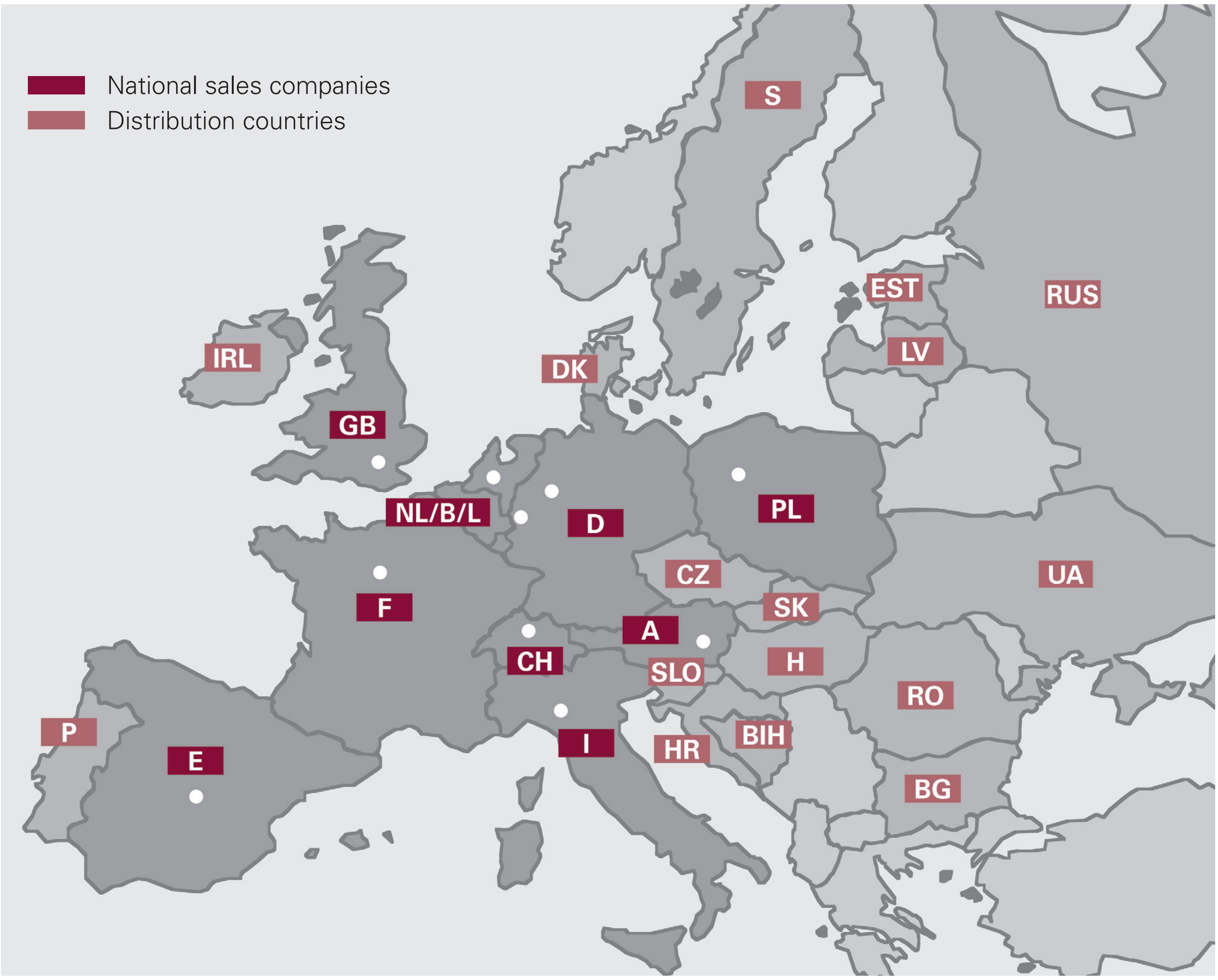
Despite these generally difficult domestic conditions, the Management Board sees significant potential from the expansion of the large customer market segment that started in the last business year, and the continued consistent intensification of international growth.

Overall, the MAXDATA group is striving for a turnover level of more than EUR 700 million and an EBIT of over EUR 5 million for the business year 2005.

Marl, 31 January 2005

Reinhard Blunck Jürgen Renz Thomas Stiegler

National sales companies and distribution countries



MAXDATA sales companies

- **D** MAXDATA Computer GmbH & Co. KG, Marl
- **A** MAXDATA Computer GmbH, Vienna
- **CH** MAXDATA Computer AG, Baar
- **E** MAXDATA Iberia S.L., Madrid
- **F** MAXDATA S.A.R.L., Lisses
- **GB** MAXDATA UK Ltd., Bracknell
- **I** MAXDATA Italia S.r.l., Assago
- **NL/B/L** MAXDATA Benelux B.V., Etten-Leur
- **PL** MAXDATA Sp. z o. o., Warsaw

MAXDATA distribution countries

- **BG** Bulgaria
- **BIH** Bosnia-Herzegowina
- **CZ** Czech Republic
- **DK** Denmark
- **EST** Estonia
- **H** Hungary
- **HR** Croatia
- **IRL** Ireland
- **LV** Latvia
- **P** Portugal
- **RO** Romania
- **RUS** Russia
- **S** Sweden
- **SK** Slovakia
- **SLO** Slovenia
- **UA** Ukraina

Results

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Consolidated Financial Statements 2004

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Consolidated Balance Sheet as of 31 December 2004

Assets	Notes	2004 KEUR	2003 KEUR
Long-term capital			
Intangible assets	(4)		
Trademarks, licenses and software		4,439	5,201
Goodwill		2,166	1,251
Payments on account		1,219	0
		7,824	**6,452**
Property, plant and equipment	(5)		
Land and buildings		39,349	40,431
Machinery and equipment		486	649
Other equipment, furniture and fixtures		5,374	8,087
Construction in progress and payments on account		263	638
		45,472	**49,805**
Long-term financial assets			
Investments in associates	(6)	174	204
Loans		59	0
		233	**204**
Deferred taxes	(21)	**6,448**	**6,432**
		59,977	**62,893**
Short-term capital			
Inventories	(7)		
Raw materials and supplies		33,632	31,038
Work in progress		63	50
Finished goods and purchased goods		26,460	38,351
Payments on account		0	143
		60,155	**69,582**
Receivables and other assets			
Trade receivables	(8)	92,133	76,688
– thereof due from associates KEUR 4 (2003: KEUR 3)			
Other assets	(9)	13,207	11,694
Current tax assets		4,501	6,134
		109,841	**94,516**
Securities	(10)	**24**	**4,427**
Cash and cash equivalents		**53,293**	**61,328**
Prepaid expenses		**1,676**	**1,346**
		224,989	**231,199**
		284,966	**294,092**

Equity and liabilities	Notes	2004 KEUR	2003 KEUR
Equity			
Subscribed capital	(11)	29,000	29,000
Capital reserve	(12)	145,660	145,660
Currency translation adjustment		–48	434
Consolidated accumulated loss	(12)	–7,919	–6,463
		166,693	**168,631**
Minority interest		**346**	**259**
Long-term liabilities			
Other provisions, less the current portion	(15)	5,667	10,052
Deferred income, less the current portion	(17)	3,234	2,825
		8,901	**12,877**
Short-term liabilities			
Short-term debt and current portion of long-term debt	(13)	0	1,678
Trade accounts payable		73,596	71,448
Tax provisions	(14)	405	1,607
Other current provisions	(15)	15,976	17,824
Other current liabilities	(16)	14,889	16,324
Current portion of deferred income	(17)	4,160	3,444
		109,026	**112,325**
		284,966	**294,092**

Consolidated Income Statement

	Notes	2004 KEUR	2003 KEUR
Turnover	(18)	660,020	654,850
Increase in finished goods and work in progress		190	181
Other operating income	(19)	19,876	36,754
Cost of materials			
Cost of raw materials and supplies and of purchased goods		–562,733	–551,772
Cost of purchased services		–3,396	–4,906
Personnel expenses			
Wages and salaries		–45,830	–47,096
Social security contributions and other pension cost		–9,509	–9,559
Depreciation and amortization of tangible and intangible assets		–7,221	–9,999
Other operating expenses	(20)	–51,137	–83,457
Profit/loss from ordinary operations		**260**	**–15,004**
Income from investments and other long-term financial assets		20	582
Interest earnings		1,118	2,406
Write-off of financial assets and securities		–4	–785
Other investment income/expenditure		7	–161
Interest expenditures		–765	–1,605
Result from associates		45	159
Profit/loss before tax		**681**	**–14,408**
Income taxes	(21)	–1,906	–6,213
Loss after tax		**–1,225**	**–20,621**
Minority interest		–231	–117
Consolidated net loss for the year		**–1,456**	**–20,738**
Undiluted earnings per share	(22)		
Consolidated net loss for the year (in EUR)		–1,455,724.53	–20,738,267.63
Shares (weighted average for the fiscal year)		28,000,000	28,000,000
Loss per share (in EUR)		**–0.05**	**–0.74**
Diluted earnings per share			
Consolidated net loss for the year (in EUR)		–1,455,724.53	–20,738,267.63
Shares (weighted average for the fiscal year)		28,000,000	28,000,000
Loss per share (in EUR)		**–0.05**	**–0.74**

Consolidated Cash Flow Statement

	2004 KEUR	2003 KEUR
Profit/loss for the year, before deduction of profit/loss attributable to other shareholders, income taxes, interest and investment expenditure/income	260	–15,004
Depreciation and amortization of tangible and intangible assets	7,221	9,999
Decrease/increase in provisions	–6,691	9,524
Loss/profit from disposal of long-term assets	44	–36
Increase in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	–8,214	–25,135
Increase/decrease in trade payables and other liabilities that cannot be allocated to investing or financing activities	1,750	–12,411
Interest payments received	1,194	2,828
Interest paid	–757	–1,956
Income taxes payments/refunds	–681	–2,553
Cash flow from operating activities	**–5,874**	**–34,744**
Cash received from disposal of property, plant and equipment/intangible assets	2,287	353
Cash paid for investments in property, plant and equipment/intangible assets	–6,564	–3,884
Cash received from disposal of marketable securities	4,430	56,819
Payments for investment in marketable securities as current assets	–12	–36,776
Cash flow from investing activities	**141**	**16,512**
Expenditure for paying off debts	–1,678	–87
Dividends	0	–7,000
Distributions to minority shareholders	–143	–84
Cash flow from financing activities	**–1,821**	**–7,171**
Change in cash and cash equivalents	**–7,554**	**–25,403**
Change in currency translation adjustment	–481	197
Cash and cash equivalents at beginning of business year	61,328	86,534
Cash and cash equivalents at end of business year	**53,293**	**61,328**
Composition of cash and cash equivalents at end of business year		
Cash and cash equivalents	53,293	61,328
Composition of cash and cash equivalents at end of business year	**53,293**	**61,328**

Consolidated Statement of Changes in Equity

	Subscribed capital KEUR	Capital reserve KEUR	Currency translation adjustment KEUR	Consolidated accumulated profit/loss KEUR	Total KEUR
Balance as of 1 January 2003	**29,000**	**145,660**	**243**	**21,275**	**196,178**
Change in currency translation adjustment	0	0	191	0	191
Dividends	0	0	0	–7,000	–7,000
Consolidated net loss	0	0	0	–20,738	–20,738
Balance as of 31 December 2003/1 January 2004	**29,000**	**145,660**	**434**	**–6,463**	**168,631**
Change in currency translation adjustment	0	0	–482	0	–482
Consolidated net loss	0	0	0	–1,456	–1,456
Balance as of 31 December 2004	**29,000**	**145,660**	**–48**	**–7,919**	**166,693**

Notes to the Consolidated Financial Statements for Business Year 2004

(1) General

MAXDATA AG (MAXDATA) is registered in the commercial register of Gelsenkirchen under the number B 5552. MAXDATA is a public listed company in the "Prime Standard" segment of the regulated market in Frankfurt.

The MAXDATA Group (hereinafter – the Group) is involved in manufacturing and distributing computer systems and monitors which are assembled by the Group or selected subcontractors in accordance with the Group's own specifications and quality standards. The Group sells computers under its own trademark "MAXDATA" and monitors under its own trademark "Belinea". Other computer peripherals complete the Group's product range. The average number of employees in the Group was 1,234 in 2004 and 1,225 in 2003. The registered office address of the Group is Elbestrasse 16, Marl, Germany.

