



6 Months' Report 2004

The Company in figures

(all figures in TEUR according to IAS/IFRS)

	6 Months 2004	6 Months 2003
Sales revenues	7,207	7,174
Gross performance	8,355	7,728
EBITDA ¹	-157	-1,454
EBIT ¹	-548	-1,962
Net income/loss	-567	-1,943
Earnings per share (in euro)	-0.13	-0.45
Employees ²	203	223

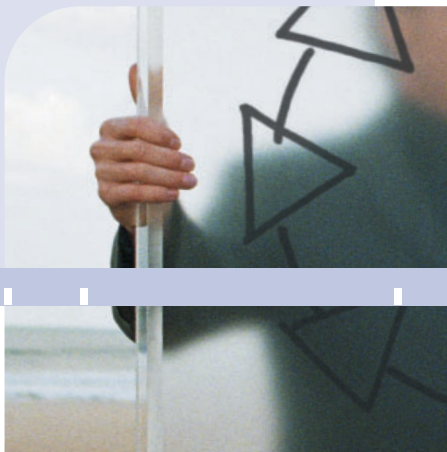
	30.06.2004	31.12.2003
Balance sheet total	25,811	27,392
Equity capital ratio	79 %	77 %
Liquid assets	12,253	13,979

¹ After interest income

² Full-time equivalent, average

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Business development and position of the Company

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Although the economy remains stagnant and there is still a noticeable reluctance to award large IT projects, PRO DV Software AG succeeded in increasing the company's gross performance in the first six months of 2004 by 8.1% to 8.4 million euros (same period 2003: 7.7 million euros). The continuation of the company's stringent cost management programme has resulted in significant cost savings.

The operating result (EBIT) improved from -1.96 million euros in the first six months of 2003 to -0.55 million euros in the first six months of 2004. Over the same period, the earnings per share went up to -0.13 euros after -0.45 euros in the same period of last year. With a balance sheet total of 25.8 million euros and an equity ratio of 79%, PRO DV's balance sheet is healthy. Cash and cash equivalents at the end of the six months under review totalled 12.3 million euros.



The company invested considerable effort in marketing, which resulted in an increase in orders received in the first six months of 2004 to 8.5 million euros. With the orders backlog, the company had an order volume of 6.5 million euros at the end of the period under review.

The sales and operative success of the company is not spread evenly over all divisions. In order to sustain the positive achievements of the first six months, the Board has decided to stop pursuing all fields of business which are unprofitable. In the coming months, the company will start to shed all divisions which have not been able to make a positive contribution to the company's earnings.

The imminent implementation of these measures is expected to generate additional expenditure which will have a non-recurring effect on the company's annual earnings. The Board expects an operative result for the year of -1.0 million euros.

Dortmund, August 2004

The Board of Management



Klaus Bullmann



Udo Bücher



Uwe Osterkamp



PRO DV in figures

Consolidated balance sheet to IAS/IFRS

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Assets	Financial statement 30.06.2004 TEUR	Financial statement 31.12.2003 TEUR
Current assets		
Cash and Cash Equivalents	12,253	13,979
Short-term Investments/Marketable securities	-	-
Trade accounts receivable	2,135	2,378
Accounts receivable due from related parties	-	-
Inventories	839	752
Deferred tax asset	-	-
Prepaid expenses and other current assets	660	675
Total current assets	15,887	17,784
Non-current assets		
Property, plant and equipment	5,565	5,690
Intangible assets	231	264
Goodwill	984	1,000
Investments	-	-
Investments accounted for by the equity method	-	-
Notes receivable/loans	-	-
Deferred taxes	3,008	2,518
Other assets	136	136
Total non-current assets	9,924	9,608
Total assets	25,811	27,392

