MAXDATA

Our product is individuality

Annual Report 2005

Summary of Financial Data

All figures as per IFRS in million EUR	change 2005/2004	2005	2004	2003
Turnover	−0.4%	657.4	660.0	654.9
Operative results (EBIT)		−34.9	0.3	−15.0
Consolidated net loss for the year		−39.6	−1.5	−20.7
Equity*	−23.5%	127.8	167.0	168.9
Balance sheet total	−2.8%	277.1	285.0	294.1
Equity ratio*		46%	59%	57%
Cash flow	−244.7%	−26.2	−7.6	−25.4
Employees	0.8%	1,243	1,234	1,225
Earnings per share (in EUR)		−1.41	−0.05	−0.74
Share price (high/low) (in EUR)		5.35/2.52	5.75/2.71	6.00/2.60

*The figures of the previous years were adjusted to the systematics in the course of the alignment to changed IFRS requirements.

> Contents

Passionate commitment to finding the best solution – this is what 10,000 MAXDATA specialized dealers stand for. Together with an international group strategy and intelligent production, their advice ensures that the customer's hardware could not be more individual.

> Report for the 2005 Business Year

MAXDATA, founded in 1987, is among the leading international IT manufacturers recording turnover of EUR 657 million. 45 percent of turnover is realized outside Germany. 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 about 10,000 selected specialized dealers and system resellers.

To our Shareholders, Employees, and Friends of the Company

Ladies and Gentlemen,

The German IT industry has been demonstrating a contradictory trend, and this also characterized the business year under review for MAXDATA AG. On one hand, the company was once again able to increase sales figures by double-digits. The significance of this is that MAXDATA never sold as many desktops, notebooks, servers, and flat-screen monitors as it did in 2005. On the other hand, the general drop in hardware product prices also put MAXDATA under severe pressure. The results of this were stagnating turnover and a significant decline in operating results.

However, this contradiction contains an opportunity: it forces an increase in efficiency. In 2005, MAXDATA faced this requirement with a series of structural and human resources activities that are to take hold in the coming year. For example, the group has significantly expanded its production capacity. EUR 2.5 million flowed into a new order picking system alone. Similarly, a course was also set for growth in regard to sales. In business year 2006, 100 new sales staff members across Europe are to be employed in an improved and even more efficient organizational structure.

With these landmark measures, MAXDATA has set itself on the right path. A glance at the development of international group activities confirms that the direction chosen is the right one. Turnover in our subsidiaries in other European countries is rising continuously. This was again the case in the year under review. In the near future, their share of MAXDATA AG's total turnover will reach 50 percent.

For MAXDATA, 2006 will be a year with a great variety of innovations in the range of products and services. MAXDATA will set itself apart from the competition by offering features that are particularly important in the business client market. These include high individuality and user friendliness as well as persuasive value for the money.

Because of this, the Management Board is firmly convinced that the operating results trend will improve considerably in 2006. This optimism is based on a number of other factors, which include the very significant cornerstones of our business model: Sustained concentration on the professional user market, indirect sales, and the two-brand strategy provide us with the expertise, the proximity to our customers, and a flexibility that make MAXDATA unmistakable. Additionally, the state-of-the-art manufacturing site in the heart of Europe with its custom built-to-order production, a logistics department that has been recognized for its excellence, and the high qualification standard for our employees has demonstrated in the past that MAXDATA is capable of top performance. This is what MAXDATA intends to prove in the future as well – with growth, in particular in terms of results.

The MAXDATA name stands for the highest level of solidity. The financial situation of the company reflects this, as does its position in the market for business hardware. If we also consider the positive economic trends forecasted by experts, there is every reason to have faith in MAXDATA AG and the development of its value on the stock market. It is our unconditional goal to vindicate this faith.

Reinhard Blunck Jürgen Renz Thomas Stiegler

Quality made in Germany – that is what makes MAXDATA stand out from the crowd. Production takes place at Würselen near Aachen, Germany. MAXDATA's excellent products and tailor-made IT solutions are based on the most scrupulous standards of workmanship and comprehensive quality controls.

> MAXDATA share: A German IT security on solid financial footing

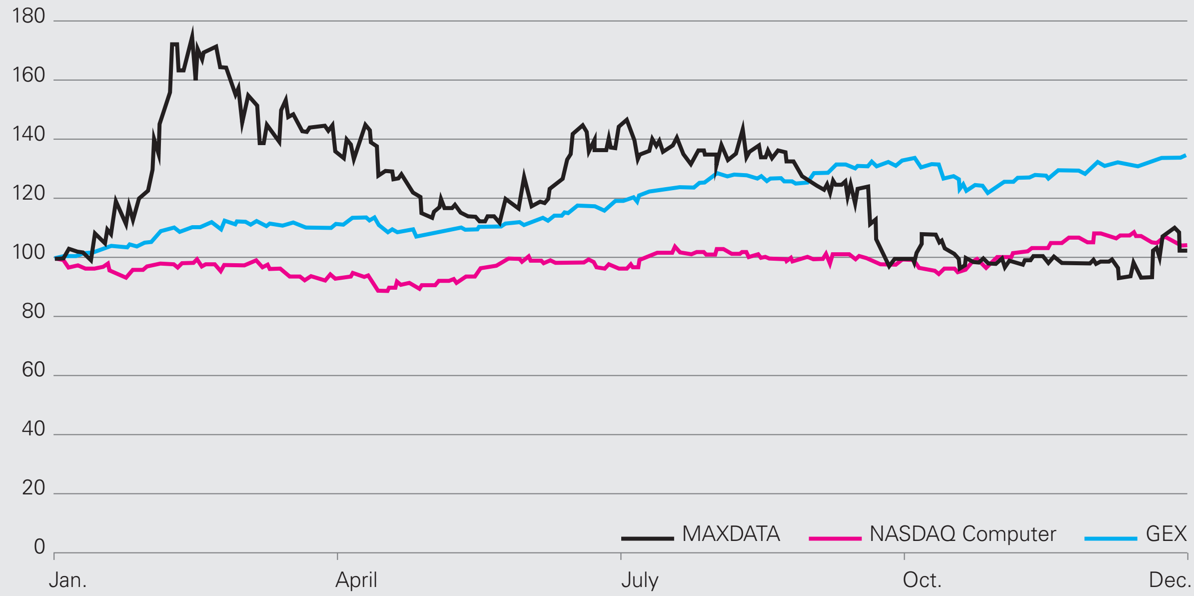
MAXDATA is the only publicly-traded computer manufacturer that consistently produces the desktops, notebooks, and servers it sells in Germany, under the MAXDATA brand name. This decision to have its facility in Germany has been unchanged since the company was founded in 1987. The company's monitors sold under the Belinea label contributed a decisive share in this past business year's turnover of EUR 657.4 million. The brand has been number one in the Western European business client market for years.

The company's international activities also provide an exceptional contribution to MAXDATA's outstanding success: a total of nine national subsidiaries help to position the company group in various European markets. The share of total turnover realized by the companies outside Germany has been continuously rising: in the business year under review this increased by four points, to 45.2 percent.

Dissatisfactory stock price movement in 2005

MAXDATA was first offered on the Frankfurt Stock Exchange on 9 June 1999, and has been listed in the Prime Standard since 1 January 2003. Over the course of the year, the stock gained only slightly in value. Due to problematic market conditions, it was not able to keep up with the generally positive stock market trend in 2005. On 30 December 2005, the stock price was EUR 3.07, which was 2.3 percent above the level of EUR 3.0 at the beginning of the year.

Comparison of market price MAXDATA versus indices 2005



Share portrait 2005	
ISIN Code	DE 000 658 130 9
Stock market Code number (WKN)	658 130
Earnings per share (euro)	–1.41
Highest price (euro)	5.35
Lowest price (euro)	2.52
Closing price (euro)	3.07
Number of shares	29 Mio.

Transparent investor relations

Business year 2005 suffered once more under the effects of a massive fall in hardware prices. The business performance forecast at the beginning of the reporting year was therefore very difficult to produce. It is precisely due to this issue that MAXDATA continued in 2005 to pursue in well-known and time-tested fashion its principle of supplying information to the financial markets as transparently, as promptly, and in as much detail as possible. MAXDATA reported constantly regarding the group's business and profitability situation in the form of important ad hoc statements. Furthermore, the MAXDATA homepage at **www.maxdata.com** is a tool that offers interested parties current and comprehensive information. The annual general meeting also fulfills this purpose. On 26 April 2006, it will provide detailed information to the investors and other target groups regarding the corporate situation and development.

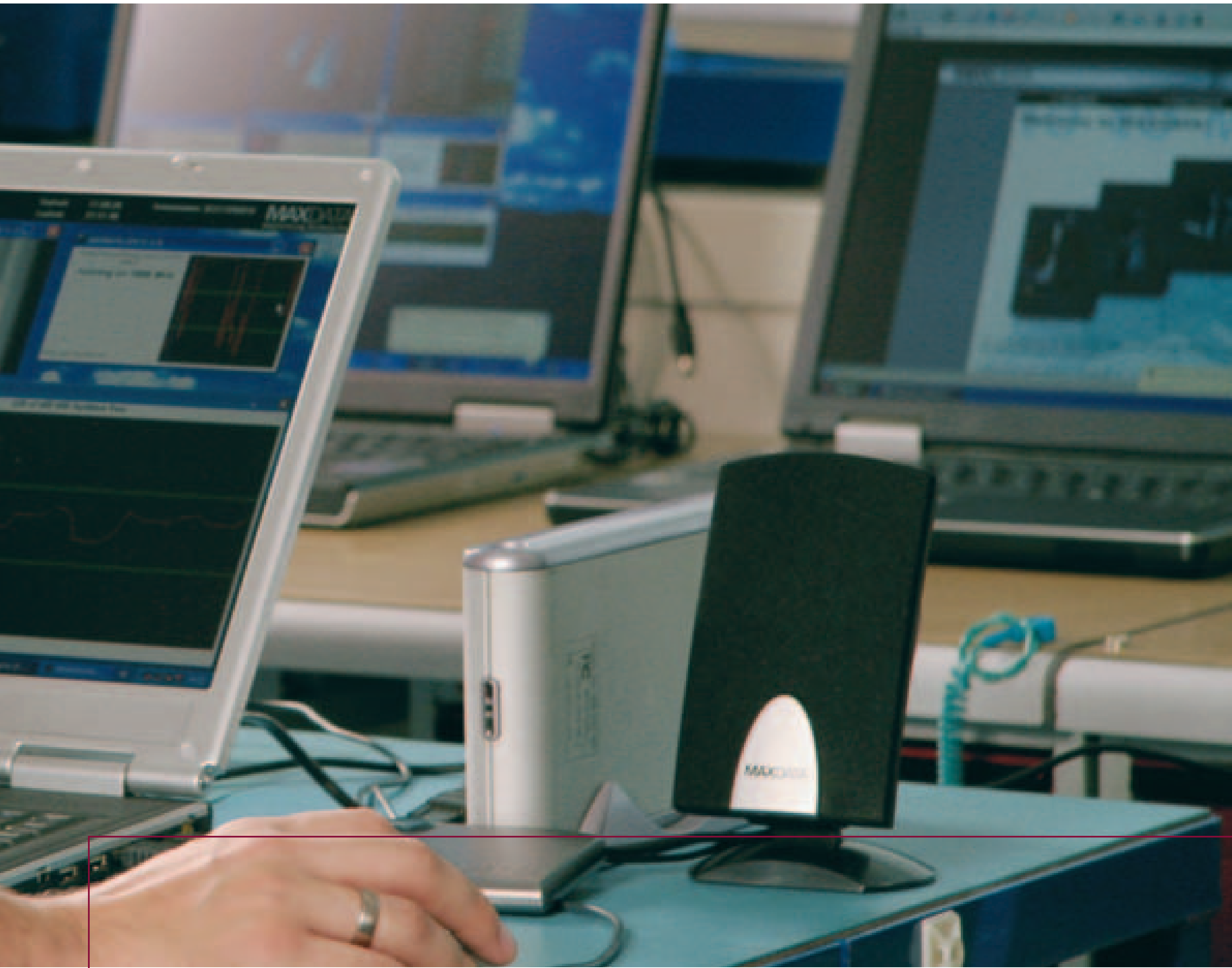
The MAXDATA shareholder structure

The largest shareholder in MAXDATA AG is FoMax GmbH. This company holds 47.7 percent of the stock. The indirect shareholder in FoMax GmbH is Siegfried Kaske, who also helds the position of Chairman of the MAXDATA AG Supervisory Board. Company founder Holger Lampatz holds 20.9 percent of MAXDATA stock. 28.0 percent of the stock is owned by various holders, and the remaining 3.4 percent is held by the company itself.

Solid company financing

MAXDATA continues to be an extremely solidly financed group. With an equity ratio of 46.1 percent, the Management Board has considerable leeway with its business decisions. Combined with the consistent positioning of products and services in the most important European markets and a valid business model, all of the conditions have been met for MAXDATA to grow once again in the future in a profitable manner so that the market value of the company's stock will rise.

MAXDATA products are subject to far-reaching function checks at all stages of production, before they are released for delivery after final quality checks.



Corporate Governance Report

Effective corporate governance is an essential part of MAXDATA AG's image. This legal and actual organizational framework for managing and monitoring a company assists in building comprehensive trust on the part of the investors, employees, business partners, and the public.