(2) Summary of significant accounting policies

The principal accounting policies adopted in preparing the consolidated financial statements of the Group are as follows:

Principles

The consolidated financial statements are prepared in accordance with the International Accounting Standards (IFRS). The accounting standards used are in compliance with the European Union's accounting directives pertaining to consolidated financial statements. The requirements of Article 292a of the German Commercial Code (HGB) are observed.

After being prepared, the consolidated financial statements were released by the Management Board on 31 January 2005.

The income statement has been prepared according to the cost summary method.

The accompanying financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets and financial assets or liabilities held for trading, all of which are measured at fair value after initial recognition.

Purchases or sales of financial assets are primarily accounted for using the trade date method.

Reporting currency

The consolidated financial statements are prepared in thousands of euros (KEUR) unless stated otherwise.

Principles of consolidation

The consolidated financial statements of the Group include MAXDATA AG and the companies that it controls. This control is normally evidenced when MAXDATA AG owns, either directly or indirectly, more than 50 percent of the voting rights of a company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The equity and net income attributable to minority interests are shown separately in the balance sheets and income statements, respectively.

The purchase method of accounting is used for acquired businesses. Companies acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal. The cost of acquisition is allocated applying the benchmark treatment of IAS 22.32.

Intercompany balances and transactions, including unrealized profits and losses, are eliminated in full. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances. Reference is made to note 29 with regard to consolidated entities.

Investments in associated companies (generally holdings of between 20 percent and 50 percent in a company's equity) where a significant influence is exercised by MAXDATA AG or one of its subsidiaries are accounted for using the equity method.

Financial instruments

The financial assets and financial liabilities carried in the balance sheet pursuant to IAS 32 and IAS 39 include certain long-term financial assets, trade and other accounts receivable and payable, investments and marketable securities, cash and cash equivalents, long-term/short-term debt, as well as certain other assets and payables based on contractual arrangements.

When a financial asset or financial liability is first recognized, it is measured at cost, which represents the fair value of the consideration given (in the case of an asset) or received (in the case of a liability) for it. Recognition generally takes place on the trade date. Measurement after initial recognition is different for the various categories of financial assets and financial liabilities. The accounting policies on subsequent measurement of these items are disclosed in the respective notes. Gains and losses arising from changes in the fair value of those available-for-sale financial assets that are measured at fair value subsequent to initial recognition are included in net profit or loss for the period.

Financial assets are derecognized if the company loses its power to dispose of the contractual rights that make up the financial asset. Financial liabilities are derecognized if the commitments named in the contract have been settled, revoked, or have expired.

The Group operates internationally, and is therefore subject to significant exposure to market risks from changes in foreign exchange rates. The Group uses derivative financial instruments to mitigate those risks. Derivative financial instruments are generally valued at the attributable fair value. Valuation is performed by banks using the discounted cash flow method. Options are valued using option pricing models.

Gains and losses from these instruments have been recorded in the result for the period.

Disclosure of the nature of financial instruments and their significant terms and conditions that could affect the amount, timing and certainty of future cash flow is presented in the notes to the financial statements, when applicable.

Intangible assets

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that future economic benefits attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. The amortization period and the amortization method are reviewed annually at each financial year-end.

(a) Trademarks and licenses

Amounts paid for trademarks and licenses are capitalized and then amortized on a straight-line basis over the expected periods of benefit. The expected useful lives of industrial rights and licenses vary from three to eight years.

(b) Software

The cost of acquisition of new software is capitalized and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortized on a straight-line basis over three to four years.

Costs incurred in order to restore or maintain the economic benefits that an enterprise can initially expect from existing software systems are recognized as an expense when the restoration or maintenance work is carried out.

(c) Goodwill

The excess of the cost of an acquisition over the respective Group company's interest in the fair value of the net identifiable assets acquired as at the date of the exchange transaction is recorded as goodwill and recognized as an asset in the balance sheet. Goodwill is carried at cost less accumulated amortization and accumulated impairment losses. Goodwill is amortized on a straight-line basis over its useful life. In the income statement the amortization of goodwill is included in the depreciation of property, plant and equipment and the amortization of intangible assets.

The amortization period for goodwill is determined on its expected useful life and ranges between ten and fifteen years. The unamortized balances are reviewed at each balance sheet date to assess the probability of continuing future benefits. If there is an indication that goodwill may be impaired, the recoverable amount is determined for the cash-generating unit to which the goodwill belongs. If the carrying amount is more than the recoverable amount, an impairment loss is recognized.

Property, plant and equipment

Property, plant and equipment, including investment properties and buildings, are stated at cost less accumulated depreciation and accumulated impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of property, plant and equipment comprises its purchase price including customs duties and non-refundable acquisition taxes, as well as any directly attributable costs of bringing the asset to its working condition and location for its intended use.

The manufacturing costs of property, plant, and equipment include the cost of goods and services consumed in producing the asset. These include not only the expenses directly allocable to the asset but also an appropriate portion of unavoidable overheads.

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized should be added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditures are recognized as an expense in the period in which they are incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Estimated useful lives	
Buildings	25 years
Machinery and equipment	3 to 15 years
Other equipment, furniture and fixtures	3 to 20 years

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Assets under construction are allocated to property, plant and equipment and are reported at purchase cost or the respective cost of production. Assets under construction are not depreciated until such time as the relevant assets are completed and put into operational use.

Impairment of assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in income on property, plant and equipment and intangible assets that are carried at historical cost. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable, after deducting selling costs, from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit.

Impairment losses recognized in previous years are reversed when there is an indication that the impairment losses no longer apply or have decreased in scope. The reversal is recorded in income.

Long-term financial assets

Investments in associates are accounted for under the equity method pursuant to IAS 28.

Investments in associates are reviewed when there is an indication that the asset has been impaired or the impairment losses recognized in previous years no longer exist.

Inventories

Inventories, including finished goods and work-in-process, are valued at the lower of cost and net realizable value, after provision for obsolete items. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Inventory purchases are recognized at net prices. Inventories are thus measured net of any discounts offered. Discounts which are not availed of are recorded as interest expenses on the date they lapse. Cost is determined primarily on the basis of weighted average cost. For finished goods, cost includes an appropriate allocation of fixed and variable overheads. Inventory which cannot be sold is written off in full.

Receivables and other assets

After initial recognition, receivables and other financial assets that have a fixed maturity are measured at amortized cost using the effective interest rate method, after provision for doubtful accounts. Short-term receivables and other financial assets with no fixed interest rate are measured at the amount originally invoiced or face value provided the effect of inflation is not material. Those receivables and other financial assets that do not have a fixed maturity are measured at cost. All receivables and other financial assets are subject to an impairment test.

Other assets not covered by IAS 39 are measured at cost. They are also subject to an impairment test.

Securities
The securities all relate to available-for-sale financial assets. They are measured at their fair value at balance sheet date. Related gains and losses are recorded in income.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and bank balances. They also comprise money market funds with an average remaining term of five months or less as well as other current, highly liquid deposits, with original terms of three months or less, that can be converted quickly into specific amounts of cash, and that are not subject to any material fluctuations in value.

Prepaid expenses
Prepaid expenses are initially measured at their nominal value und subsequently expensed in relation to the services received.

Equity
Capital reserves result from premiums paid in connection with cash capital increases after deducting the costs incurred for raising capital (net of tax). They can be used to offset net losses or to fund capital increases.

Own shares represent shares in the parent which are held by the parent itself. They are presented in the balance sheet and the statement of changes in shareholders' equity as a deduction from retained earnings. The acquisition of own shares is presented in the financial statements as a change in equity. No gain or loss is recognized in the income statement on the sale, issue, or cancellation of own shares. The consideration received on such transactions is presented in the financial statements as a change in equity.

Currency translation adjustments are intended to reflect translation differences arising on consolidation of financial statements of foreign entities.

Other provisions
A provision is recognized when, and only when an enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable (i. e. more likely than not) that an out-flow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where inflation is material, the amount of a provision is the present value of the expenditures expected to settle the obligation. In cases where no reliable estimate can be made, no provision is recognized but a contingent liability disclosed.

Liabilities
After initial recognition, all financial liabilities other than derivatives are measured at amortized cost. Subsequent to initial recognition, derivatives are measured at fair value.

Trade payables are recognized at net prices. This results in initial measurement of the liability net of any cash discounts offered. If cash discounts lapse they are charged to interest expenses and trade payables are increased accordingly.

Deferred income
Deferred income is recognized for consideration received before the balance sheet date representing revenues or other income for a specified period after the balance sheet date. Deferred income is initially measured at the nominal value of the consideration received. Subsequently, it is released as sales or other income over the period during which the service is performed.

Revenue recognition
Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognized net of sales taxes and discounts when delivery has taken place and the significant risks and rewards of ownership have been transferred. Service revenues are recognized over the period during which the service is performed.

Interest
Interest is recognized on a time proportion basis that reflects the effective yield on the asset.

Foreign currencies
Foreign currency transactions are recorded in the reporting currency by translating any amounts denominated in foreign currency using the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Exchange rate differences arising from the settlement of monetary items or valuation on closing date at rates different from those at which they were initially recorded during the periods are recognized in the income statement in the period in which they arise.

Foreign entities
Some of the foreign consolidated subsidiaries are regarded as foreign entities since they are financially, economically, and organizationally autonomous. Their reporting currencies are the respective local currencies. Financial statements of foreign consolidated subsidiaries are translated at closing rates with respect to the balance sheet, and at historical exchange rates with respect to the income statement. All resulting translation differences are directly included in accumulated exchange rate differences in equity.

On the disposal of a foreign entity, the accumulated exchange rate differences that relate to the foreign entity are recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized. Consolidation of foreign subsidiaries located in the euro zone does not result in any translation differences.

Share options
The employees and members of the Management Board of MAXDATA AG and its subsidiaries were

granted options to purchase common shares of the company. Share options issued are treated as pending transactions until they are exercised by the option holder. Once the options are exercised, the premium in excess of the notional value of EUR 1 per share is transferred to the capital reserve. To date no shares have been issued under the share option program. Reference is made to Note 11.

Finance costs

Finance costs are not capitalized but recognized as an expense in the period in which they are incurred.

Suppliers' discounts offered in connection with purchases which are not availed of are recorded as interest expenses on the date they lapse.

Income taxes

The income tax charge is based on profit for the year and considers deferred taxation. Deferred taxes are calculated using the liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply in the period in which an asset is realized or a liability is settled. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that the company estimates on balance sheet date to follow from the reversal of temporary differences in future.

Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available in future against which the deferred tax assets can be utilized. At each balance sheet date, the company reassesses unrecognized deferred tax assets and the carrying amount of deferred tax assets. The enterprise recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are, however, disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not stated in the balance sheet. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Subsequent events

Events occurring after the balance sheet date that provide additional information about the Group's position at the balance sheet date are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes.

(3) Changes in the consolidated Group

No companies were founded, acquired or sold in the business year 2004.

(4) Intangible assets

	Trademarks, licenses and software KEUR	Goodwill KEUR	Payments on account KEUR	Total KEUR
At cost				
1 January 2003	16,123	2,068	41	18,232
31 December 2003/1 January 2004	15,308	2,068	0	17,376
Additions	1,164	1,342	1,219	3,725
Disposals	–97	0	0	–97
Transfers	25	0	0	25
Currency translation differences	1	0	0	1
31 December 2004	**16,401**	**3,410**	**1,219**	**21,030**
Accumulated amortization and impairment losses				
1 Januar 2003	8,913	613	0	9,526
31 December 2003/1 January 2004	10,107	817	0	10,924
Amortization for the year	1,921	427	0	2,348
Disposals	–92	0	0	–92
Transfers	25	0	0	25
Currency translation differences	1	0	0	1
31 December 2004	**11,962**	**1,244**	**0**	**13,206**
Net book value 2004	4,439	2,166	1,219	7,824
Net book value 2003	5,201	1,251	0	6,452

The addition to goodwill is the result of the performance of the debtor warrant bond issued in connection with the acquisition of shares in ASIG Quality Services GmbH, Augsburg, which became due in business year 2004.

(5) Property, plant and equipment

	Land and buildings KEUR	Machinery and equipment KEUR	Other equipment furniture and fixtures KEUR	Construction in progress and payments on account KEUR	Total KEUR
At cost					
1 January 2003	51,593	1,959	22,988	1,665	78,205
31 December 2003/ 1 January 2004	51,627	2,111	23,213	1,193	78,144
Additions	505	42	2,027	278	2,852
Disposals	0	–160	–5,159	0	–5,319
Transfers	440	2	186	–653	–25
Currency translation differences	0	0	34	0	34
31 December 2004	**52,572**	**1,995**	**20,301**	**818**	**75,686**
Accumulated depreciation and impairment losses					
1 January 2003	9,197	1,043	14,224	0	24,464
31 December 2003/ 1 January 2004	11,196	1,462	15,126	555	28,339
Depreciation for the year	2,027	206	2,640	0	4,873
Disposals	0	–159	–2,835	0	–2,994
Transfers	0	0	–25	0	–25
Currency translation differences	0	0	21	0	21
31 December 2004	**13,223**	**1,509**	**14,927**	**555**	**30,214**
Net book value 2004	39,349	486	5,374	263	45,472
Net book value 2003	40,431	649	8,087	638	49,805

As of balance sheet date, no pledges on property, plant and equipment (previous year: KEUR 1,678) had been made to secure liabilities.

(6) Investments in associates

Entity	Principal activities	Equity interest %
EMV Testhaus GmbH	Quality control and source inspection	30.0

EMV Testhaus GmbH is a subsidiary of ASIG Quality Services GmbH. The company has been consolidated at equity.

(7) Inventories

The carrying amount of inventories carried at net realizable value amounts to KEUR 2,109 (previous year: KEUR 4,353).

(8) Trade receivables

Trade receivables	2004 KEUR	2003 KEUR
Receivables	94,129	81,557
less bad debt allowances	–1,996	–4,869
	92,133	**76,688**

The KEUR 2,873 reduction in valuation allowances (previous year: increase of KEUR 89) is offset by KEUR 3,856 of impairments of trade receivables (previous year: KEUR 1,605). The remaining expense of KEUR 983 (previous year: KEUR 1,694) is included in other operating expenses. An amount of KEUR 361 (previous year: KEUR 185) was covered by indemnification payments. On the one hand, the bad debt allowance was calculated on the basis of objective indicators of the risk of non-collection and, on the other hand, past experience of default of specific receivables.

(9) Other assets

Other assets	2004 KEUR	2003 KEUR
Recourse claims against business partners	3,081	2,996
Outstanding sales tax reimbursements	2,352	3,268
Refunds from upstream suppliers	2,284	0
Receivables for bonuses and advertising subsidies	1,434	1,361
Receivables from insurance claims	497	404
Creditors with debit balances	282	668
Other	3,277	2,997
	13,207	**11,694**

(10) Securities

Securities are measured at fair value.

The securities contain fixed-interest bonds (interest between 2.375 percent and 4.125 percent) totaling KEUR 12 (previous year: KEUR 2,593) and share funds totaling KEUR 12 (previous year: KEUR 0). At balance sheet date, variable-interest corporate bonds were no longer held (previous year: KEUR 1,834).

(11) Subscribed capital

The share capital of the Group's parent, MAXDATA, is divided into 29,000,000 no-par-value bearer shares each representing EUR 1 of share capital. Contributions to capital have been paid up in full.

As of balance sheet date MAXDATA holds 1,000,000 of its own shares (previous year: 1,000,000). The acquisition cost of these own shares, which totals KEUR 9,270 (previous year: KEUR 9,270) has been deducted from retained earnings.

	Shares issued (number)	Own shares (number)	Outstanding shares (number)
31.12.2003	29,000,000	–1,000,000	28,000,000
31.12.2004	**29,000,000**	**–1,000,000**	**28,000,000**

At the annual general meeting of MAXDATA AG on 27 May 1999, the shareholders approved a conditional increase in the share capital of MAXDATA AG of up to KEUR 480 (contingent capital I) by issue of up to 480,000 new no-par-value bearer shares. This conditional increase in capital serves to ensure the subscription rights of employees, members of the Management Board of MAXDATA AG, its subsidiaries, as well as of companies affiliated with MAXDATA AG within the meaning of Article 15 et seq. of the German Stock Corporation Law (AktG) in Switzerland, Austria, the United Kingdom, and the Netherlands in accordance with the conditions set in the authorizing resolution of the annual general meeting of 27 May 1999. The conditional increase in capital may only be undertaken to the extent that those entitled to subscription rights within the framework of the employee share option plan exercise their subscription rights. The new shares carry profit participation rights from the beginning of the business year in which they originate through the exercise of subscription rights.

Share option plan

MAXDATA issued a share option plan in 1999 when its IPO occurred. This share option plan allowed options to be granted to employees and members of the Management Board of MAXDATA AG and its subsidiaries for no consideration previous to 31 December 2000 entitling bearers to purchase a total of 480,000 no-par-value shares pursuant to the authorization passed by resolution of the annual general meeting on 27 May 1999. The exercise price for each option was fixed at EUR 31 in agreement with the price of MAXDATA shares at their first issue. The options are only exercisable under the precondition that the market price of the MAXDATA share has on the average increased by at least 1 percentage point per month as against the issue price, i.e. on average at least 12 percentage points per year as against the issue price. This means that the share price would have had to have increased by 36 percentage points as against its price at first issue by 9 June 2002 – the first possible date the first tranche (30 percent of the options) could be exercised. If the options are not exercisable within the vesting period (three years following the first trading day), as the increase in value of the share did not occur as provided, the options will become exercisable at a later stage within the life of the options (which expires on 8 June 2009), if the market price of the shares has increased on average by at least 1 percentage point per month. If the market price of the MAXDATA share does not reach the increase required by an average of 12 percentage points per year on the first possible exercise dates, the options of the second and third tranche will become exercisable at the date on which the average market price of the MAXDATA share on the last 30 trading days has reached the market price as adjusted correspondingly. The market price within the meaning of the foregoing is the average market price of the MAXDATA share calculated on the basis of the closing prices on the Frankfurt Stock Exchange on the last 30 trading days of each 12 month period measured on the calendar day on which the shares were first issued. If the market price increases by the required amount, the options which vest in this way will remain exercisable until the expiry of the life of the option, even if the market price were to decrease again subsequently. As of 31 December 2003, 72,292 options to purchase 72,292 shares had been granted. Owing to employee turnover, the number of options outstanding has fallen to 67,824 as of 31 December 2004. Under the accounting policy adopted by the Group no compensation expense is recognized under the share option plan.

(12) Capital reserve and consolidated retained earnings/accumulated loss

Capital reserves consist mainly of the premiums received in the course of MAXDATA going public in 1999.

No dividend was paid for 2003.

The Management Board of MAXDATA AG has proposed that no dividend be paid for 2004.

(13) Long-term/Short-term debt

Current portion of long-term loans

	Carrying value 31 Dec. 2004 KEUR	Carrying value 31 Dec. 2003 KEUR	Interest rate %	Date on which interest is fixed
Deutsche Genossenschafts-Hypothekenbank AG	0	1,678	7.15	02-2004
	0	**1,678**		
Long-term interest-bearing loans	0	1,678		
less current portion	0	–1,678		
	0	**0**		

Scheduled repayments of the loan were made in 2004. In the previous year, a current portion (KEUR 1,678) of the long-term loan was disclosed.

(14) Tax provisions

Tax provisions are recognized for the expected amount of tax back-payments.

(15) Other provisions/ Other current provisions

Other provisions	Warranties KEUR	Other KEUR	Total KEUR
31 December 2003, prior to reclassification	21,982	5,894	27,876
Reclassification from liabilities to provisions	0	–858	–858
31 December 2003, post-reclassification	21,982	5,036	27,018
Additions in business year	8,206	5,449	13,655
Utilizations in business year	–12,727	–2,294	–15,021
Reversals in business year	–3,583	–462	–4,045
Currency translation differences in business year	11	25	36
31 December 2004	**13,889**	**7,754**	**21,643**
Current portion	8,260	7,716	15,976
Non-current portion	5,629	38	5,667

Warranty

As of 31 December 2004 and 2003 the Group has provided KEUR 13,889 and KEUR 21,982 respectively for expected warranty claims on computers, monitors, and other peripherals sold during the last 36 months. The majority of these warranty costs are expected to be incurred in the next business year, with all costs to be incurred within three years of the balance sheet date.

Other

Other provisions include amounts for bonus obligations in the value of KEUR 2,447 (previous year: KEUR 1,363) and the provision for copyright device levies of KEUR 3,923, which in the previous year was disclosed under trade payables at an amount of KEUR 1,900. Other reclassifications from other provisions made in 2004 included KEUR 1,988 to liabilities to personnel, KEUR 317 to trade payables, and KEUR 453 to other liabilities.

(16) Other current liabilities

Other current liabilities	2004 KEUR	2003 post-reclassification KEUR	2003 pre-reclassification KEUR
Value added tax	5,139	6,616	6,616
Liabilities to employees	3,118	3,736	1,748
Liabilities related to social security	1,356	1,539	1,539
Payroll and church taxes	629	704	704
Debtors with credit balances	538	515	515
Other	4,109	5,655	5,202
	14,889	**18,765**	**16,324**

(17) Deferred income

Deferred income relates to receipts from "guarantee certificates" in connection with granting extended guarantee services. The payments received are recognized at the time the guarantee certificates were issued; they will be released on a straight line basis over the term of the guarantees. Income from the release of deferred income is offset by current expenses related to the extended guarantee services rendered in association with the guarantee certificates.

(18) Turnover by geographical areas and product lines

Turnover by geographical areas	2004 KEUR	%	2003 KEUR	%
Domestic	387,865	59	404,684	62
Foreign	272,155	41	250,166	38
	660,020	**100**	**654,850**	**100**

Turnover by product lines	2004 KEUR	%	2003 KEUR	%
Computers*	326,031	49	344,328	53
Monitors	284,529	43	243,977	37
Other*	49,460	8	66,545	10
	660,020	**100**	**654,850**	**100**

*A change in reporting form resulted in an adjustment of KEUR 3,516 to the figures for the previous year in 2004.

(19) Other operating income

Other operating income	2004 KEUR	2003 KEUR
Exchange rate gains	9,770	20,195
Advertising subsidies from suppliers	4,117	4,694
Income from fixed service fees	2,802	3,847
Insurance indemnifications	1,576	1,060
Income from the release of provisions	0	605
Other	1,611	6,353
	19,876	**36,754**

(20) Other operating expenses

Other operating expenses	2004 KEUR	2003 KEUR
Advertising expenses	13,212	12,388
Transport costs (delivery of goods)	10,276	10,436
Exchange rate losses	9,144	19,610
Rent incidentals/repairs	6,247	4,647
Fees	3,173	3,800
Insurance	2,004	2,346
Communication	1,946	1,798
Rents and lease expenses	1,336	1,406
Bad debts	983	1,694
Warranties	–5,181	15,560
Other	7,997	9,772
	51,137	**83,457**

MAXDATA protects itself against currency risks from business operations by means of the customary hedges. The decrease in exchange rate losses is counterbalanced by a decrease in exchange rate income.

In the area of warranties, there were earnings of EUR 5.2 million for the year 2004. Utilization of the provision amounting to EUR 9.8 million, which cannot be reliably attributed to individual cost types, and an additional release of EUR 3.6 million of the provision as a result of increases in efficiency result in earnings totaling EUR 13.4 million. This is counterbalanced by a current addition of EUR 8.2 million for the products sold in 2004.

(21) Income taxes

The main components of the income tax expenses reported in the income statement are as follows:

Income taxes	2004 KEUR	2003 KEUR
Current income tax expense	–1,922	–2,552
Deferred tax expense/income from the occurrence/reversal of temporary differences	–1,149	9
Increase/decrease in deferred tax assets from tax claims due to loss carry-forwards	1,165	–3,670
	–1,906	**–6,213**

A tax rate of 39 percent compounded from corporate income tax and trade tax has been used to calculate deferred taxes.