The Management Board and Supervisory Board hereby report on corporate governance in accordance with Clause 3.10 Sentence 1 of the German Corporate Governance Code (in this context) as follows:

On 21 February 2005, the MAXDATA AG Management Board and Supervisory Board issued their annual statement of compliance with the recommendations of the government's German Corporate Governance Code Commission in accordance with Article 161 of the German Stock Corporation Act (AktG). The following statement refers in its text to the German Corporate Governance Code in the 21 May 2003 version and contains the explanation of the two deviations from the recommendations in the Code:

"The recommendations of the government's German Corporate Governance Code have been and will be followed with the following exceptions:

Management Board membership and committee membership are not remunerated separately (Clause 5.4.5 Para. 1 Sentence 3). Because the essential tasks are undertaken jointly with the Supervisory Board, the regulation of remuneration to the Management Board members and committee members would currently not be appropriate.

The members of the Supervisory Board do not receive performance-based remuneration (Clause 5.4.5 Para. 2 Sentence 1). Each Supervisory Board member receives fixed remuneration totaling EUR 30,000. The chairman of the Supervisory Board receives twice this amount and the deputy chairman receives one and one half times this amount."

On 20 September 2005, the Management Board and Supervisory Board deliberated intensely on the Code changes enacted by the Government Commission on 2 June 2005. Following the discussion of the new version of the Code and its impact, particularly on the Annual Report and the statement of compliance to be issued in 2006, the Management Board and the Supervisory Board declared they would comply with all of the modified and newly introduced recommendations. On 17 February 2006, the statement of compliance in accordance with Article 161 of the AktG was issued on the basis of these meetings. This was published on MAXDATA's website. MAXDATA AG will make statements of compliance to the Code that are no longer current available on its website for five years.

Management Board remuneration

Remuneration of Management Board members is comprised of two components, the "annual base salary" and the "bonus". Goals for profit-based bonuses for the following year are set annually together with the MAXDATA AG Management Board members. The assessment is carried out by the Supervisory Board's human resources committee, which takes into account quantitative and qualitative criteria. The calculation of the goal attained and the amount of the bonus is made on the basis of the corresponding annual profit or loss. Payout is made along with the normal salary payment in the same month that the annual company profit or loss is determined. Clause 27 of the appendix to the consolidated financial statements contains more information on the remuneration of Management Board members.

In connection with the stock option plan from 1999, Management Board member Thomas Stiegler received 3,000 option rights. Because the price of MAXDATA shares underlying the option plan does not currently create enhancement of value, the stock options are not valued as intended in the German Corporate Governance Code (Clause 4.2.3 Para. 3 Sentence 2).

Remuneration of the Supervisory Board members

The remuneration of the Supervisory Board members is governed by Article 9.5 of the articles of association and contains no variable components.

Supervisory Board	
Siegfried Kaske, Chairman	EUR 60,000
Dr. Heinrich Böhmer, Deputy Chairman (until 31.12.2005)	EUR 45,000
Claas Kleyboldt	EUR 30,000
Hans Reischl	EUR 30,000
Bernhard Scholtes	EUR 30,000
Klaus Wiegandt	EUR 30,000

Share ownership and share transactions

The Management Board and the Supervisory Board own the following stock and options:

Shares and options of the Bodies	Number of options	Number of shares
Management Board		
Reinhard Blunck	-	10
Jürgen Renz	-	-
Thomas Stiegler	3,000	637
Supervisory Board		
Siegfried Kaske	-	13,828,800 (indirectly)
Dr. Heinrich Böhmer	-	97,119
Claas Kleyboldt	-	8,258
Hans Reischl	-	-
Bernhard Scholtes	-	-
Klaus Wiegandt	-	-

In accordance with Article 15 a of the Securities Trading Act, members of the MAXDATA AG Management Board and Supervisory Board must report the acquisition or sale of MAXDATA AG securities as well as those of persons with whom they have a close relationship and other employees that are entrusted with management responsibilities. As of 31 December 2005, MAXDATA AG received no notifications of this type.

In production, individuality is only one side of the coin. The other is quality, speed and flexibility. This is possible as a result of such factors as a special working time model. MAXDATA is able to respond extremely flexible at stable costs because the number of employees, working hours, day shifts and production days is variable.

Group Management Report for Business Year 2005

Economy, market, and competition

The business year 2005 was yet another extremely difficult year for MAXDATA. While the expansion of overall economic production was not quite as strong as in 2004, it did continue to display a stable upwards trend. By contrast, the German economy once again experienced a lack of growth. The crisis in the information and communications sector, the current trend in the global economy towards recession, the increased presence of newly industrialized countries in competition revolving around innovations, a weaker US dollar, and increasing energy costs presented an enormous challenge to the German economy. Aggravating the situation was the fact that the recovery of the global economy and the tempestuous rise in world trade have not led to a stimulation of domestic demand in Germany.

By contrast, the global economy once again experienced a good year in 2005. Growth in overall global economic production was at roughly 3 percent when compared to the previous year, and world trade volume expanded by 6.5 percent. The main drivers for the upswing in the global economy came once again from the US and the Southeast Asian economies, and above all from China. In the US, recent economic development was surprisingly robust despite the negative impact of hurricane-related halts in production: 2005 as a whole was able to boast growth of 3.6 percent. The overall economic situation in Germany also affected growth rates in the IT market.

While the market for information and communications technology rose 2.9 percent in the European Union, growth in the German IT industry was at 2.6 percent, whereby the computer hardware share only achieved an increase of 0.8 percent. In contrast to this, the 2005 growth rate in the IT market of the European Union for hardware was 2.1 percent, holding on to its growth rate of the past year.

MAXDATA success factors

MAXDATA's state-of-the-art production facility in Würselen near Aachen sets the standard for efficient IT production. Even in the event of large fluctuations in demand – for instance resulting from large orders or a surge in orders driven by technical innovations – the company always guarantees fast delivery with a high level of delivery date reliability.

To meet the increasing demands of the market, the company further expanded its production sites in the past year, investing EUR 2.5 million in a new order picking system. This significantly increased production capacity once again.

The following factors are crucial for MAXDATA's success in the market:

- indirect sales via a dense and loyal network of partners
- the persistent focus on business clientele
- the two-brand strategy: Belinea for monitors, and MAXDATA for desktop computers, notebooks, and servers
- more than 1,200 efficient and highly motivated employees
- the built-to-order production principle, making it possible to respond flexibly to customer requests
- the production location in the heart of Europe

MAXDATA's main target group comprises businesses in every industry and of every size, as well as governmental agencies, associations, and institutions. This makes it possible for the company to intensely focus all of its actions and results in a streamlined corporate and cost structure.

Tightly connected sales network

One essential success factor for MAXDATA is the powerful sales structure. A partner network of some 10,000 IT dealers and system specialists – 5,500 in Germany and 4,500 in the rest of Europe – sells the company's products. The range of services offered by these sales partners includes first class consulting and hardware implementation as well as improving existing IT systems and even maintenance and repair services. These services allow MAXDATA to provide its products across all regions and to strengthen the position of the company in the market for the long term.

In view of the competitive situation, the company's sales team will be substantially reinforced yet again. By the end of 2006, MAXDATA will have hired 100 new sales staff members across Europe as both office and outside sales associates. The structures in this important area have been optimized and even more strongly oriented towards increasing sales.

Efficient, high-quality products

MAXDATA offers high-quality and efficient products that are specially tailored to the sophisticated demands of our customers. Their high quality and excellent value for the money when it comes to performance are convincing features. MAXDATA has no need for superfluous components in its products that weigh down the company's budget unnecessarily. Moreover, the products can be used in many different setups and can also be easily integrated into the customer's existing IT structures and systems.

Segments

MAXDATA classifies its strategic core business in three segments, distributed across the two brands, Belinea and MAXDATA.

Belinea monitors

Belinea brand monitors are assembled according to MAXDATA specifications by third-party manufacturers who comply with the highest quality control demands, and are then sold by MAXDATA. At present, every tenth monitor sold in Germany is a Belinea. This makes Belinea the market leader – and it has been for 10 years. This situation is very similar in Austria.

In Spain, Poland, France, and Switzerland, Belinea has managed to achieve market shares in the business client sector of between 5 and 10 percent.

MAXDATA PC systems

The MAXDATA PC systems segment includes assembly and sales of desktop PCs and notebooks. These product groups were integrated into one segment as the business processes are similar. The segment has maintained a market share of 6 percent of the business client sector in the DACH region (Germany, Austria, and Switzerland).

MAXDATA server systems

In addition to the assembly and sales of servers, the server segment also contributes to MAXDATA's bottom line by conducting training seminars. The goal in training the dealers is to broaden the customer base. This service has also contributed to increasing MAXDATA's market share of the business client sector in the DACH region to over 3 percent.

The most state-of-the-art built-to-order system in Europe

MAXDATA produces three quarters of its products according to the built-to-order principle. This means that after orders are received, desktop PCs, notebooks, and servers are manufactured "custom tailored" to the customer's requirements. This principle allows MAXDATA a great amount of flexibility in how it responds to client requests and also enables it to guarantee short delivery periods.

Key figures

In addition to the key figure EBIT (earnings before interest and taxes) which is used to control production, service, and administrative companies, MAXDATA also uses the key figures of gross profit and OPEX (operating expenditure) for the sales companies. The key figure of gross profit in particular is broken down by product group at the operating level into the sub-categories of average price and average margin.

Overall, the key figures cover the primary success factors of the core business and make it possible to respond promptly to changes in business.

Million EUR	2002	2003	2004	2005
Turnover	635.1	654.9	660.0	657.4
Cost of material	–541.0	–556.5	–565.9	–570.4
Gross profit	94.1	98.4	94.1	87.0
OPEX	–86.0	–113.4	–93.8	–121.9
EBIT	8.1	–15.0	0.3	–34.9
Gross profit margin	14.8 %	15.0 %	14.3 %	13.2 %

Turnover and sales development

MAXDATA managed to again significantly increase its sales figures in almost all product groups in comparison with the previous year. In the market, this translated to 18 percent higher sales of servers, a 14 percent increase for notebooks, 12 percent more desktop PCs, and 22 percent more monitors.

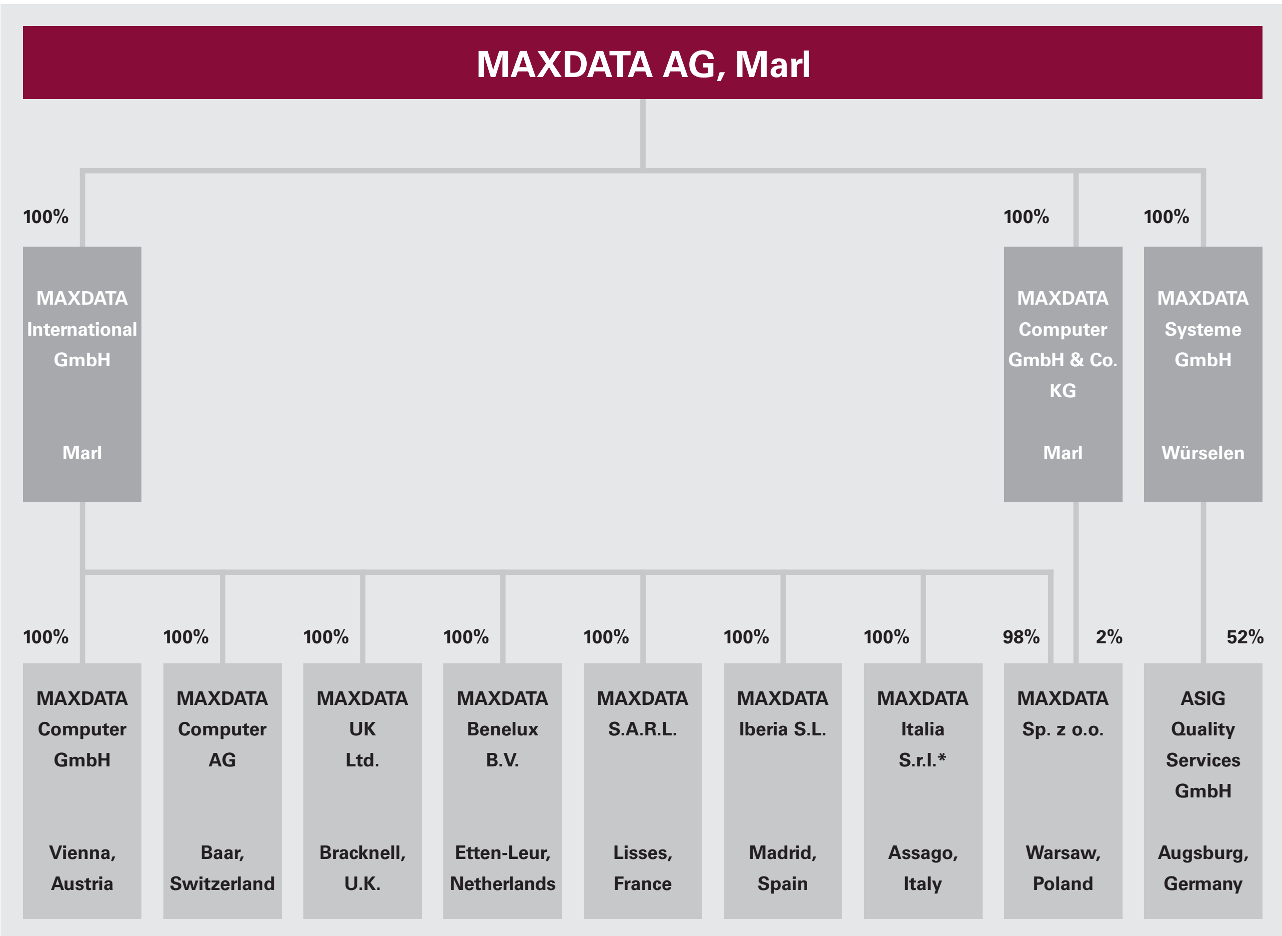
And while sales of CRT monitors declined 71 percent due to falling demand for this type of monitor in general, sales of TFT flat screens rose by 51 percent.

In the business-to-business sector, which is relevant for MAXDATA, the corporate group retained its market position in Germany at the previous year's level for both PC systems and monitors.

However, the tremendous pressure on prices, especially in the TFT line, resulted in turnover of EUR 657.4 million, which is basically stagnant at the level of the previous year (EUR 660.0 million) despite a welcome overall increase in sales, and this in turn meant that the target set for turnover was missed.

Number of units sold	2005	2004	Change
CRT monitors	83,077	283,940	–71 %
TFT flat screens	1,361,811	900,182	51 %
Belinea monitors	**1,444,888**	**1,184,122**	**22 %**
Desktop systems	409,381	366,737	12 %
Notebooks	95,960	84,473	14 %
MAXDATA PC systems	**505,341**	**451,210**	**12 %**
MAXDATA Server systems	**15,073**	**12,753**	**18 %**

Group structure with the main companies



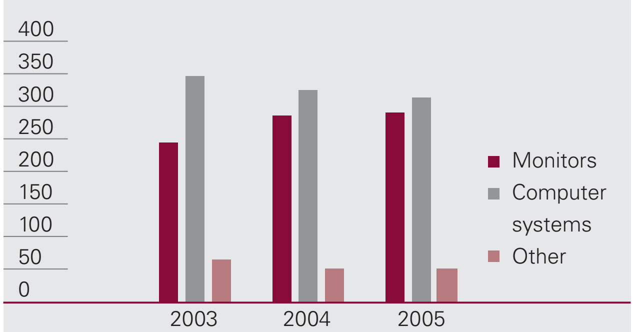
* Indirect interest

Foreign turnover increased in 2005 to a 45.2 percent share of total turnover (previous year: 41.2 percent), or EUR 297.2 million (previous year: EUR 272.1 million). Domestic turnover declined accordingly to 54.8 percent (previous year: 58.8 percent) or EUR 360.2 million (previous year: EUR 387.9 million).

MAXDATA has been represented directly in eight European markets outside of Germany since business year 2003. MAXDATA sells Belinea monitors and MAXDATA PC systems through distribution partners in 16 other European countries, focusing on Northern and Eastern Europe.

Of the total hardware turnover, 47.9 percent is attributed to MAXDATA computer systems (desktop PCs, notebooks, and servers), the Belinea monitor business segment contributed 44.0 percent, and other products (peripheral devices, software, and services) 8.1 percent.

Development of turnover by product groups in million euro



Profit situation

A sinking gross profit margin accompanying the same level of turnover as the previous year, one-time expenditures related to restructuring to reinforce sales and business processes, as well as an extraordinary appropriation to reserves for copyright fees for PCs resulted in an EBIT of EUR –34.9 million, following EBIT of EUR 0.3 million in the preceding year.

After the gross profit margin reached 14.3 percent in 2004, it fell to 13.2 percent in 2005 across all product groups despite higher sales figures. This decline is mainly attributable to competitors' increasingly aggressive pricing policies, and was a critical factor in the company missing its profit goal budgeted for the 2005 business year. The negative results consist of the following components:

EUR 8.8 million copyright provisions
EUR 4.0 million restructuring costs
EUR 22.1 million operating loss

Taking into account a financial result that is comparable to that of the previous year (2004 financial result: KEUR 421, 2005: KEUR 559) and current income taxes that include a value adjustment to deferred taxes, the consolidated net loss was EUR 39.6 million, following a consolidated net loss of EUR 1.5 million in the previous year. Overall, this equates to an operating loss of EUR 1.41 per share, after a loss of EUR 0.05 per share in 2004.

Financial position

Due to its equity ratio of 46.1 percent (previous year: 58.6 percent), the group possesses a solid financial situation that provides a large degree of financial independence. The strong capital structure is also supported by the long-term portion of provisions, which is completely attributed to warranty provisions.

The ratio of equity capital to fixed assets totaling 249.5 percent (previous year: 312.1 percent) also demonstrates a good balance sheet capital ratio.

At EUR 51.1 million, fixed assets were at nearly the same level as in 2004. Due to budgeting for the coming two years and the associated results anticipated, the deferred tax asset was adjusted by EUR 4.0 million to EUR 2.4 million.

Due to increased sales quantities and more incoming orders, it was necessary to increase stocks by EUR 26.7 million to EUR 86.8 million in order to continue to ensure availability.

Trade receivables as of 31 December 2005 rose by EUR 7.9 million to EUR 100.0 million. Cash flow from operating activities was EUR –20.8 million (previous year: EUR –5.9 million). Cash and cash equivalents at the end of the business year were EUR 27.1 million (previous year: EUR 53.3 million).

MAXDATA pursues a financial policy that provides extensive financial flexibility and "anytime access" to short- and long-term financing sources. The daily bundling of Europe-wide liquid funds is an essential component in guaranteeing the ability to make payments at any time, and at the same time in being able to take advantage of the purchasing power of MAXDATA.

In its operating activities and the resulting financial activities, MAXDATA is exposed to market price changes for currency and interest rates. To limit these risks, MAXDATA uses systematic financial and risk management. In doing so, the normal market derivative instruments are used. These derivatives are contracted with financial institutions whose creditworthiness MAXDATA monitors continuously.

Investments

In the business year just finished, MAXDATA invested EUR 5.5 million. As in 2004, the investment focus was chiefly on replacing provisions for production and IT infrastructures. In terms of production, EUR 2.5 million was invested in a new order picking system that is contributing to an increase in efficiency. Aside from the usual replacement procurements, no extensive investments are planned for 2006.

Human resources

The average number of employees in the MAXDATA corporate group in 2005 was at 1,243 (previous year: 1,234). The number of employees outside of Germany increased by roughly 10 percent, to 235 (previous year: 214).

One focus for the human resources department in 2005 was the realignment of positions relating to products and sales in Germany. The structure of the business units was worked out and implemented together with the departments during preparatory workshops. These arranged and implemented numerous job rotations to establish cross-function qualifications. Today, the business units that were merged into the two lines of business, Belinea and MAXDATA, integrate the functions of product management, product evaluation, and purchasing/planning. The primary organizational criterion is thus no longer pure functionality but product relevancy. Overall, this is an important step for the continuous enhancement of the professionalism of the organizational process as a whole.

In the second half of the year, the spotlight was on sales structures, processes, and systems. Since that time, the staff members involved have been focused on two projects: sales automation and sales push. Both are indispensable requirements for short-term and continuous growth with direct consequences for day-to-day work. The sales division was segmented and human resources reinforced management structures. The commission system was changed in a pilot phase, and new growth-oriented incentive systems were created. Following the implementation in Germany, roll-out in the companies abroad is planned for 2006.

With regard to employee development, 149 training seminars were held in 2005 with 333 participants. The bundling of seminars offered internally that was implemented in 2005 and the target group orientation have proven their value. Last-minute cancellations have been noticeably reduced. The internally posted qualification enhancement measures generated positive feedback.

In 2005, a total of 50 functions were advertised both internally and externally. With regard to the external advertisements for sales staff, six assessment centers were conducted with 72 participants. A total of 63 open positions were placed externally.

Events after the balance sheet date

In January 2006 the Zentralstelle für private Überspielungsrechte (ZPÜ) called the board of arbitration of the German Patent and Trade Mark Office in Munich against MAXDATA and further approximately 20 manufacturers and dealers of personal computers (PC). The ZPÜ as a representative of the authors of film and music claims a copyright device levy of EUR 18.42 for each PC sold or delivered in the Federal Republic of Germany since 1 January 2002. The ZPÜ justifies the demand with the fact that a PC is a recording device. The PC industry and Bundesverband Informationswirtschaft, Telekommunikation und neue Medien (BITKOM) concur that this demand both for reason and amount does not justify. Another argument against it is that today, the ZPÜ already receives a copyright levy for nearly every PC. Because today's PCs are for the most part equipped with built-in CD and DVD burners, copyright levies are already incurred, similar to the situation with recordable CD and DVD disks. In agreement with BITKOM is to be achieved at short notice that the arbitration is led representatively for the PC industry in the context of a test case.

Risk management

The risk management system was further developed during the reporting year, and adjusted to the changing conditions. In doing so, the auditors analyzed and tested the systems for early risk detection pursuant to Article 317 Para. 4 of the German Commercial Code (HGB). In cooperation between the Management Board and the Supervisory Board on the basis of Corporate Governance and the Compliance Statement of 21 February 2005, risks are identified with suitable instruments, and measures to minimize and avoid these risks are decided on.

Risks are determined, documented, and assessed within the individual business segments using this sophisticated, continuously updated risk management system. On the basis of a so-called "risk inventory", risks jeopardizing the viability of the company are made transparent on the one hand, but additionally, the foundation is also laid for the company to be able to recognize and take advantage of the resulting opportunities in good time.

Business model risks

Competitive risks

With its strategy of focusing on corporate clientele, the two-brand strategy, and on indirect sales structures, MAXDATA has deliberately set its focal points and made its priorities evident. The success of this orientation is reviewed regularly. By observing market developments, the company ensures that necessary adjustments are made in a timely manner. In MAXDATA's judgment, the opportunities offered by this type of market analysis continue to outweigh the risks.

Procurement risks

The company is substantially dependent on suppliers for the procurement of components and semi-finished products. Bringing third parties into the process creates risks such as quality issues, unexpected delivery problems, or unforeseen price increases. Additionally, undesired dependencies can arise from the worldwide relationships to suppliers.

The MAXDATA group predominantly purchases in the Asian market. With the help of a supplier controlling system, MAXDATA will continue to optimize its supplier relationships. Using carefully selected suppliers, MAXDATA has a collection of long-term supplier relationships that is 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. The team balances trends found in the procurement market with the wishes and needs of corporate customers.

Quality risks

The company consistently pursues a strict demand for high quality, operates an intense quality assurance program in accordance with DIN EN ISO 9001: 2000 within the scope of the existing and certified quality management system, and applies special testing methods before shipping the products out to the customer. In this way, the company achieves a high degree of customer satisfaction. In connection with the supplier portfolio, the newly imposed contractual terms must be emphasized, in particular with a view toward the quality standards.

Currency risks

The currency risks that MAXDATA faces as the result of sales costs being invoiced primarily in US dollars while turnover is primarily invoiced in euros are held in check by means of a coordinated currency hedging strategy. MAXDATA is further confronted with exchange rate fluctuations in the Swiss, British, and Polish markets. MAXDATA prepares for these risks using hedge transactions adjusted to the average volumes and terms. Common market financial 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. Additionally, this task is faced with an explosive challenge in the form of the constant drop in prices of semi-finished and end products. Active inventory management, continuous review of warehouse inventories, and constant observance of component supplies are all essential elements of the early risk detection system in this area. Furthermore, the built-to-order system at the Würselen production facility facilitates a production strategy that is geared directly towards customer requirements.

Accounts receivable risks

Rising incidents of bankruptcy in Germany and Europe have increased the importance of limiting the risk of loss through bad debt. MAXDATA is successfully managing its accounts receivable by using a continuous commercial credit system and a monitored approval and control process. This is supplemented through close and confident cooperation with credit insurers. Accounts receivable management at MAXDATA is restrictive and works with a stringent internal rating system. These measures ensure a consistently low default 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. Due to external and internal influences, this availability is subject to potential risks. MAXDATA takes this into account by constantly monitoring and adjusting the networks and systems to changing conditions.

Risks in the area of human resources

With the help of efficient personnel management, MAXDATA ensures that in all segments, motivated employees are promoted and employed in accordance with their strengths and abilities. A wide variety of measures have been persistently implemented with regard to employee and management development in order to maintain the MAXDATA group's ability to compete.

Insurance risks

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

Process and communications risks

MAXDATA continuously reviews all processes for efficiency and transparency, limiting the risk of gaps in information for decision-makers. In this regard, communications that are adapted to the current situation both within and between company departments are also of great importance.

Forecast

The leading economic research institutes are forecasting growth of 3.1 percent for the 2006 global economy. A positive contribution may be provided by a stable oil price reducing the dampening effect that has resulted from an ever increasing oil price as well as foreign trade improving competitiveness with regard to prices.

In the euro zone, economic growth of 2.0 percent is expected.

In Germany, the economic research institutes are forecasting weaker growth in the gross domestic product of roughly 1.2 percent.

The financial markets are not predicting any wide-ranging upswing in the coming year, either. Any profit to be had from the dynamic global economy will come chiefly through exports.

Market research institutes are predicting substantial positive development in worldwide IT expenditures in 2006, and growth of 5.5 percent is anticipated. In the information technology and telecommunications sectors, growth of 3.7 percent is expected for the Western European market.

An increase of 1.0 percent is being forecasted with regard to hardware, which is the relevant field for MAXDATA. In this respect, a large share of investment of some 11 percent compared to the previous year is to be attributed to turnover from notebooks.

Despite these rather tight market conditions, in particular on the domestic front, the Management Board sees considerable potential for the further expansion of indirect sales via domestic dealers as well as the further, consistent expansion of the market position in other European countries.

The company has seized on and initiated various bundles of measures to take into account the unsatisfactory situation from 2005. These efforts are aimed at increasing growth as well as optimizing product and process quality and improving profitability over the long run. Impetus for growth is anticipated to come from the significant expansion of the sales division – 100 new staff members are to be hired across Europe in 2006. Profitability is to be increased, among other things via a comprehensive program for optimizing purchasing prices.