A reconciliation of the expected tax expense to the tax expense reported in the income statement is as follows:

	2004 KEUR	%	2003 KEUR	%
Result before income taxes	**1,251**	**100.0**	**–14,408**	**100.0**
Taxes at domestic tax rate	–488	–39.0	5,619	–39.0
Tax effects from divergent foreign tax rates and foreign losses without capitalization of deferred taxes	–3,666	–293.1	–1,272	8.8
Change in deferred tax assets	16	1.3	–3,670	25.5
Tax effects from domestic losses without capitalization of deferred taxes	1,984	158.6	–8,571	59.5
Effects from taxes for previous years	251	20.1	1,678	–11.5
Other effects	–3	–0.2	2	0.0
Tax expense	**–1,906**	**–152.4**	**–6,213**	**43.1**

Components of deferred tax assets/liabilities are as follows:

	2004 KEUR	2003 KEUR
Deferred tax assets		
Tax loss carry-forwards (domestic)	10,790	9,625
Differences from the valuation of assets and liabilities	348	332
Total	**11,138**	**9,957**
Deferred tax liabilities		
Differences from the valuation of assets and liabilities and from consolidation	–4,690	–3,525
Total	**–4,690**	**–3,525**
Deferred tax assets (net)	**6,448**	**6,432**

Deferred tax assets have been offset against deferred tax liabilities pursuant to IAS 12. Deferred tax assets and liabilities have been calculated on the basis of the planning projections for the two following years.

As of balance sheet date the company records CIT loss carry-forwards in Germany of about EUR 208.7 million (previous year: EUR 166.1 million) and loss carry-forwards for trade tax purposes of about EUR 53.4 million (previous year: EUR 35.2 million) on which no deferred tax assets have been capitalized. The companies outside Germany have loss carry-forwards of EUR 16.5 million (previous year: EUR 8.9 million), on which no deferred tax assets have been capitalized at balance sheet date.

(22) Earnings per share

The basic earnings per share are determined by dividing the net result for the period allocable to the ordinary shareholders by the average weighted number of outstanding ordinary shares during the period.

To calculate the diluted earnings per share, the net profit attributable to shareholders and the weighted average number of shares outstanding are adjusted for the effects of all potential ordinary shares from the exercise of share options. The number of ordinary shares would be the weighted average number of ordinary shares plus the weighted average number of ordinary shares which would be issued on the conversion of all potential ordinary shares. Share options are deemed to have been converted into ordinary shares at the beginning of the period, or on the date when the options were granted, whichever is later.

Since the price of MAXDATA shares was lower than the exercise price defined in the share option plan in the current and previous year, there is no dilutive effect for the current and previous year.

	Consolidated net loss for the year KEUR	Weighted average number of shares	Earnings per share Euro
Undiluted/diluted earnings per share for the business year 2004	–1,456	28,000,000	–0.05
Undiluted/diluted earnings per share for the business year 2003	–20,738	28,000,000	–0.74

(23) Segment information

Segment information by geographical region (KEUR)	Germany 2004	Germany 2003	International 2004	International 2003	Consolidation 2004	Consolidation 2003	Total 2004	Total 2003
External sales	387,865	404,684	272,155	250,166	0	0	660,020	654,850
Intrasegment sales	227,872	206,016	0	0	–227,872	–206,016	0	0
Income	615,737	610,700	272,155	250,166	–227,872	–206,016	660,020	654,850
Segment result	10,904	–14,894	–10,644	–110	0	0	260	–15,004
plus financial result							421	596
less income taxes							–1,906	–6,213
less minority interests							–231	–117
Group result							**–1,456**	**–20,738**
Segment assets	245,823	244,603	79,208	62,210	–51,271	–29,917	273,760	276,895
plus financial assets and securities							256	4,631
plus deferred taxes and tax refund claims							10,950	12,566
Total assets							**284,966**	**294,092**
Segment liabilities	85,323	92,843	83,470	58,991	–51,271	–29,917	117,522	121,917
plus financial liabilities							0	1,678
plus deferred taxes and tax provisions							405	1,607
plus minority interests							346	259
Total liabilities							**118,273**	**125,461**
Capital expenditure	6,091	3,899	486	252	0	0	6,577	4,151
Amortization and depreciation	–6,758	–9,565	–463	–434	0	0	–7,221	–9,999
Non-cash expenses, excluding depreciation	250	5,805	151	86	0	0	401	5,891
Pro rata result from associated companies	45	159	0	0	0	0	45	159
Shares in associated companies	174	204	0	0	0	0	174	204

The geographical division into domestic and foreign segments is performed on the basis of the registered office of the respective companies; as the parent company of the foreign subsidiaries, MAXDATA International GmbH has been allocated to the foreign segment. The shift in the profitability of the segments is due to the further systematic expansion of international business activities and the further development of the transfer price system to support further internationalization.

Intrasegment transactions are mainly charged at historical cost plus a small margin to cover additional costs of the segment providing the service. Fixed assets are transferred at residual carrying amounts.

Segment Information (KEUR)	Monitors 2004	Monitors 2003	Computers* 2004	Computers* 2003	Other areas*/ not allocated 2004	Other areas*/ not allocated 2003	Total 2004	Total 2003
External sales	284,529	243,977	326,032	344,328	49,459	66,545	660,020	654,850
Segment assets	81,252	59,815	111,771	80,152	80,737	136,928	273,760	276,895
Capital expenditures	0	0	825	1,077	5,752	3,074	6,577	4,151

* New reporting form in 2004; for the sake of comparability, the previous-year figures have also been adapted to this system.

The "Monitors" business segment consists of CRT and TFT monitors, while the "Computers" segment comprises PC systems, notebooks, and servers.

Segment assets and capital expenditures are only allocated to the individual business segments if they are clearly allocable; otherwise the assets are allocated to the segment "other".

(24) Financial instruments

Interest rate risk

Interest agreements	Residual term up to 1 year KEUR	Residual term 1 to 5 years KEUR	Residual term more than 5 years KEUR	Total notional amount 2003 KEUR	Payment claim Interest rate %	Payment obligation Interest rate %
Cross Currency Interest Rate Swaps	0	0	0	1,815	7.15	5.95

The table above lists the interest rates underlying the cash flows agreed as part of a cross-currency interest rate swap from the previous year.

Under a cross-currency interest rate swap the Group received fixed interest payments denominated in euro and paid fixed interest in Swiss francs. This swap allowed the Group to use the revenues denominated in Swiss francs from operations in Switzerland to generate an interest margin.

Swaps are measured at fair value. The gains and losses arising from changes in their fair value are disclosed in other financial income or write-off of financial assets and marketable securities.

Exchange rate risks

A large part of the Group's purchases of raw materials, components and goods for resale are denominated in US dollars whereas sales are predominantly denominated in currencies other than US dollars. The Group enters into various types of foreign exchange contracts in managing its foreign exchange risk resulting from cash flows from (anticipated) business activities denominated in foreign currencies.

Among other things, the Group hedged foreign exchange risk by acquiring US dollars in spot transactions. Prior to use, these US dollars were partially exchanged for euros by means of currency swaps. In addition, foreign currency was sold in spot transactions and bought back again before the proceeds were received by means of currency swaps. Foreign currency was also bought and sold in forward exchange transactions.

Liquidity risks

Liquidity risk arises from the possibility that customers may not be able to settle obligations to the Group upon maturity. To manage this risk the Company regularly assesses the financial viability of its customers.

Further liquidity risks have been covered by lines of credit at banks totaling KEUR 12,500.

Credit risks

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. In addition, the Group uses credit insurance to cover its credit risk.

The extent of the Group's credit exposure is represented by the aggregate balance of amounts receivable. The maximum credit risk, without taking account of credit insurance, is approximately equal to the balance of financial assets as disclosed in the balance sheet. The Group has no significant concentration of credit risk with any single counter-party or groups of counter-parties.

Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sales. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. The carrying amount is the value at which the financial instrument is disclosed in the balance sheet.

In 2004, there were unrealized losses of KEUR 0 (previous year: KEUR 1) from the recognition of available-for-sale financial instruments at fair value. At the same time, gains on sales of KEUR 15 (previous year: loss of KEUR 691) were recorded.

A gain of KEUR 409 (previous year: loss of KEUR 2,294) resulted from the valuation of derivatives at fair value that are used as hedging instruments for foreign currency liabilities/receivables and to limit risks from interest rate fluctuations. This income is counterbalanced by expenses from the valuation of foreign currency liabilities/receivables at the closing rate.

In 2004, a loss of KEUR 958 was realized on derivatives used to hedge foreign currency liabilities/receivables and to limit the risk of changes in interest rates. The effects were counterbalanced by the settlement of foreign currency liabilities/receivables.

The carrying amount of open currency swaps entered into to buy/sell foreign currencies amounted to KEUR 47 under other assets and KEUR 1,932 under other current liabilities.

At balance sheet date there were currency swaps to buy/sell foreign currency totaling a nominal KEUR 64,431, whose fair value came to KEUR –1,885. At balance sheet date, the residual term of these swaps was less than three months.

Cash and cash equivalents

Due to the relatively short-term maturity of these financial instruments, the carrying amount of cash, cash equivalents and other current assets approximates fair value.

Short-term loans and other short-term liabilities as well as the short-term portion of long-term liabilities

The carrying amount approximates fair value because of the short period to maturity of these instruments.

(25) Other financial commitments

Other financial commitments	Operating Lease up to 1 year KEUR	Operating Lease 1 to 5 years KEUR	Operating Lease more than 5 years KEUR	Other KEUR
31.12.2004	1,919	4,111	532	99,841

Operating leases stem primarily from long-term rent agreements for business premises as well as from lease agreements for motor vehicles.

Other financial obligations mainly contain the purchase commitments related to goods delivered and obligations from service and insurance contracts.

(26) Contingent liabilities

As of the balance sheet date, there are several cases in which MAXDATA has receivables and liabilities due from and to its suppliers that are either disputed or contestable. In determining the total volume of the open items of the Group, all recognized and unrecognized claims of the parties were compared and, if a reliable estimate appeared possible, a provision was recognized for the likely exposure from the Group's point of view.

The maximum exposure that cannot be completely ruled out in excess of the provisions already recorded amounts to EUR 9.5 million.

There is also a test case before the Munich Regional Court in which a competitor of MAXDATA is being sued by Verwertungsgesellschaft Wort (VG Wort) for payment of a copyright device levy of EUR 30 for every PC sold since 1 January 2001. In a judgment of 23 December 2004, the Munich Regional Court set a levy of EUR 12 for every PC sold since 1 January 2001. According to our current information, the defendant will appeal against this ruling. MAXDATA and Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e. V. (BITKOM) concur in their view that prevailing law does not give copyright-exploiting companies sufficient grounds to demand copyright levies for PCs. However, it cannot be completely ruled out that this matter will result in a burden in the future. The judgment and the claims of VG Wort would result in theoretical additional burdens of about EUR 2 million p. a. and about EUR 6 million p. a. respectively.

(27) Related party transactions

Transactions with associates

The Group has entered into transactions with its associates. The respective Group companies enter into transactions in the normal course of business on an arm's-length basis.

The balance sheet and income statement include the following amounts resulting from transactions with associates.

Transactions with associates	2004 KEUR	2003 KEUR
Trade receivables	4	3
Trade payables and other liabilities	1	17
Turnover	24	19
Cost of materials	620	571
Other operating expenses	1	0

Remuneration of the Management Board and Supervisory Board

In the business year 2004, total remuneration of the group Management Board totaled KEUR 1,239 (previous year: KEUR 1,115). In the business year 2004, the CEO, Holger Lampatz, received total remuneration of KEUR 488 (previous year: KEUR 484) comprising fixed components only. The CFO and deputy chairman, Thomas Stiegler, received total remuneration of KEUR 405 in 2004, KEUR 100 of which comprised variable remuneration. Reinhard Blunck, who has been a member of the Management Board since 21 April 2004 and is responsible for purchasing, production, logistics and service, received payment of KEUR 181 for his work on the board in 2004, which comprised exclusively fixed components. Jürgen Renz, who has been a member of the Management Board since 16 September 2004 and is responsible for sales and marketing, received total remuneration of KEUR 165 for the period from 16 September to 31 December 2004, of which KEUR 87 was variable remuneration.

In business 2004, the Group Management Board held 3,000 share options (previous year: 3,000 share options).

The members of the Supervisory Board received a fixed total remuneration of KEUR 225 for 2004 (previous year: KEUR 218). Siegfried Kaske, chairman of the Supervisory Board, received KEUR 60 (previous year: KEUR 60). In the business year, the deputy chairman, Dr. Heinrich Böhmer, received compensation of KEUR 45 (previous year: KEUR 45). The Supervisory Board members Claas Kleyboldt, Hans Reischl, and Klaus Wiegandt each received KEUR 30 (previous year: KEUR 30). Bernhard Scholtes received KEUR 30 (previous year: KEUR 20).

Shares and share options of the Management and Supervisory Board, 31 December 2004	Number of share options	Number of shares
Management Board	3,000	6,054,647
Supervisory Board	-	105,377

At balance sheet date, the CEO, Holger Lampatz, held a total of 6,054,000 shares in MAXDATA AG.