With regard to expected sales volumes, the company is anticipating double-digit growth across all segments. There is believed to be particular sales potential for notebooks and servers.

Investments are budgeted in the low single-digit millions, and can all be financed from cash flow from ongoing operating activities.

Overall, the MAXDATA group is striving for a turnover level of between EUR 720 and 750 million and a decided improvement in result for the 2006 business year.

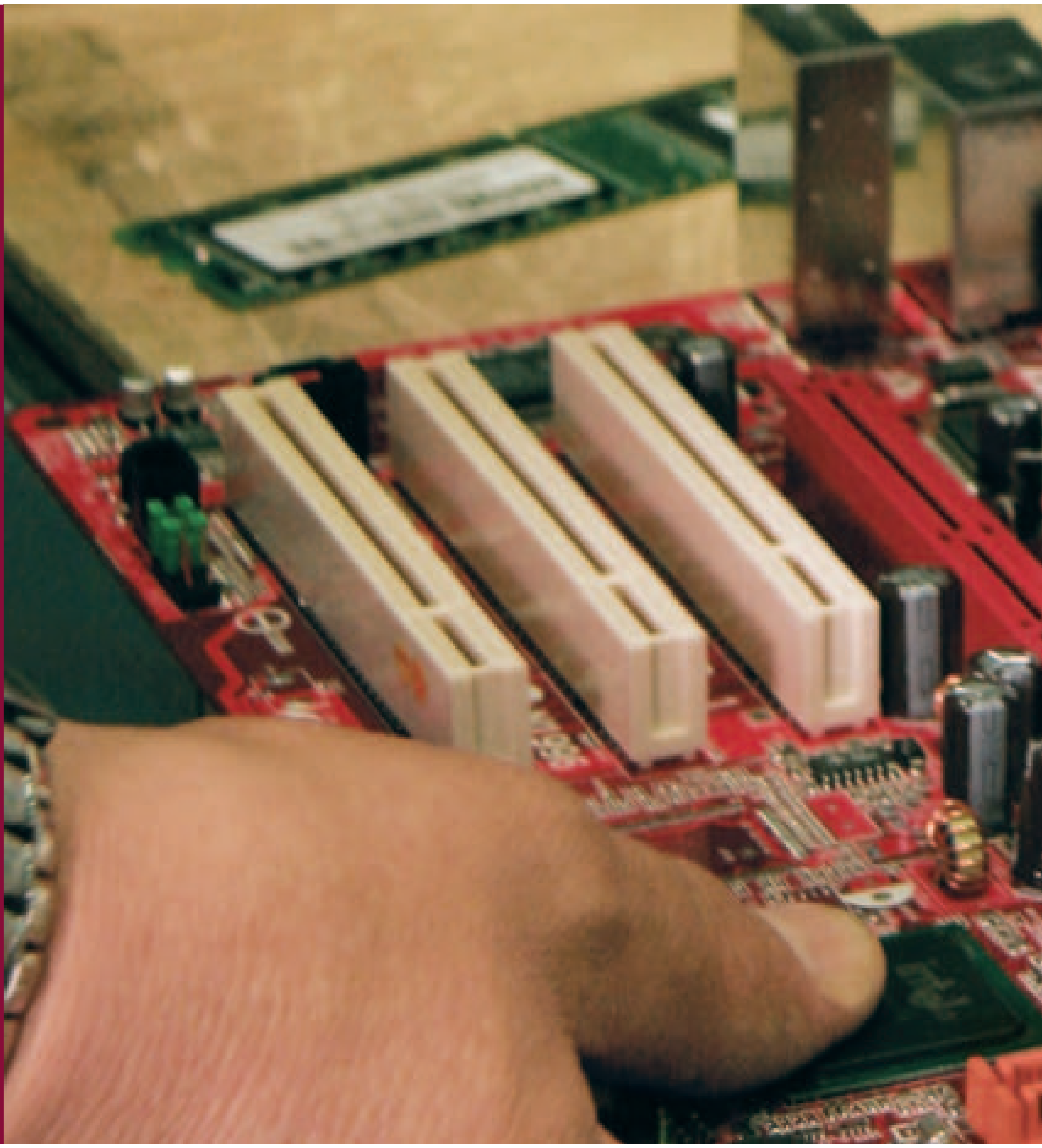
Outlook

This management report contains statements that relate to the future development of the MAXDATA group and its companies as well as to economic developments. These statements present opinions that MAXDATA has formed on the basis of all the information available at the present time. Should these assumptions not be correct or should further risks arise, actual results may differ from the results currently anticipated. MAXDATA therefore cannot offer any guarantee for these statements.

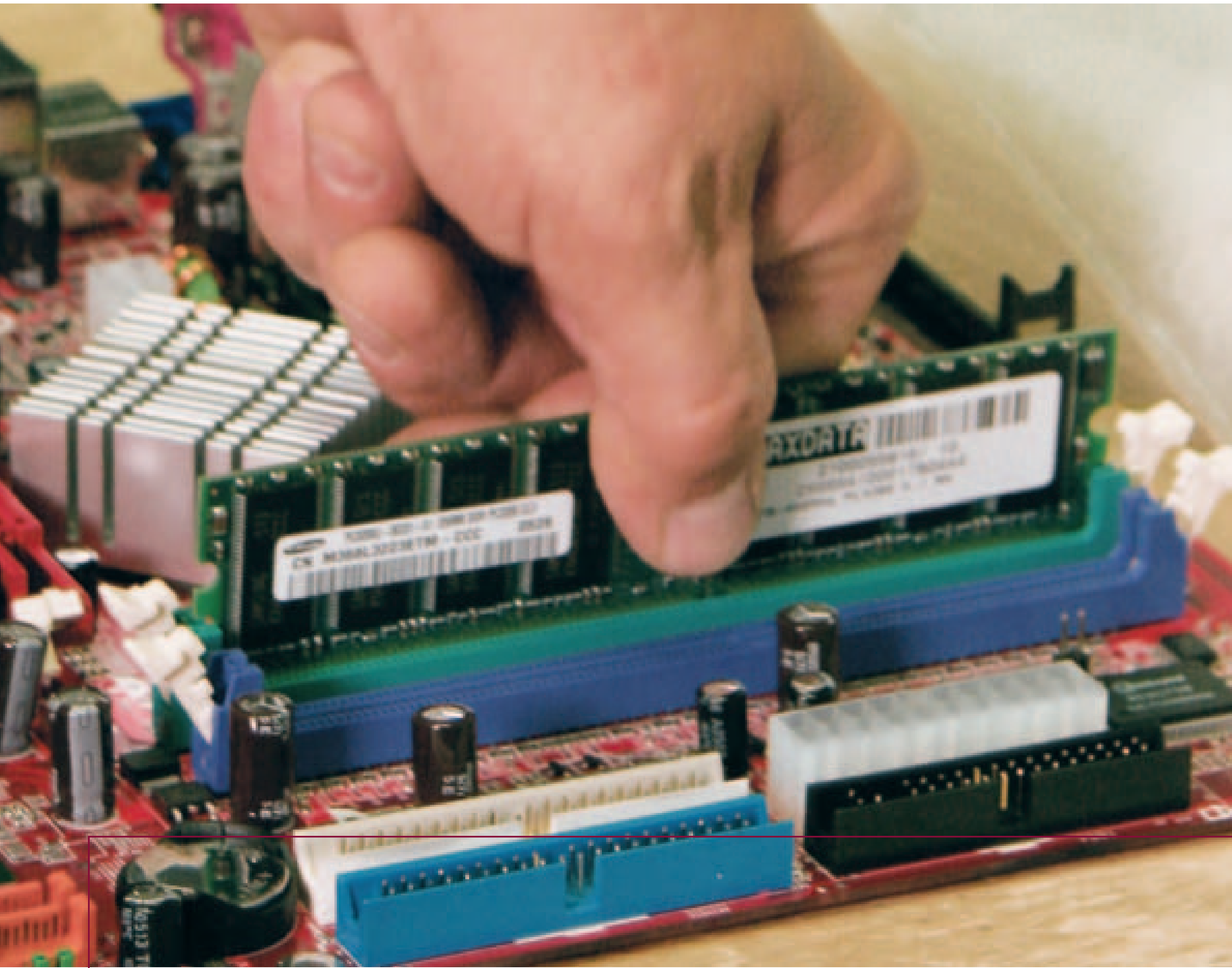
MAXDATA will consistently implement its projects with a view towards increasing growth and improving results in a sustainable manner. In doing so, MAXDATA not only has its goals for the 2006 business year firmly in sight, but also intends to establish and expand a leading position in the strategically important markets for the medium and long term.

Marl, 30 January 2006

Reinhard Blunck Jürgen Renz Thomas Stiegler



MAXDATA produces its systems using the built-to-order principle. This means that customers receive the precise configuration that they require – customized technology – at a standard price.



Consolidated Financial Statements 2005

Contents

Consolidated Balance Sheet as of 31 December 2005

Assets	Notes	2005 KEUR	2004 KEUR
Long-term capital			
Intangible assets	(5)		
Trademarks, licenses and software		4,458	4,439
Goodwill		2,166	2,166
Payments on account		0	1,219
		6,624	**7,824**
Property, plant and equipment	(6)		
Land and buildings		37,372	39,349
Machinery and equipment		2,791	486
Other equipment, furniture and fixtures		4,209	5,374
Construction in progress and payments on account		3	263
		44,375	**45,472**
Long-term financial assets			
Investments in associates	(7)	138	174
Loans		65	59
		203	**233**
Deferred taxes	(21)	**2,388**	**6,448**
		53,590	**59,977**
Short-term capital			
Inventories	(8)		
Raw materials and supplies		43,020	33,632
Work in progress		127	63
Finished goods and purchased goods		43,659	26,460
		86,806	**60,155**
Receivables and other assets			
Trade receivables	(9)	99,987	92,133
– thereof due from associates KEUR 2 (2004: KEUR 4)			
Other assets	(10)	7,230	14,860
Derivative financial instruments	(24)	535	47
Current tax assets		1,913	4,501
		109,665	**111,541**
Cash and cash equivalents	(11)	**27,080**	**53,293**
		223,551	**224,989**
		277,141	**284,966**

Equity and liabilities	Notes	2005 KEUR	2004 KEUR
Equity			
Group interest			
Subscribed capital	(12)	29,000	29,000
Capital reserve	(13)	145,660	145,660
Accumulated other comprehensive income		136	–48
Consolidated accumulated loss/profit	(13)	–38,235	1,351
Own shares		–9,270	–9,270
		127,291	**166,693**
Minority interest		**471**	**346**
		127,762	**167,039**
Long-term liabilities			
Other provisions, less the current portion	(15)	7,906	5,667
Deferred income, less the current portion	(17)	3,002	3,234
		10,908	**8,901**
Short-term liabilities			
Trade accounts payable		93,046	73,596
Tax provisions	(14)	537	405
Derivative financial instruments	(24)	234	1,932
Other current provisions	(15)	25,612	15,976
Other current liabilities	(16)	14,847	12,957
Current portion of deferred income	(17)	4,195	4,160
		138,471	**109,026**
		277,141	**284,966**

Consolidated Income Statement

	Notes	2005 KEUR	2004 KEUR
Turnover	(18)	657,387	660,020
Increase in finished goods and work in progress		1,593	190
Other operating income	(19)	20,580	19,876
Cost of materials			
Cost of raw materials and supplies and of purchased goods		–568,425	–562,733
Cost of purchased services		–3,528	–3,396
Personnel expenses			
Wages and salaries		–48,441	–45,830
Social security contributions and other pension cost		–9,601	–9,509
Depreciation and amortization of tangible and intangible assets		–7,143	–7,221
Other operating expenses	(20)	–77,318	–51,137
Loss/profit from ordinary operations		**–34,896**	**260**
Income from investments and other long-term financial assets		0	20
Interest earnings		1,217	1,118
Write-off of financial assets and securities		0	–4
Other investment income/expenditure		0	7
Interest expenditures		–698	–765
Result from associates		40	45
Loss/profit before tax		**–34,337**	**681**
Income taxes	(21)	–4,921	–1,906
Loss after tax		**–39,258**	**–1,225**
Minority interest		–329	–231
Consolidated net loss for the year		**–39,587**	**–1,456**
Basic earnings per share	(22)		
Consolidated net loss for the year (in EUR)		–39,586,532.32	–1,455,724.53
Shares (weighted average for the business year)		28,000,000	28,000,000
Loss per share (in EUR)		**–1.41**	**–0.05**
Diluted earnings per share	(22)		
Consolidated net loss for the year (in EUR)		–39,586,532.32	–1,455,724.53
Shares (weighted average for the business year)		28,000,000	28,000,000
Loss per share (in EUR)		**–1.41**	**–0.05**

Consolidated Cash Flow Statement

	2005 KEUR	2004 KEUR
Loss/profit for the year, before deduction of loss/profit attributable to other shareholders, income taxes, interest and investment expenditure/income	–34,896	260
Depreciation and amortization of tangible and intangible assets	7,143	7,221
Increase/decrease in provisions	11,875	–6,691
Loss from disposal of long-term assets	34	44
Increase in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	–27,165	–8,214
Increase in trade payables and other liabilities that cannot be allocated to investing or financing activities	19,723	1,750
Interest payments received	1,292	1,194
Interest paid	–698	–757
Income taxes payments/refunds	1,858	–681
Cash flow from operating activities	**–20,834**	**–5,874**
Cash received from disposal of property, plant and equipment/intangible assets	585	2,287
Cash paid for investments in property, plant and equipment/intangible assets	–5,746	–6,564
Cash received from disposal of marketable securities	0	4,430
Payments for investment in marketable securities as current assets	0	–12
Cash flow from investing activities	**–5,161**	**141**
Expenditure for paying off debts	0	–1,678
Distributions to minority shareholders	–204	–143
Cash flow from financing activities	**–204**	**–1,821**
Change in cash and cash equivalents	**–26,199**	**–7,554**
Change in currency translation adjustment	–14	–481
Cash and cash equivalents at beginning of business year	53,293	61,328
Cash and cash equivalents at end of business year	**27,080**	**53,293**
Cash and cash equivalents	27,080	53,293
Cash and cash equivalents at end of business year	**27,080**	**53,293**

Consolidated Statement of Changes in Equity

	Subscribed capital KEUR	Capital reserve KEUR
Balance as of 1 January 2004	**29,000**	**145,660**
Other comprehensive income	0	0
Consolidated net loss	0	0
Change in minority interest	0	0
Balance as of 31 December 2004	**29,000**	**145,660**
Other comprehensive income	0	0
Consolidated net loss	0	0
Change in minority interest	0	0
Balance as of 31 December 2005	**29,000**	**145,660**

	Accumulated other comprehensive income						
	Currency translation adjustment KEUR	**Fair value measurement of financial instruments KEUR**	**Consolidated accumulated profit/loss KEUR**	**Own shares KEUR**	**Group interest KEUR**	**Minority interest KEUR**	**Total KEUR**
	434	**0**	**2,807**	**–9,270**	**168,631**	**259**	**168,890**
	–482	0	0	0	–482	0	–482
	0	0	–1,456	0	–1,456	0	–1,456
	0	0	0	0	0	87	87
	–48	**0**	**1,351**	**–9,270**	**166,693**	**346**	**167,039**
	–14	198	0	0	184	0	184
	0	0	–39,587	0	–39,587	0	–39,587
	0	0	0	0	0	125	125
	–62	**198**	**–38,235**	**–9,270**	**127,291**	**471**	**127,762**

Note: Amounts calculated exactly and then rounded to nearest KEUR

Notes to the Consolidated Financial Statements for Business Year 2005

(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 1,243 in 2005 and 1,234 in 2004. The registered office address of the Group is Elbestrasse 16, Marl, Germany.

After being prepared, the consolidated financial statements were released by the management board on 30 January 2006.

(2) Adoption of Standards

In 2005, the Group adopted the IFRS below, which are relevant to its operations. The 2004 accounts have been amended as required, in accordance with the relevant requirements.

IAS 1 (revised 2003) Presentation of Financial Statements
IAS 2 (revised 2003) Inventories
IAS 8 (revised 2003) Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10 (revised 2003) Events after the Balance Sheet Date
IAS 16 (revised 2003) Property, Plant and Equipment
IAS 17 (revised 2003) Leases
IAS 21 (revised 2003) The Effects of Changes in Foreign Exchange Rates
IAS 24 (revised 2003) Related Party Disclosures
IAS 27 (revised 2003) Consolidated and Separate Financial Statements
IAS 28 (revised 2003) Investments in Associates
IAS 32 (revised 2003) Financial Instruments: Disclosure and Presentation
IAS 33 (revised 2003) Earnings per Share
IAS 39 (revised 2003) Financial Instruments: Recognition and Measurement
IFRS 2 (issued 2004) Share-based Payments
IFRS 3 (issued 2004) Business Combinations
IAS 36 (revised 2004) Impairment of Assets
IAS 38 (revised 2004) Intangible Assets

The adoption of IAS 1, 2, 8, 10, 16, 17, 21, 24, 27, 28, 32 and 33 and 39 (all revised 2003) did not result in substantial changes to the Group's accounting policies.

IAS 1 has affected the presentation of minority interest and other disclosures. The adoption of IFRS 2 leads in principle to a change in the accounting policy for share-based payments. IFRS 2 shall apply retroactively to grants of equity instruments that were granted after 7 November 2002 and had not yet vested 1 January 2005. For the Group the adoption did not lead to a change in the accounting policy because all equity instruments were granted before 7 November 2002.

The adoption of IFRS 3, IAS 36 (revised 2004) and IAS 38 (revised 2004) resulted in a change in the accounting policy for goodwill. Until 31 December 2004, goodwill was amortized on a straight line basis over a period ranging from 10 to 15 years and assessed for an indication of impairment at each balance sheet date.

In accordance with the provisions of IFRS 3 the Group ceased amortization of goodwill from 1 January 2005. The accumulated amortizsation as at 31 December 2004 has been eliminated with a corresponding decrease in the cost of goodwill.

From the business year 2005 onwards, goodwill is tested annually for impairment, as well as when there are indications of impairment. All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards.

(3) 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 were prepared in accordance with the standards formulated by the International Accounting Standards Board (IFRS). The accounting standards used are in compliance with the European Union's accounting directives pertaining to consolidated financial statements. The requirements of Article 315 a of the German Commercial Code (HGB) are observed.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the note to other provisions.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The income statement has been prepared according to the nature of expenses 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 at fair value through profit or loss, 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 functional currency is the respective national currency of the consolidated subsidiaries and the reporting currency of the Group is Euro. The consolidated financial statements are prepared in thousands of euros (KEUR).

Principles of consolidation

The consolidated financial statements of the Group include MAXDATA AG and the subsidiaries over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The equity and net income attributable to minority interests are shown separately in the balance sheets and below the income statements, respectively.

The purchase method of accounting is used for business combinations. Companies acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition up to the date of disposal. The cost of acquisition is allocated applying the revaluation method.

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 interest 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 instruments (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, as well as certain other assets and payables based on contractual arrangements.

The Group classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and reevaluates this designation at every reporting date.

The first time recognition of a financial asset or financial liability 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.

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 classified as fair value through profit and loss and 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 are recorded in the result for the period except when deferred in equity as qualifying cash flow hedge.

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. With exception of goodwill 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 business 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 five 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

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in the acquired subsidiary.

Property, plant and equipment

Property, plant and equipment, 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.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial 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 assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

With exception of goodwill, 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.

The valuation of investments in associates is 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 at fair value, receivables and other financial assets 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 (nominal value). 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.

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.

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. 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.

Changes in the fair value of cash flow hedges and net foreign exchange transactions arising on translation of financial statements of foreign subsidiaries are included in accumulated other comprehensive income.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts recognized in equity are transferred and recognized as profit or loss when the hedged item is recognized in profit or loss.

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 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. If the interest effect is material, the provision is discounted to 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 in principle 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

The foreign consolidated subsidiaries are regarded as net investments in 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 exchange rates at the date of transaction 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 expense 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 nominal 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 12.

Borrowing costs

Borrowing 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.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Contingencies

Contingent liabilities are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

(4) Changes in the Group's organization

No companies were founded, acquired or sold in the business year 2005.

(5) Intangible assets

	Trademarks, licenses and software KEUR	Goodwill KEUR	Payments on account KEUR	Total KEUR
At cost				
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 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**
At cost				
1 January 2005	16,401	2,166	1,219	19,786
Additions	1,571	0	0	1,571
Disposals	–64	0	0	–64
Transfers	1,196	0	–1,219	–23
Currency translation differences	0	0	0	0
31 December 2005	**19,104**	**2,166**	**0**	**21,270**
Accumulated amortization and impairment losses				
1 January 2005	11,962	0	0	11,962
Amortization for the year	2,765	0	0	2,765
Disposals	–58	0	0	–58
Transfers	–23	0	0	–23
Currency translation differences	0	0	0	0
31 December 2005	**14,646**	**0**	**0**	**14,646**
Net book value 2005	4,458	2,166	0	6,624
Net book value 2004	4,439	2,166	1,219	7,824

The goodwill is exclusively allocated to ASIG Quality Services GmbH, Augsburg. The annual impairment test has been performed at 31 December 2005 on basis of the purchase price for an additional acquisition of ASIG shares. The current purchase price corresponds to the fair value before costs to sell. Under consideration of costs to sell, the recoverable amount exceeds the actual book value of the investment. The contract on the additional acquisition was signed in December 2005 and becomes effective in January 2006.

(6) 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 TEUR
At cost					
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 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**
At cost					
1 January 2005	52,572	1,995	20,301	818	75,686
Additions	14	2,329	1,546	3	3,892
Disposals	0	–7	–3,391	0	–3,398
Transfers	0	197	89	–263	23
Currency translation differences	0	0	8	0	8
31 December 2005	**52,586**	**4,514**	**18,553**	**558**	**76,211**
Accumulated depreciation and impairment losses					
1 January 2005	13,223	1,509	14,927	555	30,214
Depreciation for the year	1,991	221	2,167	0	4,379
Disposals	0	–7	–2,779	0	–2,786
Transfers	0	0	23	0	23
Currency translation differences	0	0	6	0	6
31 December 2005	**15,214**	**1,723**	**14,344**	**555**	**31,836**
Net book value 2005	37,372	2,791	4,209	3	44,375
Net book value 2004	39,349	486	5,374	263	45,472

(7) Investments in associates

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

EMV Testhaus GmbH is an associate of ASIG Quality Services GmbH. The company is accounted for by the equity method.

(8) Inventories

The carrying amount of inventories carried at net realizable value amounts to KEUR 4,844 (previous year: KEUR 2,109). Valuation allowances of inventories at a value of KEUR 1,357 (previous year: KEUR 5,229) are recognized in profit and loss account.

(9) Trade receivables

Trade receivables	2005 KEUR	2004 KEUR
Receivables	101,560	94,129
Less bad debt allowances	–1,573	–1,996
	99,987	**92,133**

The KEUR 423 reduction in valuation allowances (previous year: KEUR 2,873) is the combination of additional impairments of trade receivables of KEUR 260 (previous year: KEUR 357) and a reversal of impairments of KEUR 683 (previous year: KEUR 329). In the previous year the reduction in valuation allowances was mainly due to the offset of trade receivables, allowances and payables related to suppliers (KEUR 2,901).

An expense of KEUR 1,017 (previous year: KEUR 983) for non-collectable receivables is included in other operating expenses. This comprises beside the additional impairments of trade receivables a write off on receivables in the amount of KEUR 757 (previous year: KEUR 626) which is partially covered by credit insurance payments in the amount of KEUR 526 (previous year: KEUR 361).

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.

(10) Other assets

Other assets	2005 KEUR	2004 KEUR
Recourse claims against business partners	1,925	3,081
Prepaid expenses*	1,582	1,676
Outstanding sales tax reimbursements	1,239	2,352
Creditors with debit balances	561	282
Receivables for bonuses and advertising subsidies	521	1,434
Receivables from insurance claims	190	497
Refunds from upstream suppliers	0	2,284
Other*	1,212	3,254
	7,230	**14,860**

*A changed reporting format led to an adjustment of the previous year numbers of KEUR 1,653 in 2005.

(11) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances of KEUR 23,798 (previous year: KEUR 43,309) and money market funds with an average remaining term of five months or less of KEUR 3,282 (previous year: KEUR 9,984).

(12) 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).

	Shares issued (number)	Own shares (number)	Outstanding shares (number)
31.12.2004	29,000,000	–1,000,000	28,000,000
31.12.2005	**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 bearer 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 2004, 67,824 options to purchase 67,824 shares had been granted. Owing to employee turnover, the number of options outstanding has fallen to 61,384 as of 31 December 2005. Under the accounting policy adopted by the Group no compensation expense is recognized under the share option plan.

(13) 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 2004. The management board of MAXDATA AG has proposed that no dividend be paid for 2005.

(14) Tax provisions

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

(15) Other provisions/ Other current provisions

Other provisions/Other current provisions	Warranties KEUR	Other KEUR	Total KEUR
1 January 2005	13,889	7,754	21,643
Additions in business year	12,661	13,376	26,037
Utilizations in business year	–10,103	–3,411	–13,514
Reversals in business year	–489	–186	–675
Currency translation differences in business year	14	13	27
31 December 2005	**15,972**	**17,546**	**33,518**
Current portion	8,066	17,546	25,612
Non-current portion	7,906	0	7,906

Warranty

The Group generally offers three-year warranties for its computers and monitors. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. Factors that could impact the estimated claim information include the success of the Group's productivity and quality initiatives, as well as parts and labor costs. The warranty provisions consider repair and/or process costs, failure rates and recourse claims from the warranty agreements with suppliers.

As of 31 December 2005 and 2004 the Group has provided KEUR 15,972 and KEUR 13,889 respectively for expected warranty claims on computers and monitors sold during the last 36 months before the respective balance sheet date. The majority of these warranty costs are expected to be incurred in the next business year, the remaining costs are expected to be incurred within the two following years.

Other

Other provisions mainly contain the provision for copyright device levies with an amount of KEUR 14,972 (previous year: KEUR 3,923). The Munich Higher Regional Court confirmed on 15 December 2005 a decision of the Munich Regional Court from 23 December 2004. From this, copyright device levies at a value of EUR 12.00 per PC must be paid to the Verwertungsgesellschaft (VG) Wort retroactively starting from 2001. In previous years a provision was recognized at a value of EUR 8.00 per PC starting from 2003. The time of cash outflow depends on the duration of the final legal proceedings. Beyond that bonus obligations at a value of KEUR 1,800 are included in other provisions (previous year: KEUR 2,447), which are expected to be incurred in business year 2006.