Siegfried Kaske continues to hold indirectly a total of 13,828,800 shares in MAXDATA AG.

(28) Subsequent events

There were no material subsequent events.

(29) List of consolidated subsidiaries

Company	% share in company	Principal business activity
MAXDATA Computer GmbH & Co. KG, Marl	100	Sale and distribution of monitors and computers
MAXDATA Verwaltungs-GmbH, Marl	100	General partner of MAXDATA Computer GmbH & Co. KG
MAXDATA Systeme GmbH, Würselen	100	Assembly of computers and repair of computers and monitors
MAXDATA Immobilien Marl GmbH, Marl	100	Management of the MAXDATA buildings in Marl
MAXDATA Immobilien Würselen GmbH, Marl	100	Holding company of MAXDATA Grundstücks-vermietungsgesellschaft mbH & Co. OHG, Marl
MAXDATA Grundstücksvermietungs-gesellschaft mbH & Co. OHG, Marl	100[1]	Management of the MAXDATA buildings in Würselen
Triple Trian Beteiligungs-Verwaltungs GmbH, Marl	100[1]	General partner of Triple Trian Beteiligungs-GmbH & Co. KG, Marl
Triple Trian Beteiligungs-GmbH & Co. KG, Marl	100[1]	Owner of an unmarketed monitor patent
MAXDATA International GmbH, Marl	100	Holding company for international sales companies
MAXDATA Computer GmbH, Vienna, Austria	100[1]	Sale and distribution of monitors and computers
MAXDATA Computer AG, Baar, Switzerland	100[1]	Sale and distribution of monitors and computers
MAXDATA UK Ltd., Bracknell, UK	100[1]	Sale and distribution of monitors and computers
MAXDATA Benelux B.V., Etten-Leur, Netherlands	100[1]	Sale and distribution of monitors and computers
MAXDATA S.A.R.L., Lisses, France	100[1]	Sale and distribution of monitors and computers
MAXDATA Iberia S.L., Madrid, Spain	100[1]	Sale and distribution of monitors and computers
MAXDATA Sp. z o.o., Warsaw, Poland	100[1]	Sale and distribution of monitors and computers
MAXDATA Italia S.r.l., Assago, Italy	100[1]	Sale and distribution of monitors and computers
MAXDATA e-business GmbH, Marl	100	Distribution of software products
ASIG Quality Services GmbH, Augsburg	52[1]	Quality and source inspection

[1] indirect holding of MAXDATA AG

(30) Accounting, valuation and consolidation methods used which differ from German Accounting Principles according to HGB

Under IAS 2 inventories are generally measured at the lower of cost and net realizable value. The lower value at the balance sheet date within the meaning of Article 253 Para. 3 HGB may differ from net realizable value.

After initial recognition, certain financial assets are measured at fair value in accordance with IAS 39. Remeasurement gains and losses are included in net profit or loss. Pursuant to HGB these financial assets are measured at cost or their lower fair value. Pursuant to HGB, provisions are set up for derivatives if there is a potential loss. In other cases, these are treated as pending transactions.

According to IFRS (comment on SIC 17 – Costs of an Equity Transaction) costs directly attributable to a cash capital increase are accounted for as a deduction from equity, net of related income tax benefit. According to HGB these costs have to be considered in the income statement.

Pursuant to IFRS, own shares are deducted directly from equity at cost. Pursuant to HGB, own shares are disclosed as marketable securities in the balance sheet, and valued accordingly. At the same time, a reserve of the same amount is set up in equity for own shares.

IAS 37 calls for provisions to be recognized for contingent liabilities and potential losses. Expense provisions may not be recognized. Pursuant to IAS, provisions are measured using the best estimate, which does not necessarily correspond to the principle of prudence.

(31) Notes pursuant to Article 264 Para. 3 HGB

MAXDATA Systeme GmbH is fully consolidated in the financial statements of the MAXDATA Group. Effective 1 January 2001, a profit and loss transfer agreement was entered into between MAXDATA Systeme GmbH and MAXDATA AG which was entered in the commercial register of MAXDATA Systeme GmbH on 31 May 2002. In accordance with Article 264 Para. 3 HGB, MAXDATA Systeme GmbH is exempted from preparation, audit and disclosure of statutory financial statements in compliance with the supplementary rulings for corporations.

MAXDATA International GmbH is fully consolidated in the financial statements of the MAXDATA Group. Effective 1 January 2002, a profit and loss transfer agreement was entered into between MAXDATA International GmbH and MAXDATA AG which was entered in the commercial register of MAXDATA International GmbH on 6 June 2002. In accordance with Article 264 Para. 3 HGB MAXDATA International GmbH is exempted from preparation, audit and disclosure of statutory financial statements in respect of the supplementary standards in place for corporations.

(32) Notes in respect of Article 264 b HGB

MAXDATA Computer GmbH & Co. KG is fully consolidated in the MAXDATA consolidated financial statements. In accordance with Article 264 b HGB, MAXDATA Computer GmbH & Co. KG is exempted from presenting statutory financial statements in agreement with the provisions in place for corporations.

(33) Note in respect of Article 285 No 16 HGB

The declaration of compliance required by the Commission for the German Corporate Governance Code was issued by the Management Board and the Supervisory Board on 8 March 2004 and made permanently accessible to the shareholders on the website of MAXDATA AG at http://www.maxdata.de/unternehmen/investor_relations/corporate_governance/index.html

Marl, 31 January 2005

MAXDATA AG

Reinhard Blunck Jürgen Renz Thomas Stiegler

Audit Opinion

We have issued the following opinion on the consolidated financial statements and the group management report:

"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 MAXDATA AG, Marl, for the fiscal year from 1 January to 31 December 2004. The preparation and the content of the consolidated financial statements are the responsibility of the Management Board of the Company. Our responsibility is to express an opinion whether the consolidated financial statements are in accordance with the International Financial Reporting Standards (IFRS), based on our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing requirements and generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [in Deutschland] (IDW) as well as in accordance with the International Standards on Auditing (ISA). 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 misstatement. In the course of the audit the documentation supporting the carrying amounts and disclosures in the consolidated financial statements is examined on a test basis. 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 fiscal year in accordance with IFRS.

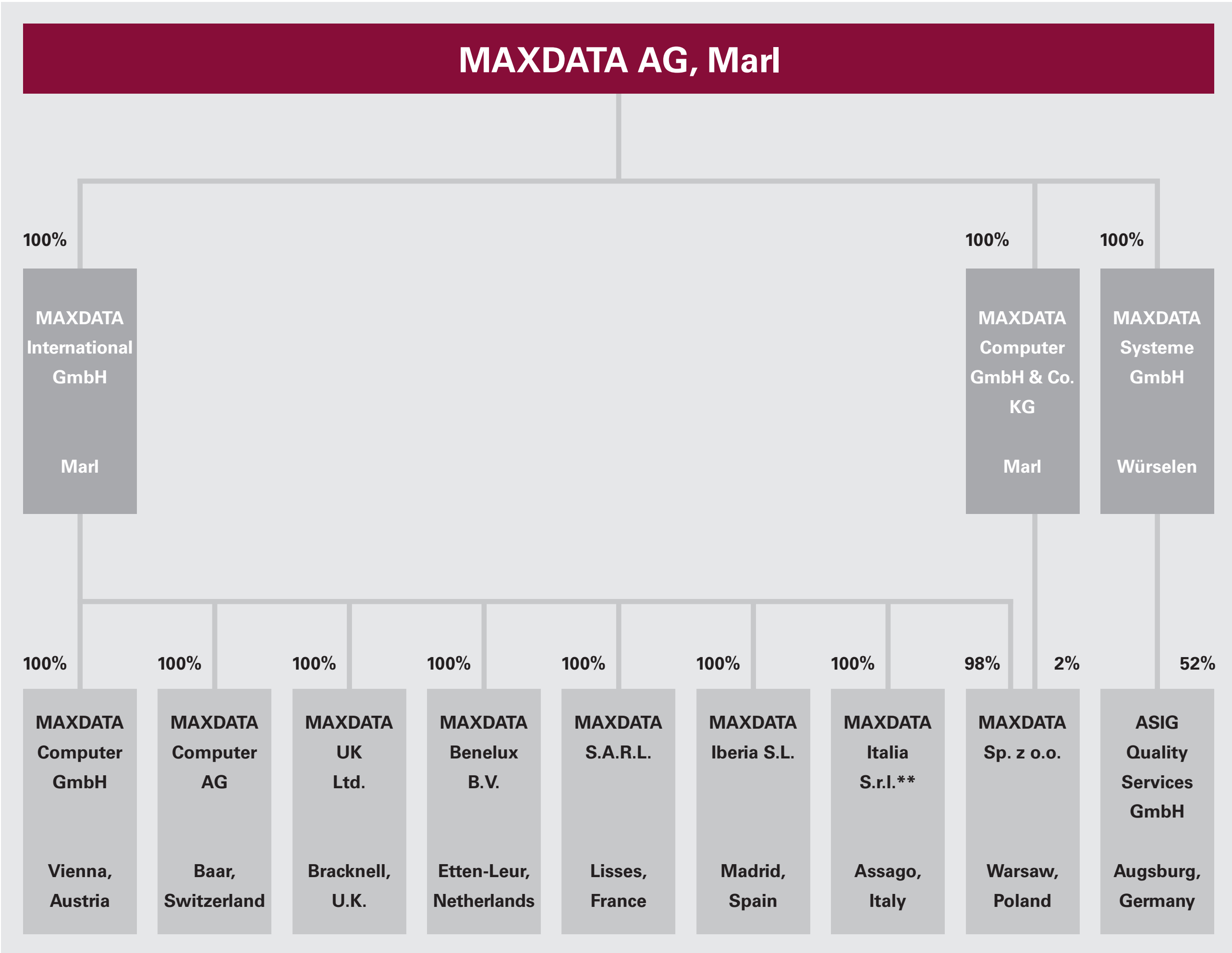
Our audit, which also extends to the group management report prepared by the Management Board for the fiscal year from 1 January to 31 December 2004, has not led to any reservations. In our opinion, on the whole the group management report together with the other disclosures in the consolidated financial 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 fiscal year from 1 January to 31 December 2004 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."

Hanover, 31 January 2005

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft

Hentschel	Reimann
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Group structure with significant companies*



* See page 44 for complete list of companies
** Indirect investment

Responsibilities

The Management Board

Jürgen Renz

The professional machine construction and industrial engineer, born 1958, is the Spokesman of MAXDATA AG's Management Board and is responsible for the operational areas of corporate group development, public relations, marketing, sales and product management. Jürgen Renz has been part of the MAXDATA Group company management since June 2004 and a member of the Management Board since September 2004.

Thomas Stiegler

Thomas Stiegler, born 1957, is the deputy Spokesman of the Management Board and is responsible for finance/accounting, IS, controlling, risk management, Human Resources, legal, investor relations and internal audit. The graduate economist joined the top management of the MAXDATA group in 1999 and has been a member of the MAXDATA AG Management Board since early 2001.

Reinhard Blunck

Reinhard Blunck, born 1951, was nominated as a member of the Management Board in April 2004. His areas of responsibility include purchasing, production, logistics and service. Prior to becoming a member of the Management Board he was the manager of MAXDATA Systeme GmbH since May 2003, at the Marl and Würselen locations.

The Supervisory Board

Siegfried Kaske
Chairman of the Supervisory Board of MAXDATA AG
Management Board of DIVACO Beteiligungs AG

Dr. Heinrich Böhmer
Deputy Chairman of the Supervisory Board of
MAXDATA AG

Claas Kleyboldt
Chairman of the Supervisory Board of
AXA Konzern AG

Hans Reischl
Former Chairman of the Management Board of
REWE Zentral AG

Bernhard Scholtes
Managing Director of MHS Consult GmbH

Klaus Wiegandt
Chairman of the Supervisory Board of
DFH Deutsche Fertighaus Holding AG

Report of the Supervisory Board

During the reporting period, the Supervisory Board regularly monitored and advised the Management Board on the duties and responsibilities defined in the company laws and articles of association. The Management Board regularly submitted to the Supervisory Board written and oral reports on the course of business, the company's position and principal questions on company policy. With the help of these reports, the Supervisory Board has discussed all significant business transactions with the Management Board. Furthermore, the Chairman of the Supervisory Board has had business meetings with the Chairman of the Management Board and the Chief Financial Officer. These meetings help in maintaining the exchange of information and opinions between the Supervisory Board and the Management Board. The Supervisory Board had five meetings with the Management Board. The two committees – the personnel and audit committees – each convened on one occasion. Furthermore, if necessary, resolutions were made by means of the circulation procedure.