(16) Other current liabilities

Other current liabilities	2005 KEUR	2004 KEUR
Value added tax	6,562	5,139
Liabilities to employees	3,833	3,118
Liabilities related to social security	1,394	1,356
Payroll and church taxes	687	629
Debtors with credit balances	423	538
Other*	1,948	2,177
	14,847	**12,957**

* Separating derivative financial instruments from the remaining other current liabilites led to an adjustment of the previous year numbers at a value of KEUR 1,932 in 2005.

(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	2005 KEUR	%	2004 KEUR	%
Domestic	360,224	55	387,865	59
Foreign	297,163	45	272,155	41
	657,387	**100**	**660,020**	**100**

Turnover by product line	2005 KEUR	%	2004 KEUR	%
Computers	314,873	48	326,031	49
Monitors	289,307	44	284,529	43
Other	53,207	8	49,460	8
	657,387	**100**	**660,020**	**100**

(19) Other operating income

Other operating income	2005 KEUR	2004 KEUR
Exchange rate gains	10,514	9,770
Advertising subsidies from suppliers	4,070	4,117
Income from fixed service fees	3,602	2,802
Insurance indemnifications	840	1,576
Other	1,554	1,611
	20,580	**19,876**

(20) Other operating expenses

Other operating expenses	2005 KEUR	2004 KEUR
Advertising expenses	12,968	13,212
Exchange rate losses	11,505	9,144
Transport costs (delivery of goods)	10,891	10,276
Copyright device levies	8,792	0
Rent incidentals/repairs	6,495	6,247
Warranties	5,437	–5,181
Fees	4,063	3,173
Insurance	1,973	2,004
Communication	1,783	1,946
Rent and lease expenses	1,571	1,336
Bad debts/impairment of trade receivables	1,017	983
Other	10,823	7,997
	77,318	**51,137**

The expense for copyright device levies at a value of EUR 8.8 millions covers the additional provision that was due to the judgement of the Munich Higher Regional Court for copyright device levies on PCs.

(21) Income taxes

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

Income taxes	2005 KEUR	2004 KEUR
Current income tax expense	–861	–1,922
Deferred tax expense/income from the occurrence/reversal of temporary differences	4,486	–1,149
Increase/decrease in deferred tax assets from tax claims due to loss carry-forwards	–8,546	1,165
	–4,921	**–1,906**

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:

	2005 KEUR	%	2004 KEUR	%
Result before income taxes	**–34,337**	**100.0**	**681**	**100.0**
Taxes at domestic tax rate	13,391	–39.0	–266	–39.1
Tax effects from divergent foreign tax rates and foreign losses without capitalization of deferred taxes	–1,423	4.1	–3,666	–538.3
Change in deferred tax benefit	–4,060	11.8	16	2.3
Tax effects from domestic losses without capitalization of deferred taxes	–12,759	37.2	1,762	258.7
Effects from taxes for previous years	–70	0.2	251	36.9
Other effects	0	0.0	–3	–0.4
Tax expense	**–4,921**	**14.3**	**–1,906**	**–279.9**

Components of deferred tax assets/liabilities are as follows:

	2005 KEUR	2004 KEUR
Deferred tax assets		
Tax loss carry-forwards (domestic)	2,244	10,790
Differences from the valuation of assets and liabilities	388	348
Total	**2,632**	**11,138**
Deferred tax liabilities		
Differences from the valuation of assets and liabilities and from consolidation	–244	–4,690
Total	**–244**	**–4,690**
Deferred tax assets (net)	**2,388**	**6,448**

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. It is expected that deferred taxes will be recovered after more than 12 months.

As of balance sheet date the Group records CIT loss carry-forwards in Germany of about EUR 277.1 million (previous year: EUR 208.7 million) and loss carry-forwards for trade tax purposes of about EUR 87.0 million (previous year: EUR 53.4 million) on which no deferred tax assets have been capitalized. The subsidiaries outside Germany have loss carry-forwards of EUR 32.6 million (previous year: EUR 23.6 million), on which no deferred tax assets have been capitalized at balance sheet date. The Group did not recognize deferred income tax assets of EUR 93.4 million (previous year: EUR 68.3 million).

(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, if later, on the date when the options were granted.

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 EUR
Basic/diluted earnings per share for the business year 2005	–39,587	28,000,000	–1.41
Basic/diluted earnings per share for the business year 2004	–1,456	28,000,000	–0.05

(23) Segment information

Segment information by geographical region (KEUR)	Domestic		Foreign		Consolidation		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
External sales	360,224	387,865	297,163	272,155	0	0	657,387	660,020
Intrasegment sales	253,617	227,872	0	0	−253,617	−227,872	0	0
Income	613,841	615,737	297,163	272,155	−253,617	−227,872	657,387	660,020
Segment result	−21,175	10,904	−13,721	−10,644	0	0	−34,896	260
plus financial result							559	421
less income taxes							−4,921	−1,906
less minority interests							−329	−231
Group result							**−39,587**	**−1,456**
Segment assets*	253,439	245,847	93,013	79,208	−73,815	−51,271	272,637	273,784
plus financial assets and securities*							203	233
plus deferred taxes and tax refund claims							4,301	10,949
Total assets							**277,141**	**284,966**
Segment liabilities	126,181	85,323	96,476	83,470	−73,815	−51,271	148,842	117,522
plus financial liabilities							0	0
plus deferred taxes and tax provisions							537	405
plus minority interests							471	346
Total liabilities							**149,850**	**118,273**
Capital expenditure	5,104	6,091	358	486	0	0	5,462	6,577
Amortization and depreciation	−6,545	−6,758	−598	−463	0	0	−7,143	−7,221
Non-cash expenses, excluding depreciation	−2,180	250	−201	151	0	0	−2,381	401
Pro rata result from associated companies	40	45	0	0	0	0	40	45
Shares in associated companies	138	174	0	0	0	0	138	174

*A changed reporting format led to an adjustment of the previous year numbers of KEUR 24 in 2005.

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.

Intrasegment transactions are mainly charged at 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 2005	Monitors 2004	Computers 2005	Computers 2004	Other areas/ not allocated 2005	Other areas/ not allocated 2004	Total 2005	Total 2004
External sales	289,307	284,529	314,873	326,032	53,207	49,459	657,387	660,020
Segment assets*	96,870	81,252	95,546	111,771	80,221	80,761	272,637	273,784
Capital expenditures	0	0	0	825	5,462	5,752	5,462	6,577

* A changed reporting format led to an adjustment of the previous year numbers of KEUR 24 in 2005.

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 areas".

(24) Financial instruments

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 hedges foreign exchange risk by acquiring US dollars in spot transactions. Prior to use, these US dollars are partially exchanged for euros by means of currency swaps. In addition, foreign currency is sold in spot transactions and bought back again before the proceeds were received by means of currency swaps. Foreign currency is 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 Group regularly assesses the financial viability of its customers.

Further liquidity risks have been covered by lines of credit at banks totaling KEUR 50,000.

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.

The derivative financial instruments recognized in the balance sheet are used as hedging instruments for foreign currency liabilities and receivables without exception.

In 2005, a gain of KEUR 421 (previous year: loss of KEUR 958) was realized on derivatives used to hedge foreign currency liabilities/receivables. The effects were counterbalanced by the settlement of foreign currency liabilities/receivables.

Derivative financial instruments cover currency swaps and forward exchange transactions.

At balance sheet date the nominal values of open currency swaps entered into to buy/sell foreign currency amounted to KEUR 55,350 (previous year: KEUR 64,431) with fair value of KEUR 233 (previous year: KEUR –1,885). Moreover at balance sheet date, there were forward exchange transactions to buy/sell foreign currency totaling nominal values of KEUR 24,134 (previous year: KEUR 0), with fair values of KEUR 68 (previous year: KEUR 0). At balance sheet date, the residual term of these swaps and forward exchange transactions 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 financial instruments.

(25) Other financial commitments

The future aggregate minimum lease payments under operating leases are as follows:

Operating Lease	up to 1 year KEUR	1 to 5 years KEUR	more than 5 years KEUR
31.12.2005	2,467	4,475	1,823
31.12.2004	1,919	4,111	532

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 obligations from service and insurance contracts and the purchase commitment of KEUR 1,944 for an additional acquisition of ASIG Quality Services GmbH shares from the minority shareholders.

Other financial obligations	KEUR
31.12.2005	3,855
31.12.2004	11,843

(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 probable 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 9.1 million.

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 specified a levy of EUR 12 for every PC sold since 1 January 2001. The Munich Higher Regional Court rejected the appeal of this court decision on 15 December 2005 but has allowed further appealing proceedings. According to current information, the defendant will appeal against this ruling at the Federal High Court. MAXDATA has accounted for provisons on basis of the actual court decision. Taking into consideration the basis of the original claims of VG Wort a further theoretical additional burden of about EUR 4 million p.a would result.

(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	**2005 KEUR**	**2004 KEUR**
Trade receivables	2	4
Trade payables and other liabilities	109	1
Turnover	14	24
Cost of materials	860	620
Other operating expenses	0	1

Remuneration of the Management Board and Supervisory Board

In the business year 2005, total remuneration of the group management board totaled KEUR 895 (previous year: KEUR 1,239). In the business year 2005, Jürgen Renz, Spokesman of the Management Board and responsible for sales and marketing, received total remuneration of KEUR 319 comprising fixed components only. The CFO and deputy Spokesman of the Board, Thomas Stiegler, received total remuneration of KEUR 320 in 2005, also comprising fixed components only. Reinhard Blunck, member of the management board and responsible for purchasing, production, logistics, and service, received payment of KEUR 256 for his work on the board in 2005, which comprised exclusively fixed components.

In the business year 2005, 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 2005 (previous year: KEUR 225). 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, Klaus Wiegandt and Bernhard Scholtes each received KEUR 30 (previous year: KEUR 30).

Shares and share options of the Management and Supervisory Board, 31 December 2005	**Number of shares**
Management Board	647
Supervisory Board	105,377

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

(28) Events after the balance sheet date

In January 2006 the Zentralstelle für private Überspielungsrechte (ZPÜ) called the board of arbitration of the German Patent and Trade Mark Office in Munich against MAXDATA and further approximately 20 manufacturers and dealers of personal computers (PC). The ZPÜ as a representative of the authors of film and music claims a copyright device levy of EUR 18.42 for each PC sold or delivered in the Federal Republic of Germany since 1 January 2002. In agreement with Bundesverband Informationswirtschaft, Telekommunikation und neue Medien (BITKOM) is to be achieved at short notice that the arbitration is led representatively for the PC industry in the context of a test case.

(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 Grundstücksvermietungsgesellschaft mbH & Co. OHG, Marl
MAXDATA Grundstücksvermietungsgesellschaft mbH & Co. OHG, Marl	100[1)]	Management of buildings of MAXDATA 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., Warschau, 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) Group Auditor´s fee

The group auditor´s fee for business year 2005 amounted to KEUR 167 for statutory audit services and KEUR 58 for tax advisory services.

(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 into the commercial register of the Gelsenkirchen District Court of 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 into the commercial register of the Gelsenkirchen District Court 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 preparation, audit and disclosure of statutory financial statements in respect of the supplementary standards in place for corporations.

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

The declaration of compliance required by the Commission for the German Corporate Governance Code in accordance with Article 161 AktG was issued by the Management Board and the Supervisory Board on 21 February 2005 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, 30 January 2006

MAXDATA AG

Reinhard Blunck Jürgen Renz Thomas Stiegler

Auditor's Report

We have audited the consolidated financial statements – consisting of balance sheet, income statement, notes, statement of changes in equity, cash flow statements – and the group management report of the MAXDATA AG for the business year from January 1, to December 31, 2005. The preparation of the consolidated financial statements and the group management report in accordance with the IFRS, as adopted by the EU, and the additional provisions stated in Article 315a, Para. 1 HGB as well as supplementary provisions in the articles of incorporation/partnership agreement are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit. We conducted our audit of the consolidated financial statements in accordance with § 317 HGB (German Commercial Law) and German generally accepted 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 consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to 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 consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group 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 based on the results of our audit the consolidated financial statements are in compliance with the IFRS, as adopted by the EU, and the additional provisions stated in § 315a, Para. 1 HGB as well as the supplementary provisions in the articles of incorporation/partnership agreement and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The group management report is in accordance with the consolidated financial statements and provides on the whole a suitable understanding of the Group's position and suitably presents the opportunities and risks of future development.

Essen, January 31, 2006

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

M. Theben	ppa. D. Fouquet
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

In 2005 MAXDATA set a course for greater growth. For example, the group substantially expanded its production capacity at Würselen and made the picking system state-of-the-art.

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, information services, 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 general manager of MAXDATA Systeme GmbH since May 2003, at the Marl and Würselen location.

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 (to 31.12.2005)

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
Member of the Supervisory Board
of MAXDATA 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 governmental statutes and the company's articles of association. The Management Board regularly submitted to the Supervisory Board written and verbal reports on the course of business, the company's position, and principal issues of company policy. The Supervisory Board used these reports as the basis for discussing all significant business transactions with the Management Board. Furthermore, the Management Board also provided detailed information on important projects, plans, and events to the Chairman of the Supervisory Board between meetings by means of written and telephone reports as well as in personal conversations, maintaining the constant flow of information and exchange of opinions between the Supervisory Board and the Management Board. The Supervisory Board had four meetings with the Management Board. The two committees – the human resources and audit committees – each convened on one occasion. Furthermore, resolutions were also passed as necessary by means of circulating voting forms.

General corporate planning and strategy, the corporate sales and results trend, as well as the financial situation were all the subject of regular meetings of the Supervisory Board. In addition, the Supervisory Board also dealt with the newly formed business units for the notebooks, desktops, servers, and monitors product lines in the form of a product and function matrix.