In the foreground of the consultation was the strategic alignment of the MAXDATA corporate group and the organizational developments and efforts in the factory/service area. Focus of further consultation with the Supervisory Board were principal questions on the business policy, the perspectives of the most important affiliated companies and the details on the sales, financial, investment, personnel and profit planning.

MAXDATA AG's financial statements for 31 December 2004, the consolidated statements, MAXDATA AG's management report and the consolidated management report for the business year 2004, prepared by the Management Board were audited together with the bookkeeping system and have received an unrestricted audit certificate. The audit was conducted by the auditing company, Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Hannover, chosen at the shareholder's general annual meeting of 21 April 2004 and contracted by the Supervisory Board to audit the annual financial statements and the consolidated financial statements of the company.

The financial statements, the consolidated financial statements, MAXDATA AG's management report and the consolidated management report, as well as auditors' report were all submitted to the members of the Supervisory Board well before the financial statement meeting. The auditors participated in the discussions of the Supervisory Board about the draft documents, reported the major results of the audit, and were available to answer any queries. The Supervisory Board acknowledged and agreed to the audit results of the financial statements and consolidated financial statements provided by the auditors.

The Management Board prepared the annual financial statements, the consolidated financial statements, MAXDATA AG's management reports and the consolidated management report, which were then audited by the Supervisory Board. The board has no objections to raise following the conclusion of this investigation. The Supervisory Board approved the financial statements for 31 December 2004, including MAXDATA AG's management report: the financial statements are thus established. The Supervisory Board approved the consolidated financial statements including consolidated management report.

Furthermore, in accordance with Article 312 of AktG (Aktiengesetz = German Stock Companies Act), the Management Board prepared a report on the relationships to affiliated companies for the business year 2004 and submitted this report in time for the financial statement meeting. The auditors audited this report as well, reported in writing on the result of the audit and issued the following opinion:

"Pursuant to our dutiful examination and evaluation we confirm that

1. the facts as given in the report are correct,

2. the contractual performances of the company in the legal affairs covered by the report were not inappropriately high,

3. the measures described in the report do not reveal any evidence for a judgement significantly different to that made by the Management Board."

Following the concluding results of its examination, the Supervisory Board raises no objections to the declaration of the Management Board in its report as per Article 312 of AktG and the issuing of the auditors' certificate.

On 21 April 2004, the Supervisory Board appointed Mr. Reinhard Blunck as member of the Management Board, responsible for the areas purchasing, production and service. Mr. Jürgen Renz was appointed member of the Management Board for the areas sales and marketing on 16 September 2004.

Mr. Holger Lampatz resigned his position on the Management Board at his own free will and upon agreement by the Supervisory Board effective 31 December 2004.

In the course of his departure the Supervisory Board nominated Jürgen Renz to become the new Spokesman of the Management Board and Thomas Stiegler the deputy Spokesman of the Board as of 1 January 2005.

The Supervisory Board thanks Mr. Lampatz for his enthusiastic and successful work for the MAXDATA Group, which he has carried out over many years. Mr. Lampatz deserves particular recognition for establishing and expanding the company. The Supervisory Board appreciates his entrepreneurial efforts and respects his decision to leave the operating management of the corporate group.

The Supervisory Board thanks the Management Board and the employees of the MAXDATA group for their dedication and the work they have performed.

Marl, 21 February 2005

The Supervisory Board

Siegfried Kaske, Chairman

Financial Calendar

Annual general meeting
Kongresszentrum
Westfalenhallen Dortmund
13 April 2005

3 months' report 2005
12 May 2005

6 months' report 2005
11 August 2005

9 months' report 2005
11 November 2005

MAXDATA AG

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The Annual Report and the latest information on MAXDATA are also available on the Internet:
www.maxdata.de

The information in this Annual Report has been translated (although it is not a literal translation) from the German Annual Report.

Under these circumstances the German version and interpretation shall govern and prevail.

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MAXDATA

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www.maxdata.de

MAXDATA

04

Annual Report and Accounts 2004

MAXDATA AG

Annual Report and Accounts 2004 of MAXDATA AG

Contents

Management Report for the 2004 Business Year

MAXDATA AG (hereinafter also called "the Company") is registered in the Commercial Register of the Local Court of Gelsenkirchen under HRB 5552. The Company's registered offices are in Marl.

The Company's business purposes also include holding and administering the shares in other companies, and in managing them and optimizing the further development of their organizational, management, and subsidiary structures, as well as establishing, acquiring, and disposing of such companies.

The annual accounts of MAXDATA AG for the 2004 business year have been drawn up in accordance with the regulations of the HGB (Handelsgesetzbuch = German Commercial Code), taking into consideration the supplementary regulations of the AktG (Aktiengesetz = German Stock Companies Act). They will be announced in their entirety in the Bundesanzeiger (German Federal Gazette) and deposited with the Local Court of Gelsenkirchen.

Furthermore, the Management Board has drawn up a Dependency Report for the 2004 business year, in accordance with Article 312, Para. 1 of AktG. In this report the Board comes to the following conclusion: "In all legal transactions with the affiliated companies, the Company has always received an appropriate consideration in light of the circumstances at the time when the legal transaction was undertaken. It has thus not been put at a disadvantage in any such transaction."

Management Board structure of MAXDATA AG

Effective 21 April 2004, Reinhard Blunck was nominated by the Supervisory Board to become a member of the Management Board for the areas of purchasing, production, logistics and service. Furthermore, on 16 September 2004, Jürgen Renz was also nominated to become a member of the Management Board. He is responsible for the sales and marketing areas.

Chairman Holger Lampatz and his deputy Chairman, Thomas Stiegler, were members of MAXDATA's Management Board, in addition to Reinhard Blunck and Jürgen Renz. Effective 31 December 2004, Holger Lampatz resigned his position on the Management Board at his own free will and in agreement with the Supervisory Board. In the course of his retirement the Supervisory Board nominated Jürgen Renz to become the Spokesman of the Management Board and Thomas Stiegler the deputy Spokesman of the Management Board as of 1 January 2005.

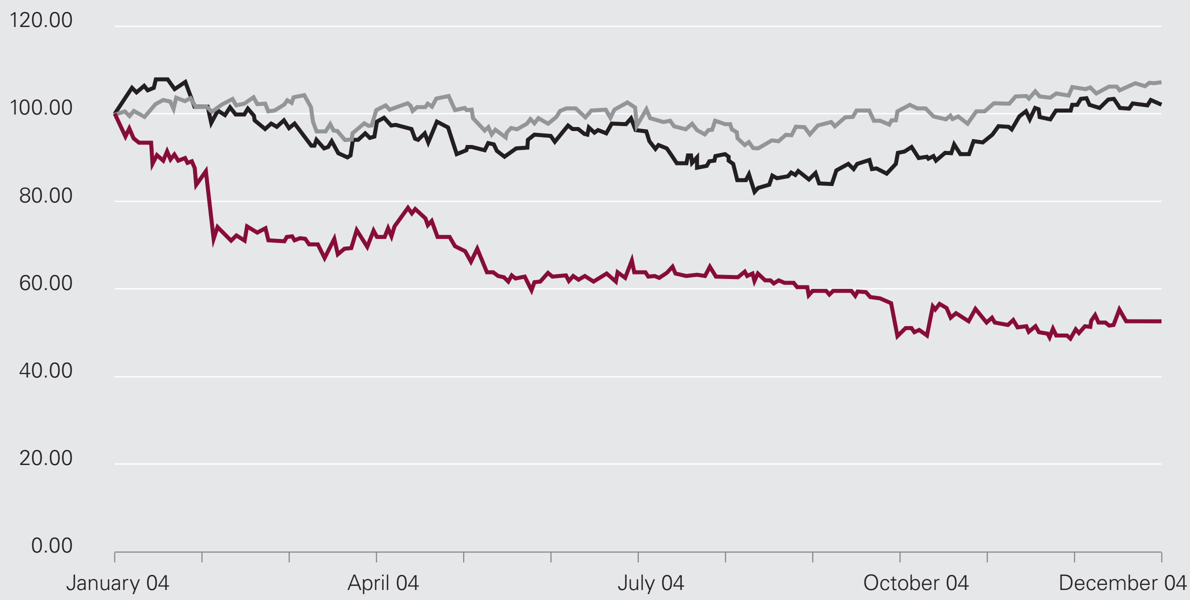
Share development

During the reporting year, political uncertainties and economic instability created a seesaw on the stock exchange. In the first quarter 2004 the financial markets were under pressure from terrorist attacks in Madrid. In only a few days the DAX lost around ten percent of its initial value.

During the summer and fall, worries about China's rapid growth and constantly rising oil prices placed pressures on the economic sentiment. During the third and fourth quarter, solid company profits, an easing of the oil price coupled with increased business and trade optimism gave the markets a renewed impetus.

During the period from 2 January 2004 to 30 December 2004 the MAXDATA share, based on the Xetra closing prices, fluctuated between EUR 2.79 and EUR 5.70, which corresponds to a volatility of 104 percent.

A comparison of the market price MAXDATA versus Indices



■ NASDAQ Computer ■ MAXDATA share ■ Prime All Share

Source: DAB Bank AG, Xetra and NQI closing prices

Financial and profit situation

The MAXDATA AG results are predominantly dependent upon the business development of the domestic and foreign affiliated companies.

MAXDATA's equity increased in comparison to the previous year by EUR 7.8 million; that is from EUR 162.4 million to EUR 170.2 million.

The loss carry forward of EUR 23.3 million and the EUR 7.8 million of net income for the year, as well as the withdrawal from reserves for own shares, based on required depreciations of own shares to an amount of EUR 2.8 million, resulted in an accumulated loss of EUR 12.7 million.

The net profit consists of the profits collected during the same period from MAXDATA Computer GmbH & Co. KG, Marl, and the results of MAXDATA Systeme GmbH, Würselen, MAXDATA International GmbH, Marl, MAXDATA Immobilien Marl GmbH, Marl, MAXDATA Immobilien Würselen GmbH, Marl, and MAXDATA e-business GmbH, Marl. These results were collected based on existing profit transfer agreements with MAXDATA AG.

MAXDATA AG's positive operating profit is mainly due to the profit and loss absorption from MAXDATA Systeme GmbH, Würselen, being EUR 11.5 million (previous year: EUR –25.1 million), the MAXDATA Computer GmbH & Co KG, Marl, being EUR 6.3 million (previous year: EUR 9.3 million) and MAXDATA International GmbH, Marl, being EUR 2.3 million (previous year: EUR –7.8 million). The operating profit of MAXDATA Systeme GmbH in 2003 was formed by the negative special effects that did not repeat themselves in 2004. Sales volume increases and efficiency increases in the operational areas production, logistics and service as well as the continued systematic development of the foreign business of the Company and the resulting further development of the transfer pricing system led to the positive operating profit development. The increase in efficiency also allowed the Company to release warranty provisions in the amount of EUR 3.6 million. In contrast, the prolonged decline in prices led to a decline in profit at MAXDATA Computer GmbH & Co. KG. Profit of MAXDATA International GmbH was significantly influenced by the profit distributions in the amount of EUR 5.5 million of its foreign subsidiaries (previous year: EUR 0.0 million).

Additionally, MAXDATA AG's profit includes the profit absorption of MAXDATA Immobilien Marl GmbH, Marl, of EUR 1.2 million (previous year: EUR 0.6 million), and MAXDATA Immobilien Würselen GmbH, Marl, in the amount of EUR 0.7 million (previous year: EUR 0.5 million). On the balance sheet date the foreign subsidiaries were left with a distribution potential of around EUR 3.1 million.

In addition to the positive business development, the financial result of MAXDATA AG was influenced by the depreciation of the portfolio of own shares in the amount of EUR 2.8 million (previous year: appreciation of EUR 3.2 million) and the decrease of interest income to EUR 1.9 million (previous year: EUR 4.4 million).

Furthermore, other operating expenses increased due to the increase in IT expenses of EUR 2.0 million. The market price result was during the business year EUR –1.9 million (previous year: EUR 1.2 million).

Based on the financing of the subsidiaries, the cash flow from current operating activities continues to be negative at EUR –10.5 million, however, it has significantly improved compared to the previous year (EUR –32.2 million). Contingent upon the sale of securities, this amount is balanced by a positive cash flow from investing activities. Cash from financing activities is thus on the previous year's level at EUR 32.8 million. The company's equity ratio remains on a constantly high level of 72.0 percent (previous year: 84.3 percent) and thus ensures the company's high degree of financial independence.

Employees

The average number of employees of the Company in the 2004 business year was 29 (previous year: 27). As of 31 December 2004, the Company had 30 employees (29 as of 31 December 2003).

Risk management

Risk management is of high significance to the MAXDATA group. MAXDATA operates as a corporate group, and is thus confronted with a number of possible risks. Corporate risks are only taken if the company value can increase and if the possible consequences can be controlled. The Management Board and Supervisory Board are regularly informed about risks that could significantly influence the business development.

The MAXDATA group employs a detailed risk management system to identify, analyze and document the most significant risks that could jeopardize the viability of the group.

The major part of the Company's purchases is transacted in the Asian market and is denominated in US dollars. European sales are predominantly handled in euro. Therefore, within its business activities, the MAXDATA group is exposed to exchange rate and price fluctuation risks. MAXDATA AG meets these risks with a centralized, active currency management system, using risk reducing financing instruments common on the market, such as currency swaps and foreign exchange futures trading and spot trading.

Moreover, the future development of MAXDATA is exposed to further risks inherent within its national sales companies. These risks result above all from increased competition, receivables management, price deterioration in the event of high inventories or low inventory turnover, from goods procurement and the dependency on individual suppliers, the maintenance of high quality standards, the dependency on resources in the area information technology and human resources, as well as insurance and communication risks.

Prospects

In 2005 the MAXDATA group will continue to consistently advance its market position in Europe.

These activities will be supported by the development of worldwide IT expenses in 2005. Accordingly, a growth of 5.0 percent is expected by market research companies. In the information technology sector, a growth of 4.0 percent is forecasted for the western European market.

However, the computer hardware segment in Germany which is significant for MAXDATA will probably not profit in the same degree from the positive market development. Market research institutes are expecting a sales increase of 1.9 percent in 2005 (previous year: 0.9 percent).

Despite these generally difficult domestic conditions, the Management Board sees significant potential from the expansion of the large account market segment that started in the last business year, and the continued advancement of its market position in Europe. Overall, the MAXDATA group is striving for a turnover of more than EUR 700 million and an EBIT of more than EUR 5 million for the business year 2005.

Marl, 31 January 2005

The Management Board

Reinhard Blunck Jürgen Renz Thomas Stiegler

Balance Sheet as of 31 December 2004

Assets	2004 KEUR	2003 KEUR
Fixed assets		
Intangible fixed assets		
Trademarks, licenses and similar rights	**5,420**	**4,982**
Tangible fixed assets		
Other equipment, fixtures, fittings and equipment	**566**	**2,223**
Financial assets		
Shares in affiliated companies	32,473	32,473
Loans to affiliated companies	34,910	35,138
	67,383	**67,611**
	73,369	**74,816**
Current assets		
Accounts receivable and other assets		
Accounts receivable from affiliated companies	111,633	53,918
Other assets	5,490	4,421
	117,123	**58,339**
Marketable securities		
Repurchased shares	3,000	5,800
Other securities	9,874	20,767
	12,874	**26,567**
Checks, cash in hand, cash in banks	**32,764**	**32,757**
	162,761	**117,663**
Prepaid expenses and deferred charges	**349**	**149**
	236,479	**192,628**

Equity and Liabilities	2004 KEUR	2003 KEUR
Equity		
Capital subscribed	29,000	29,000
Capital reserves	150,899	150,899
Earnings reserves Reserves for repurchased shares	3,000	5,800
Accumulated loss	–12,696	–23,270
	170,203	**162,429**
Provisions		
Accrued taxes	0	110
Other provisions	7,397	7,991
	7,397	**8,101**
Liabilities		
Trade accounts payable - thereof, with a residual term of up to one year: KEUR 4,954 (previous year: KEUR 5,257)	4,954	5,257
Accounts payable to affiliated companies - thereof, with a residual term of up to one year: KEUR 53,187 (previous year: KEUR 16,199)	53,187	16,199
Other liabilities - thereof, with a residual term of up to one year: KEUR 720 (previous year: KEUR 643) - thereof, for taxes: KEUR 100 (previous year: KEUR 365) - thereof, for social security: KEUR 43 (previous year: KEUR 36)	720	643
	58,861	**22,098**
Deferred income	**18**	**0**
	236,479	**192,628**

Income Statement for the 2004 Business Year

	2004 KEUR	2003 KEUR
Other operating income	48,232	58,080
Personnel expenses		
Wages and salaries	–2,964	–3,030
Social security	–285	–251
Depreciation and amortization for intangible assets, plant, equipment and other fixed assets	–1,979	–2,073
Other operating expenses	–55,767	–60,682
Income from investments	6,316	9,316
- thereof, from affiliated companies: KEUR 6,316 (previous year: KEUR 9,316)		
Income from profit transfer agreements	15,637	1,059
Income from other securities and loans of financial assets	458	501
Write-up on marketable securities	0	3,150
Other interest and similar income	1,909	4,429
- thereof, from affiliated companies: KEUR 1,304 (previous year: KEUR 2,016)		
Write-offs of financial assets and marketable securities	–2,804	–785
Expenses from loss transfers	0	–32,915
Interest and similar expenses	–976	–1,141
- thereof, to affiliated companies: KEUR 250 (previous year KEUR 312)		
Profit/loss from ordinary operations	**7,777**	**–24,342**
Taxes on income	0	467
Other taxes	–3	11
Net profit/net loss	**7,774**	**–23,863**
Loss/profit brought forward from previous year	–23,270	3,744
Transfer to reserves for repurchased shares	0	–3,150
Release of reserves for repurchased shares	2.800	0
Accumulated loss	**–12,696**	**–23,270**

Notes to the Accounts for the 2004 Business Year

A. General information on the Company

Incorporation, Commercial Register, registered offices

MAXDATA AG (hereinafter called "the Company") was founded on 11 May 1999 by a change of legal form. The Company is registered in the Commercial Register of the Local Court of Gelsenkirchen under HRB 5552. The Company's registered offices are in Marl.

Business of the Company

According to its Articles of Association, the purpose for which the Company has been formed is to hold and administer shares in companies, and to manage them, particularly those concerned with the production of and trading with computers and with trading in computer peripheral equipment of all kinds, including the provision of all related services. Managing these companies also includes producing, optimizing, and further developing their organizational, management, and corporate structures, in particular the establishment, acquisition, and disposal of other companies, company groups, and company subsidiaries and participation in other companies. It is also part of the Company's purpose to acquire and rent plots of land, with or without buildings. The Company is authorized to take all measures and actions connected with its business or likely to serve it. It can also undertake activities on its own behalf in the aforementioned fields of business.

Information in accordance with Article 21, Para. 1 and Article 22, Paras. 1 and 3 of the WpHG (Wertpapierhandelsgesetz = Law on Financial Security Trading) of 2 November 2004

On 2 November 2004 IT-Holding GmbH, GHB Gesellschaft für Handelsbeteiligungen GmbH, DIVACO AG & Co. Handelsbeteiligungen KG, DIVACO AG & Co. KG, DIVACO Beteiligungs AG, FoMax GmbH and MABIS GmbH made the following announcement to the Company:

The IT Holding GmbH, Mecklenburgring 25, 66121 Saarbrücken, transferred on 1 November 2004 13,826,000 voting rights (approx. 47.67%) of MAXDATA AG to FoMax GmbH, Langenburg. Accordingly, IT Holding GmbH no longer possesses any voting rights (zero %) in MAXDATA AG as of 1 November 2004. The company has thus fallen below the 25%, 10% and 5% threshold of voting rights in MAXDATA AG as of 1 November 2004.

As of 1 November 2004, the GHB Gesellschaft für Handelsbeteiligungen GmbH, Frankfurt am Main (future Saarbrücken), having management offices in Mecklenburgring 25, 66121 Saarbrücken, will no longer be assigned 13,826,000 voting rights (approx. 47.67%) of its subsidiary in MAXDATA AG, as defined in Article 22, Para. 3 of the WpHG of IT-Holding GmbH, Saarbrücken. As stated in Article 22, Para. 1, Sentence 1, No 1 of the WpHG they no longer possess any voting rights (zero %) in MAXDATA AG. Consequently, GBH Gesellschaft für Handelsbeteiligungen GmbH has fallen below the 25%, 10% and 5% threshold of voting rights in MAXDATA AG as of 1 November 2004.

As of 1 November 2004, DIVACO AG & Co. Handelsbeteiligungen KG, Frankfurt am Main, having management offices in Mecklenburgring 25, 66121 Saarbrücken, will no longer be assigned 13,826,000 voting rights (approx. 47.67%) of its subsidiary in MAXDATA AG as defined in Article 22, Para. 3 of the WpHG of IT-Holding GmbH, Saarbrücken. As defined in Article 22, Para. 1, Sentence 1, No 1 of the WpHG the company no longer possesses any voting rights (zero %) in MAXDATA AG. As a result DIVACO AG & Co Handelsbeteiligungen KG has fallen below the 25%, 10% and 5% threshold of voting rights in MAXDATA AG as of 1 November 2004.

As of 1 November 2004, DIVACO AG & Co KG, Frankfurt am Main, having management offices in Mecklenburgring 25, 66121 Saarbrücken, will no longer be assigned 13,826,000 voting rights (approx. 47.67%) of its subsidiary in MAXDATA AG as defined in Article 22, Para. 3 of the WpHG of IT-Holding GmbH, Saarbrücken. According to Article 22, Para. 1, Sentence 1, No 1 of the WpHG the company no longer possesses any voting rights (zero %) in MAXDATA AG. Consequently, DIVACO AG & Co KG has fallen below the 25%, 10% and 5% threshold of voting rights in MAXDATA AG as of 1 November 2004.

As of 1 November 2004, DIVACO Beteiligungs AG, Frankfurt am Main, having management offices in Mecklenburgring 25, 66121 Saarbrücken, will no longer be assigned 13,826,000 voting rights (approx. 47.67%) of its subsidiary in MAXDATA AG as defined in Article 22, Para. 3 of the WpHG of IT-Holding GmbH, Saarbrücken and in Article 22, Para. 1, Sentence 1, No. 1 of the WpHG. Consequently, DIVACO Beteiligungs AG has fallen below the 25%, 10% and 5% threshold of voting rights in MAXDATA AG as of 1 November 2004. They have been assigned 600,000 voting rights (approx. 2.07%) according to Article 22, Para. 1, Sentence 1, No. 5 in connection with sentence 2 of the WpHG. Additionally, as shareholders they are entitled to 2,800 voting rights (approx. 0.01%) in MAXDATA AG. DIVACO Beteiligungs AG has thus a total of 602,800 voting rights (approx. 2.08%) in MAXDATA AG.

The FoMax GmbH, Bahnweg 62, 74595 Langenburg, as shareholders of MAXDATA AG are entitled to 13,826,000 voting rights (approx. 47.67%) in MAXDATA AG. As a result FoMax GmbH has exceeded the 5%, 10% and 25% threshold of voting rights in MAXDATA AG as of 1 November 2004.

MABIS GmbH, Bahnweg 62, 74595 Langenburg have been assigned as of 1 November 2004 13,826,000 voting rights (approx. 47.67%) of their subsidiary, MAXDATA AG, as defined in Article 22, Para. 3 of the WpGH of FoMax GmbH, Langenburg and the assignment as defined in Article 22, Para. 1, Sentence 1, No. 1 of the WpHG. Consequently, MABIS GmbH has exceeded the 5%, 10% and 25% threshold of voting rights in MAXDATA AG as of 1 November 2004.

This notice was published in accordance with Article 25, Para. 1, Sentence 1 and 2 of WpHG in the Handelsblatt of 8 November 2004.

Own shares

Based on the previous authorization to repurchase shares, the company still possessed at the end of the business year 2004, 1,000,000 company shares with a book value share of the capital stock of EUR 1,000,000.00.

The company's share of the capital stock thus continues amounting to 3.45 percent.

Group relationships

The Company's business activities relate not only to its business purposes as defined in its Articles of Association, but also mainly to the reliable provision of adequate liquidity and hedging of the currency risk for the entire MAXDATA group. It also ensures the financing of investments and acquisitions as well as the expansion of the group's international presence.