In addition to the budgeting of turnover, finances, investments, human resources, and results, the new version of the German Corporate Governance Code of 2 June 2005 was discussed. In concurrence with the Management Board, the Supervisory Board decided to follow all of the modified and newly introduced recommendations of the government's German Corporate Governance Code Commission. For MAXDATA, the Management Board and Supervisory Board report on corporate governance in accordance with Clause 3.10 Sentence 1 of the German Corporate Governance Code in the Annual Report in the "Corporate Governance Report" section. On 21 February 2005, the Management Board and the Supervisory Board provided the statement of compliance in accordance with Article 161 of the German Stock Corporation Act (AktG) and made this permanently accessible on the company's website.

MAXDATA AG's annual financial statements as of 31 December 2005, the consolidated financial statements, MAXDATA AG's management report, and the consolidated management report for business year 2005 prepared by the Management Board were audited together with the bookkeeping system and signed with a provision of an unqualified audit opinion by the auditing company, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Essen, (up to 30 June 2005 operating under the company name PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Essen) which had been appointed by the Supervisory Board to audit these annual financial and consolidated financial statements and approved at the Annual General Meeting of 13 April 2005.

The annual financial statements, the consolidated financial statements, MAXDATA AG's management report, and the consolidated management report along with the auditor's reports were all submitted to the members of the Supervisory Board well before the financial statement meeting. The auditor was present at the meetings with the Supervisory Board, discussed the submissions, reported on important audit results, and was available for any further questions. The Supervisory Board acknowledged and affirmed the audit results of the annual financial statements and consolidated financial statements provided by the auditor.

The Supervisory Board reviewed the annual financial statements, the consolidated financial statements, MAXDATA AG's management report, and the consolidated management report prepared by the Management Board. Objections cannot be filed after submitting the final results of its review. The Supervisory Board endorsed the 31 December 2005 annual financial statements including MAXDATA AG's management report; this constitutes the official confirmation of the annual financial statements. The Supervisory Board also endorsed the consolidated financial statements including consolidated management report.

Furthermore, in accordance with Article 312 of the AktG, the Management Board prepared a report on relationships with affiliated companies for fiscal year 2005 and submitted this report in good time for the Supervisory Board's financial statement meeting. The auditor also reviewed this report, reported in writing on the results of the audit, and issued the following opinion:

"As per our dutiful audit and assessment, we hereby confirm that
1. the factual information in this report is correct,
2. with regard to the legal transactions listed in the report the company's performance was not unreasonably high or that drawbacks were balanced,
3. with regard to the measures listed in the report, no circumstances favor a significantly different evaluation from the one issued by the Management Board."

Following the final results of its review, the Supervisory Board did not state any objections to the statement made by the Management Board in its report in accordance with Article 312 of the AktG or against issuing the audit opinion.

On 31 December 2005, Dr. Heinrich Böhmer resigned his seat on the Supervisory Board and along with it, the deputy chairmanship of this committee. The Supervisory Board would like to thank him for his constructive and well-informed contributions as well as for his many years of trustworthy and commendable collaboration. Mr. Holger Lampatz was appointed to the Supervisory Board at the Annual General Meeting of 13 April 2005, with effect from 1 January 2006. Mr Lampatz informed the Company on 19 December 2005 that he will not take up this post. Therefore, a new Supervisory Board appointment must be made at the Annual General Meeting on 26 April 2006.

The Supervisory Board would like to thank the Management Board and the employees of the MAXDATA group for their support and work performed.

Marl, 17 February 2006

Siegfried Kaske, Chairman

Financial Calendar	
Annual general meeting Casino Zollverein, Zeche Zollverein, Essen	**26 April 2006**
3 months' report 2006	**11 May 2006**
6 months' report 2006	**11 August 2006**
9 months' report 2006	**10 November 2006**

MAXDATA AG

Investor Relations
Elbestraße 12–16
45768 Marl
Telefon: +49 2365 952-2122
Telefax: +49 2365 952-2125
E-mail: ir@maxdata.com

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

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.

Imprint

Publisher
MAXDATA AG
Elbestraße 12–16, 45768 Marl

Layout
zdo zimmermann design office, Düsseldorf

Photography
Oliver Flörke, Düsseldorf

Production
R&P Produktions-Agentur, Essen

Print
MKL Druck GmbH & Co. KG, Ostbevern

05

MAXDATA

MAXDATA AG
Elbestraße 12-16, D-45768 Marl

www.maxdata.com

MAXDATA

Annual Report and Accounts 2005

MAXDATA AG

Annual Report and Accounts 2005 of MAXDATA AG

Contents

Management Report for the 2005 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 include holding and administering 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.

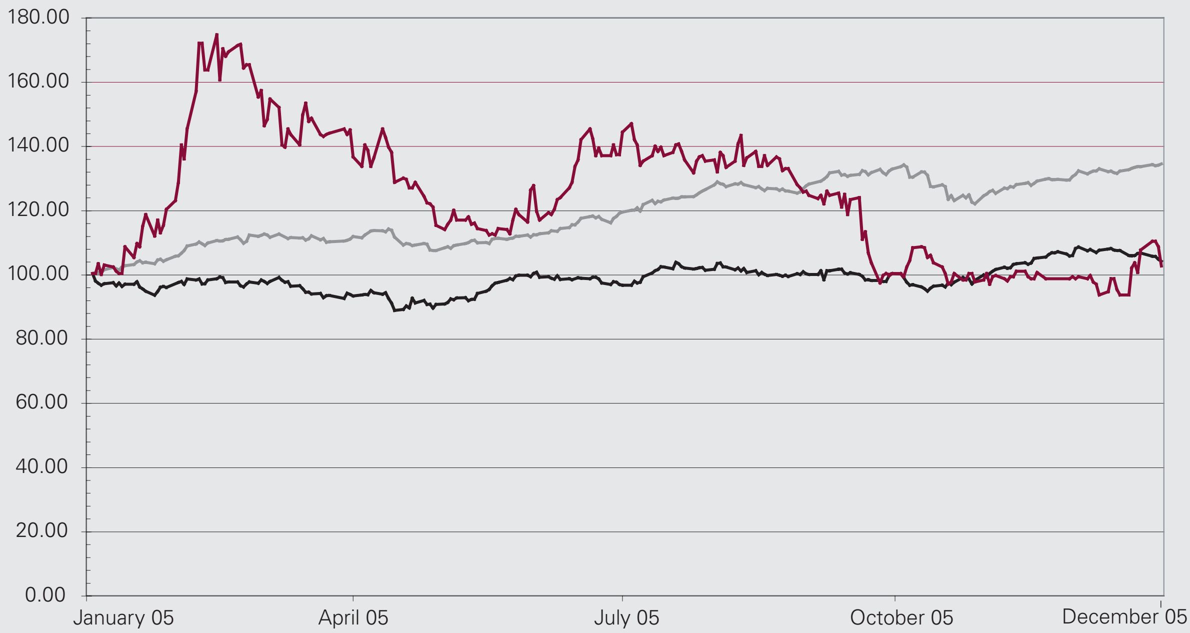
The annual accounts of MAXDATA AG for the 2005 business year have been drawn up in accordance with the regulations of the HGB (Handelsgesetzbuch = German Commercial Code), taking into consideration the supplementary regulations of the AktG (Aktiengesetz = German Stock Companies Act). They will be published 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 2005 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 by any such transaction."

Share development

MAXDATA placed its shares on the Frankfurt stock exchange on 9 June 1999 and has been listed in the prime standard segment since 1 January 2003. The difficult market conditions prevented the share from following the general upward trend of the stock market in 2005, and its appreciation over the course of the year was only slight. As such, the share price on 30 December 2005 was EUR 3.07, representing a 2.3 percent increase on its level of EUR 3.00 at the beginning of the year.

Comparison of market price MAXDATA versus indices



■ NASDAQ Computer ■ MAXDATA share ■ GEX

Source: DAB Bank AG / Bankhaus Metzler, Xetra / 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 declined in comparison to the previous year from EUR 170.2 million to EUR 145.6 million.

The loss carried forward totaling EUR 12.7 million and the net loss of EUR 24.6 million for the year, as well as the allocation to reserves for own shares due to the required appreciation of own shares totaling EUR 0.1 million, resulted in an accumulated loss of EUR 37.4 million.

The net loss consists of the compensation for the loss 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 and balanced respectively based on existing profit and loss transfer agreements with MAXDATA AG.

MAXDATA AG's negative result is mainly due to the transfer of losses from MAXDATA Systeme GmbH, Würselen, amounting to EUR –6.9 million (previous year: EUR +11.5 million), from MAXDATA Computer GmbH & Co. KG, Marl, amounting to EUR –3.3 million (previous year: EUR +6.3 million) and from MAXDATA International GmbH, Marl, amounting to EUR –7.6 million (previous year: EUR +2.3 million). The losses made by MAXDATA Systeme GmbH, Würselen, can be attributed to increased expenditure on services. MAXDATA Computer GmbH & Co. KG, Marl, recorded a negative result in 2005 due to the fact that a verdict returned by the Higher Regional Court of Munich in a test case required the allocation of a further EUR 8.8 million to provisions for copyright levies on PCs. The operating result of MAXDATA International GmbH, Marl, is partly effected by losses of a foreign subsidiary amounting to EUR 3.8 million (previous year: EUR 0.3 million) and partly due to profit distributions of other foreign subsidiaries amounting to EUR 2.1 million (previous year: EUR 5.5 million).

Additionally, MAXDATA AG's result includes the profit absorption of MAXDATA Immobilien Marl GmbH, Marl, totaling EUR 1.2 million (previous year: EUR 1.2 million) and of MAXDATA Immobilien Würselen GmbH, Marl, of EUR 0.7 million (previous year: EUR 0.7 million).

In contrast to the negative business development at the subsidiaries, the financial result of MAXDATA AG improved in other respects. This is a result of the rise in interest income to EUR 4.4 million (previous year: EUR 1.9 million) and the virtually unchanged book value of own shares which was appreciated by EUR 0.1 million (previous year: depreciation of EUR 2.8 million).

The profit from exchange rates in the business year was EUR 2.2 million (previous year: EUR –1.9 million).

The cash flow from the current operating activities totals EUR –14.7 million (previous year: EUR –10.5 million) and is primarily influenced by the operating result and the reciprocal decrease in net receivables from and to affiliated companies and the other assets. Cash from financing activities has dropped from EUR 32.8 million in the previous year to EUR 19.0 million in 2005. Despite the downturn, the Company's equity ratio remains at a high level of 65.2 percent (previous year: 72.0 percent), thus securing the Company a very high degree of financial independence.

Employees

The average number of employees of the Company in the 2005 business year was 32 (previous year: 29). As of 31 December 2005, the Company had 36 employees (31 December 2004: 30).

Events after the balance sheet date

In January 2006 the Zentralstelle für private Überspielungsrechte (ZPÜ) called the board of arbitration of the German Patent and Trade Mark Office in Munich against MAXDATA and further approximately 20 manufacturers and dealers of personal computers (PC). The ZPÜ as a representative of the authors of film and music claims a copyright device levy of EUR 18.42 for each PC sold or delivered in the Federal Republic of Germany since 1 January 2002. The ZPÜ justifies the demand with the fact that a PC is a recording device. The PC industry and Bundesverband Informationswirtschaft, Telekommunikation und neue Medien (BITKOM) concur that this demand both for reason and amount does not justify. Another argument against it is that today, the ZPÜ already receives a copyright levy for nearly every PC. Because today's PCs are for the most part equipped with built-in CD and DVD burners, copyright levies are already incurred, similar to the situation with recordable CD and DVD disks. In agreement with BITKOM is to be achieved at short notice that the arbitration is led representatively for the PC industry in the context of a test case.

Risk management

Risk management is of high significance to the MAXDATA group. MAXDATA operates as a corporate group throughout Europe, and is thus confronted with a number of potential risks. Corporate risks are only knowingly taken if their potential consequences can be controlled. The Management Board and Supervisory Board are regularly informed about risks that could have a major bearing on the development of the business.

The MAXDATA group employs a detailed risk management system to identify, analyze and document the major risks that could jeopardize the viability of the group. Corporate decisions are made on the basis of extensive project documents individually itemizing the opportunities and risks in any given case. Moreover, the annual and mid-year strategic planning sessions serve as a vehicle for assessing the opportunities and risks of all the operating activities and deciding on means of attaining objectives and limiting risk.

The MAXDATA group focuses its purchasing activities on the Asian market, which is denominated in US dollars. European sales are predominantly handled in euro, exposing the MAXDATA group to exchange rate and price fluctuation risks in its business activities. MAXDATA AG confronts these risks with a centralized, active currency management system, using standard risk-reducing financing instruments, such as currency swaps and foreign exchange futures trading and spot trading.

Moreover, the future development of MAXDATA may entail risks inherent within its subsidiaries. Essentially these risks ensue from increasing competition, receivables management, a decline in prices while stocks are high or low inventory turnover, from goods procurement and dependency on individual suppliers, maintenance of high quality standards, dependency on resources in the areas of information technology and human resources as well as insurance and communication risks.

Prospects

This management report contains statements that relate to the future development of the MAXDATA AG as well as to economic developments. These statements present opinions that MAXDATA has formed on the basis of all the information available at the present time. Should these assumptions not be correct or should further risks arise, actual results may differ from the results currently anticipated. MAXDATA therefore cannot offer any guarantee for these statements.