The statement of shareholdings was prepared separately and has been deposited with the Commercial Register of the Local Court of Gelsenkirchen under the number HRB 5552.

B. General information on the annual accounts

The annual financial statements for the financial year from 1 January to 31 December 2004 are written in accordance with the statutory accounting requirements of the HGB (Handelsgesetzbuch = German Commercial Code) for all businesses (Article 242 et seq. HGB), the amendments for large joint stock companies (Article 264 et seq. HGB), and AktG (Aktiengesetz = German Stock Companies Act).

The income statement is calculated based on the type-of-expenditure format in accordance with Article 275, Para. 2 HGB.

Unless otherwise indicated, the annual financial statements have been prepared in euro thousand (KEUR).

C. Accounting and valuation principles

Intangible fixed assets acquired by payment have been shown on the assets side of the balance sheet at their acquisition cost, and depreciated on a linear basis over their expected useful lives.

The **tangible fixed assets** are valued at their costs of acquisition or manufacture, minus scheduled depreciation. Depreciation mainly uses the linear method. Buildings are depreciated over a maximum of 25 years, and operational and business machinery over 3 to 20 years. If the reasons for extraordinary depreciation no longer apply, write-ups will be made. Low-value assets with acquisition costs of EUR 50 to 410 are written off completely in the year of acquisition. Those with acquisition costs of up to EUR 50 are booked as expenses upon purchase.

Financial assets and **short-term security investments** are valued at the lower of their historical costs or their attributable fair value as of the balance sheet date.

Accounts receivable and other assets are shown at their nominal values. Accounts receivable have been written down appropriately to reflect recognizable risks.

Accounts receivable in foreign currencies have been converted at the exchange rate in force on the date of the relevant invoice or on the effective balance sheet date if this was lower.

Expenditure before the cut-off date is listed as **prepaid expenses and deferred charges** if it represents expenses for a certain time after that day.

The **other provisions** are formed to cover recognizable risks and uncertain liabilities as of the balance sheet date, and set at the level required by prudent commercial judgement.

Liabilities are valued at the amount due for payment.

Liabilities in foreign currencies have been converted at the exchange rate in force on the date of the relevant invoice, or on the balance sheet date if this was higher.

Income obtained before the balance sheet date are recorded as **deferred income** and represent earnings for a specific period after this date.

D. Notes to the Balance Sheet and Income Statement

1. Notes to the Balance Sheet

Fixed assets

At cost	01.01.2004 KEUR	Additions KEUR	Disposals KEUR	31.12.2004 KEUR
Intangible fixed assets				
Trademarks, licenses and similar rights	**7,949**	**2,157**	**0**	**10,106**
Tangible fixed assets				
Other equipment, fixtures, fittings and equipment	**3,082**	**212**	**2,480**	**814**
Financial assets				
Shares in affiliated companies	35,301	0	0	35,301
Loans to affiliated companies	35,138	1,920	2,148	34,910
	70,439	**1,920**	**2,148**	**70,211**
	81,470	**4,289**	**4,628**	**81,131**

	Accumulated depreciation				Net book value	
	01.01.2004 KEUR	Depreciation during business year KEUR	Disposals KEUR	31.12.2004 KEUR	31.12.2004 KEUR	31.12.2003 KEUR
Intangible fixed assets						
Trademarks, licenses and similar rights	**2,967**	**1,719**	**0**	**4,686**	**5,420**	**4,982**
Tangible fixed assets						
Other equipment, fixtures, fittings and equipment	**859**	**260**	**871**	**248**	**566**	**2,223**
Financial assets						
Shares in affiliated companies	2,828	0	0	2,828	32,473	32,473
Loans to affiliated companies	0	0	0	0	34,910	35,138
	2,828	**0**	**0**	**2,828**	**67,383**	**67,611**
	6,654	**1,979**	**871**	**7,762**	**73,369**	**74,816**

Accounts receivable and other assets

As of 31 December 2004, all the accounts receivable and other assets were due within one year.

Financial instruments

Raw materials, components and goods are predominantly purchased by the corporate group in US dollars, while sales are mostly conducted in other currencies. MAXDATA AG manages the currency exchange risk, resulting from the cash flows (expected) from operating activities that are stated in the foreign currency, by various types of foreign currency transactions, such as currency swaps and foreign exchange futures trading and foreign exchange spot transactions.

Credit institutions evaluate these transactions using the discounted cash flow method. Options are evaluated using the option price model.

At balance sheet date, there were currency swaps to buy/sell foreign currency totaling a nominal KEUR 64,431, whose fair value came to KEUR –1,885. This includes anticipated losses in the amount of KEUR 1,932, which are accounted for with other provisions. At balance sheet date, the residual term of these swaps was less than three months.

Capital structure of the Company

The Company currently has a capital base of EUR 29,000,000 made up of 29 million ordinary shares with a theoretical share in the share capital of EUR 1, and documented with global certificates. The shareholders have no right to individual documentation of their shares. The shares are freely transferable.

In order to enable the participation of members of the Company's Management Board, the executive bodies of its management, and subsidiary companies inside and outside Germany, as well as other senior managers and employees of the Company and its subsidiaries, the extraordinary general meeting of the Company of 27 May 1999 authorized the following contingent capital (contingent capital I):

The Company's share capital will be increased by a maximum of EUR 480,000 through the issue of up to 480,000 new registered ordinary shares. The conditional capital will serve the purpose of granting subscription rights to the employees, board members and company officers of MAXDATA AG and its subsidiaries, and the companies affiliated to it within the meaning of Articles 15 et seq. of AktG, in Switzerland, Austria, Great Britain, and the Netherlands, within the bounds set by the extraordinary general meeting of 27 May 1999. The conditional capital increase will only be carried out to the extent that those who hold option rights make use of their subscription rights. The new shares participate in profits from the beginning of the financial year in which they are issued.

Within the terms of the resolution of the extraordinary general meeting, the Supervisory and Management Boards are authorized to define the further details of the granting of option rights and the powers they entail, including the terms and conditions of exchange. The Supervisory Board is the sole authority for granting option rights to members of the Management Board.

The Company will grant up to 480,000 subscription rights, valid for one share each, thus totaling up to 480,000 shares, to those entitled to subscription rights.

The **earnings reserves** amounted to KEUR 3,000 on the balance sheet date. They concern only the reserve for own shares. The amount is calculated based on the cumulated acquisition costs for the shares (KEUR 9,270) and a cumulated withdrawal relating to the depreciation to the lowest stock exchange price of the shares on the balance sheet date (KEUR 6,270). The repurchased shares are shown as marketable securities in the balance sheet on the assets side, under current assets.

Provisions

The composition of other provisions is as shown below.

Other provisions	2004 KEUR	2003 KEUR
Outstanding invoices	4,962	4,069
Impending losses	1,932	3,154
Remuneration of the Management Board	87	269
Other	416	499
	7,397	**7,991**

2. Notes to the Income Statement

Other operating income consists primarily of income from license royalties and other costs passed on to affiliated companies as well as advertising subsidies passed on to subsidiaries totaling KEUR 41,650 (previous year: KEUR 52,035).

The **other operating expenses** are made up as shown below.

Other operating expenses	2004 KEUR	2003 KEUR
Other operating expenses passed on to subsidiaries and from credits to subsidiaries		
License royalties	35,737	37,784
Advertising subsidies	3,640	3,646
Insurance	1,338	1,480
Other	935	339
	41,650	**43,249**
Other operating expenses		
Exchange losses	7,973	13,207
IT services	1,960	127
Fees	1,902	2,071
Advertising expenses	404	539
Other	1,878	1,489
	14,117	**17,433**
	55,767	**60,682**

3. Additional information

3.1 Contingencies

Contingencies as defined in Article 251 HGB consist of KEUR 10,000 bank guarantees in favor of affiliated companies.

3.2 Other financial obligations

There are no future financial obligations of note.

4. Average number of employees

During the reporting year, MAXDATA AG had an average of 29 employees (previous year: 27).

5. Board remuneration

The total remuneration of the Management Board in the 2004 business year came to KEUR 1,239 (previous year: KEUR 1,115). The members of the Supervisory Board received a total remuneration of KEUR 225 in 2004 (previous year: KEUR 218).

6. Shares and share options of the Management Board and Supervisory Board as of 31 December 2004

Shares and share options of the Management Board and Supervisory Board as of 31 December 2004	Number of share options	Number of shares
Management Board	3,000	6,054,647
Supervisory Board	-	105,377

Further information on the members of the Management and Supervisory Boards can be found in the following table.

Executive bodies	Membership of other Supervisory Boards to be legally formed	Membership of comparable German and foreign supervisory bodies of business companies
Members of the Management Board		
Holger Lampatz Chairman of the Management Board of MAXDATA AG (to 31.12.2004)		AXA Konzern AG (Member of group Advisory Board)
Thomas Stiegler Deputy Chairman of the Management Board of MAXDATA AG (Deputy Spokesman of the Management Board since 01.01.2005)	MAXDATA Systeme GmbH (Chairman)	
Reinhard Blunck Member of the Management Board of MAXDATA AG (since 21.04.2004)		Primegate AG (Member of Advisory Board)
Jürgen Renz Member of the Management Board of MAXDATA AG (since 16.09.2004) (Spokesman of the Management Board since 01.01.2005)		
Members of the Supervisory Board		
Siegfried Kaske Chairman of the Supervisory Board of MAXDATA AG Management Board of DIVACO Beteiligungs AG	Adler Modemärkte GmbH (Chairman) (to 26.03.2004) Massa AG (Chairman) VOBIS Microcomputer AG (Chairman)	Adler Mode S.A., Luxemburg (President) (to 31.07.2004) Reno Fashion & Shoe GmbH
Dr. Heinrich Böhmer Deputy Chairman of the Supervisory Board of MAXDATA AG		
Claas Kleyboldt Chairman of the Supervisory Board of AXA Konzern AG	AXA Konzern AG (Chairman) AXA Lebensversicherung AG (Chairman) AXA Versicherung AG (Chairman) Hapag Lloyd AG Kölnische Rückversicherungs-Gesellschaft AG	Blue Flame Data Inc., New York AXA Art Insurance Corporation, New York AXA Art Insurance Limited, London WestLB International, Luxemburg (Member of Administrative Board)
Hans Reischl Former Chairman of the Management Board of REWE Zentral AG	KarstadtQuelle AG R+V Allgemeine Versicherung AG RWE Umwelt AG Zürich Beteiligungs-AG (Germany)	Commerzbank AG (Member of Advisory Board) Deichmann Schuhe GmbH & Co. Vertriebs KG (Member of Advisory Board)
Bernhard Scholtes Managing Director of MHS Consult GmbH	Adler Modemärkte GmbH (to 26.03.2004) MASSA AG (to 10.05.2004) VOBIS Microcomputer AG (to 09.02.2004)	
Klaus Wiegandt Chairman of the Supervisory Board of the DFH Deutsche Fertighaus Holding AG	DFH Deutsche Fertighaus Holding AG (Chairman) DIVACO Beteiligungs AG (Chairman) (to 31.10.2004) Pironet AG	DIVACO AG & Co. KG (Chairman) (to 31.10.2004) DIVACO Beteiligungs AG & Co. KG (Chairman) (to 31.10.2004)

Note in respect of Article 285, No.16 of HGB

The Management Board and Supervisory Board have filed the declaration required by the Government Commission on the German Corporate Governance Code, pursuant to Article 161 of AktG and made it permanently available to the shareholders under www.maxdata.de/unternehmen/investor_relations/corporate_governance/index.html

Marl, 31 January 2005

MAXDATA AG
The Management Board

Reinhard Blunck Jürgen Renz Thomas Stiegler

Audit Opinion

We have issued the following opinion on the annual financial statements and the management report:

"We have audited the annual financial statements, together with the bookkeeping system, and the management report of MAXDATA AG, Marl, for the fiscal year from 1 January to 31 December 2004. The maintenance of the books and records and the preparation of the annual financial statements and the management report in accordance with German commercial law are the responsibility of the Management Board of the Company. 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 Sec. 317 HGB ["Handelsgesetzbuch": German Commercial Code] and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [in Deutschland] (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 German 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 accounting-related 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 German principles of proper accounting. On the whole, the management report provides a suitable understanding of the Company's position and suitably presents the risks to future development."

Hanover, 31 January 2005

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft

Hentschel	Reimann
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

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MAXDATA

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www.maxdata.de