Market research institutes are expecting growth of 5.5 percent in worldwide IT expenditure in 2006. Growth of 3.7 percent is forecasted in the information technology sector in western Europe.

Of particular relevance to MAXDATA is the 1.0 percent growth forecast for the hardware sector, with the share of notebook sales being expected to increase by around 11 percent as compared to the previous year.

MAXDATA intends to continue to press ahead in 2006 with the further expansion of its market position in Europe and to be rigorous in implementing its strategies for increased growth and sustained improvement in performance.

Despite these rather tight market conditions, in particular on the domestic front, the Management Board sees considerable potential for the further expansion of indirect sales via specialist dealers as well as the further, consistent expansion of the market position in the foreign countries of Europe. Overall the MAXDATA group is striving for a turnover level of between EUR 720 - 750 million and a decided improvement in result for the business year of 2006.

Marl, 30 January 2006

The Management Board

Reinhard Blunck Jürgen Renz Thomas Stiegler

Balance Sheet as of 31 December 2005

Assets	2005 KEUR	2004 KEUR
Fixed assets		
Intangible fixed assets		
Trademarks, licenses and similar rights	**4,249**	**5,420**
Tangible fixed assets		
Other equipment, fixtures, fittings and equipment	**384**	**566**
Financial assets		
Shares in affiliated companies	32,473	32,473
Loans to affiliated companies	39,103	34,910
	71,576	**67,383**
	76,209	**73,369**
Current assets		
Accounts receivable and other assets		
Accounts receivable from affiliated companies	119,647	111,633
Other assets	2,008	5,490
	121,655	**117,123**
Marketable securities		
Repurchased shares	3,070	3,000
Other securities	3,259	9,874
	6,329	**12,874**
Checks, cash in hand, cash in banks	**18,960**	**32,764**
	146,944	**162,761**
Prepaid expenses and deferred charges	**328**	**349**
	223,481	**236,479**

Equity and Liabilities	2005 KEUR	2004 KEUR
Equity		
Capital subscribed	29,000	29,000
Capital reserves	150,899	150,899
Earnings reserves		
Reserves for repurchased shares	3,070	3,000
Accumulated loss	–37,356	–12,696
	145,613	**170,203**
Provisions		
Other provisions	5,853	7,397
	5,853	**7,397**
Liabilities		
Trade accounts payable - thereof, with a residual term of up to one year: KEUR 6,385 (previous year: KEUR 4,954)	6,385	4,954
Accounts payable to affiliated companies - thereof, with a residual term of up to one year: KEUR 65,097 (previous year: KEUR 53,187)	65,097	53,187
Other liabilities - thereof, with a residual term of up to one year: KEUR 389 (previous year: KEUR 720) - thereof, for taxes: KEUR 64 (previous year: KEUR 100) - thereof, for social security: KEUR 44 (previous year: KEUR 43)	389	720
	71,871	**58,861**
Deferred income	**144**	**18**
	223,481	**236,479**

Income Statement for the 2005 Business Year

	2005 KEUR	2004 KEUR
Other operating income	59,314	48,232
Personnel expenses		
Wages and salaries	–2,752	–2,964
Social security	–288	–285
Depreciation and amortization for intangible assets, plant, equipment and other fixed assets	–2,785	–1,979
Other operating expenses	–65,692	–55,767
Income from investments thereof, from affiliated companies: KEUR 0 (previous year: KEUR 6,316)	0	6,316
Income from profit transfer agreements	1,876	15,637
Income from other securities and loans of financial assets	302	458
Write-up on marketable securities	70	0
Other interest and similar income thereof, from affiliated companies: KEUR 2,460 (previous year: KEUR 1,304)	4,371	1,909
Write-offs of financial assets and marketable securities	0	–2,804
Expenses from loss transfers thereof, to affiliated companies: KEUR 3,349 (previous year: KEUR 0)	–3,349	0
Expenses from loss transfers due to profit transfer agreements	–14,479	0
Interest and similar expenses thereof, to affiliated companies: KEUR 713 (previous year: KEUR 250)	–1,176	–976
Loss/profit from ordinary operations	**–24,588**	**7,777**
Other taxes	–3	–3
Net loss/net profit	**–24,591**	**7,774**
Loss brought forward from previous year	–12,696	–23,270
Transfer to reserves for repurchased shares	–70	0
Release of reserves for repurchased shares	0	2,800
Accumulated loss	**–37,356**	**–12,696**

Note: Amounts calculated exactly and then rounded to nearest KEUR

Notes to the Accounts for the 2005 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.

Own shares

Based on the previous authorization to repurchase shares, the Company still possessed at the end of the 2005 business year 1,000,000 company shares with a book value share of the capital stock totaling EUR 1,000,000.00.

The Company's share of the capital stock thus remains at 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 primarily 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 number HRB 5552.

B. General information on the annual accounts

The annual financial statements for the business year from 1 January to 31 December 2005 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 has been prepared according to the nature of expenses method 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 for 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 cost of acquisition or manufacture, minus scheduled and non-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 are 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 are valued at their cost of acquisition or, with non-transient impairment, at 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 are converted at the exchange rate in force on the outgoing date of the relevant invoice or on the effective balance sheet date if this is lower.

Short-term security investments are valued at their cost of acquisition or, respectively, at their attributable fair value as of the balance sheet date, if lower. **Own shares** are valued at the rate in force on the balance sheet date.

Expenditure before the cut-off date is listed as **prepaid expenses and deferred charges** if it represents expenses for a certain period 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 judgment.

Liabilities are valued at the amount due for payment.

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

Income obtained before the balance sheet date is listed as **deferred income** and represents 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			
	01.01.2005	Additions	Disposals	31.12.2005
	KEUR	KEUR	KEUR	KEUR
Intangible fixed assets				
Trademarks, licenses and similar rights	**10,106**	**1,439**	**40**	**11,505**
Tangible fixed assets				
Other equipment, furniture and fixtures	**814**	**96**	**276**	**634**
Financial assets				
Shares in affiliated companies	35,301	0	0	35,301
Loans to affiliated companies	34,910	6,340	2,147	39,103
	70,211	**6,340**	**2,147**	**74,404**
	81,131	**7,875**	**2,463**	**86,543**

	Accumulated depreciation				Net book value	
	01.01.2005	Depreciation during business year	Disposals	31.12.2005	31.12.2005	31.12.2004
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Intangible fixed assets						
Trademarks, licenses and similar rights	**4,686**	**2,605**	**35**	**7,256**	**4,249**	**5,420**
Tangible fixed assets						
Other equipment, furniture and fixtures	**248**	**180**	**178**	**250**	**384**	**566**
Financial assets						
Shares in affiliated companies	2,828	0	0	2,828	32,473	32,473
Loans to affiliated companies	0	0	0	0	39,103	34,910
	2,828	**0**	**0**	**2,828**	**71,576**	**67,383**
	7,762	**2,785**	**213**	**10,334**	**76,209**	**73,369**

Accounts receivable and other assets
As of 31 December 2005, 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 forward exchange transactions and exchange spot transactions.

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

At the balance sheet date, there were currency swaps and forward trading to buy/sell foreign currency totaling a nominal KEUR 79,485 (previous year: KEUR 64,431), whose fair value came to KEUR 301 (previous year: KEUR –1,885). This includes anticipated losses totaling KEUR 234 (previous year: KEUR 1,932), which are accounted for with other provisions. At the balance sheet date, the residual term of these transactions 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"):

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 increase 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 MAXDATA AG, within the meaning of Article 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 3,070 on the balance sheet date. They relate only to 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 6,200). 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	2005 KEUR	2004 KEUR
Outstanding invoices	5,290	4,962
Impending losses	234	1,932
Remuneration of the Management Board	0	87
Other	329	416
	5,853	**7,397**

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 50,733 (previous year: KEUR 41,650).

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

Other operating expenses	2005 KEUR	2004 KEUR
Other operating expenses passed on to subsidiaries and from credits to subsidiaries		
License royalties	44,940	35,737
Advertising subsidies	3,440	3,640
Insurance	1,268	1,338
Other	1,085	935
	50,733	**41,650**
Other operating expenses		
IT services	3,735	1,960
Exchange losses compensation paid to subsidiaries	3,607	0
Fees	2,572	1,902
Exchange losses	2,287	7,973
Advertising expenses	484	404
Other	2,274	1,878
	14,959	**14,117**
	65,692	**55,767**

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. Events after the balance sheet date

In January 2006 the Zentralstelle für private Überspielungsrechte (ZPÜ) called the board of arbitration of the German Patent and Trade Mark Office in Munich against MAXDATA and further approximately 20 manufacturers and dealers of personal computers (PC). The ZPÜ as a representative of the authors of film and music claims a copyright device levy of EUR 18.42 for each PC sold or delivered in the Federal Republic of Germany since 1 January 2002. The PC industry and Bundesverband Informationswirtschaft, Telekommunikation und neue Medien (BITKOM) concur that this demand both for reason and amount does not justify. In agreement with BITKOM is to be achieved at short notice that the arbitration is led representatively for the PC industry in the context of a test case.

5. Average number of employees

During the reporting year, MAXDATA AG had an average of 32 employees (previous year: 29).

6. Board remuneration

The total remuneration of the Management Board in the 2005 business year came to KEUR 895 (previous year: KEUR 1,239). The members of the Supervisory Board received a total remuneration of KEUR 225 in 2005 (previous year: KEUR 225).

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

7. Shares and share options of the Management Board and Supervisory Board as of 31 December 2005

Shares and share options of the Management Board and Supervisory Board as of 31 December 2005	Number of share options	Number of shares
Management Board	3,000	647
Supervisory Board	-	105,377

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		
Reinhard Blunck		Primegate AG (Member of Advisory Board)
Jürgen Renz (Spokesman of the Management Board)		
Thomas Stiegler (Deputy Spokesman of the Management Board)	MAXDATA Systeme GmbH (Chairman)	
Members of the Supervisory Board		
Siegfried Kaske Chairman of the Supervisory Board of MAXDATA AG Management Board of DIVACO Beteiligungs AG	DFH Deutsche Fertighaus Holding AG (Chairman) (since 16.06.2005) Massa AG (Chairman) VOBIS AG (Chairman) VOBIS Microcomputer AG (Chairman)	Hamm-Reno Group GmbH & Co. KG (Member of Advisory Board) (since 21.10.2005) Reno Fashion & Shoe GmbH
Dr. Heinrich Böhmer Deputy Chairman of the Supervisory Board of MAXDATA AG (to 31.12.2005)		
Claas Kleyboldt Chairman of the Supervisory Board of AXA Konzern AG	AXA Konzern AG (Chairman) AXA Lebensversicherung AG (Chairman) AXA Service AG (Chairman) AXA Versicherung AG (Chairman) Hapag Lloyd AG Kölnische Rückversicherungs-Gesellschaft AG (to 28.02.2005)	AXA Art Insurance Corporation, New York AXA Art Insurance Limited, London Blue Flame Data Inc., New York WestLB International, Luxemburg (Member of Administrative Board)
Hans Reischl Former Chairman of the Management Board of REWE Zentral AG	Alte Leipziger Versicherungsges. aG Eurohyp AG KarstadtQuelle AG	Commerzbank AG (Member of Advisory Board) Deichmann Schuhe GmbH & Co. Vertriebs KG (Member of Advisory Board)
Bernhard Scholtes Managing Director of MHS Consult GmbH	DFH Deutsche Fertighaus Holding AG (Chairman) (since 16.06.2005)	
Klaus Wiegandt Member of the Supervisory Board of MAXDATA AG	DFH Deutsche Fertighaus Holding AG (Chairman) (to 27.04.2005) Pironet AG	Hamm-Reno Group GmbH & Co. KG (Member of Advisory Board) (since 21.10.2005)

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

On 21 February 2005 the Management Board and Supervisory Board 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 on the MAXDATA AG website at www.maxdata.de/unternehmen/investor_relations/corporate_governance/index.html

Marl, 30 January 2006

MAXDATA AG
The Management Board

Reinhard Blunck Jürgen Renz Thomas Stiegler

Auditor's Report

We have audited the annual financial statements – consisting of balance sheet, income statement and notes – , together with the bookkeeping system, and the management report of the Company MAXDATA AG for the business year from January 1, to December 31, 2005. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions in the articles of incorporation are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the book-keeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB [German Commercial Law] and German generally accepted 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 expectations as to 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 the Company's Board of Managing Directors, 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.

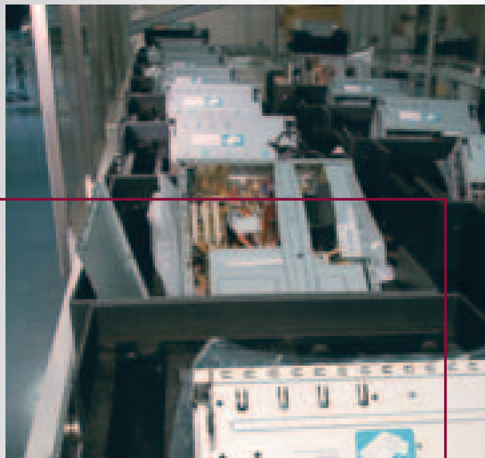
In our opinion based on the result of our audit, the annual financial statements are in compliance with the legal regulations and the supplementary provisions in the articles of incorporation/partnership agreement and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is in accordance with the annual financial statements and provides on the whole a suitable understanding of the Company's position and suitably presents the opportunities and risks of future development.

Essen, January 31, 2006

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

M. Theben	ppa. D. Fouquet
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

05



MAXDATA

MAXDATA AG
Elbestraße 12-16, D-45768 Marl

www.maxdata.com