Liabilities and shareholders' equity	Financial statement 30.06.2004 TEUR	Financial statement 31.12.2003 TEUR
Current liabilities		
Current portion of capital lease obligation	-	-
Short-term debt and current portion of long-term dept	66	66
Trade accounts payable	332	297
Accounts payable due to related parties	-	-
Advance payments received	217	1,277
Accrued expenses	1,504	1,599
Deferred revenues	-	-
Income tax payable	-	-
Deferred tax liability	-	-
Other current liabilities	635	931
Accrued income taxes	34	23
Total current liabilities	2,788	4,193
Non-current liabilities		
Long-term debt, less current portion	789	822
Capital lease obligations, less current portion	-	-
Deferred revenues	-	-
Deferred tax liability	857	381
Pension accrual	-	-
Accrued expenses	153	183
Deferrals	760	782
Total non-current liabilities	2,559	2,168
Minority interest	-	-
Shareholders' equity		
Share capital	4,300	4,300
Capital reserve	19,191	19,191
Treasury Stock	-	-
Retained Earnings/Accumulated deficit	-3,027	-2,460
Accumulated other comprehensive income/loss	-	-
Total shareholders' equity	20,464	21,031
Total liabilities and shareholders' equity	25,811	27,392

Consolidated income statement to IAS/IFRS

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	2nd Quarter 2004 01.04.2004- 30.06.2004 TEUR	2nd Quarter 2003 01.04.2003- 30.06.2003 TEUR	6 Months 2004 01.01.2004- 30.06.2004 TEUR	6 Months 2003 01.01.2003- 30.06.2003 TEUR
Sales revenues	3,615	3,341	7,207	7,174
Other operating income	107	54	211	125
Changes in inventories of finished goods and work in progress	564	168	1,148	554
Production of own fixed assets capitalized	-	-	-	-
Cost of purchased materials and services	277	250	466	639
Personnel expenses	3,443	3,290	6,669	6,902
Depreciation	187	216	376	437
Amortization (and impairment) of goodwill	-	56	15	71
Other operating expenses	908	1,050	1,734	1,970
Operating income/loss	-529	-1,299	-694	-2,166
Interest income and expense	56	77	124	176
Income from investments and participations	-	-	-	-
Income / expense from investments accounted for by the equity method	-	-	-	-
Foreign currency exchange gains/losses	-	-	-	-
Other income/expense	-	-	-	-
Result before income taxes and minority interest	-473	-1,222	-570	-1,990
Income tax	-1	-35	-3	-47
Extraordinary income/expenses	-	-	-	-
Result before minority interest	-472	-1,187	-567	-1,943
Minority interest	-	-	-	-
Net income/loss	-472	-1,187	-567	-1,943
Loss brought forward			-2,470	-13,363
Accumulated deficit			-3,037	-15,306
Net income per share (basic/diluted)	-0.11	-0.28	-0.13	-0.45
Weighted average shares outstanding (basic/diluted)	4,300,000	4,300,000	4,300,000	4,300,000

Consolidated cash flow statement to IAS/IFRS

	6 Months 2004 01.01.2004- 30.06.2004 TEUR	6 Months 2003 01.01.2003- 30.06.2003 TEUR
Cash flows from operating activities		
Net income/loss before tax	-570	-1,990
Adjustments for:		
Minority Interest	-	-
Depreciation and amortization:		
Property, plant, equipment and intangible assets	350	458
Production of own fixed assets capitalized	41	50
Interest income	-146	-204
Interest expense	22	28
Operating profit before working capital changes	-303	-1,658
Changes in long-term liabilities and shareholders' equity	-52	18
Gains and Losses from disposal of fixed assets	-	1
Changes in long-term assets	-	-
	-52	19
Changes in:		
Inventories	-87	-111
Trade receivables	243	523
Other assets	-75	87
Short-term provisions	-95	-411
Trade payable	35	-44
Payments on account for orders	-1,060	-296
Other liabilities and shareholders' equity	-296	-409
	-1,335	-661
Cash generated from operations	-1,690	-2,300
Interest paid	-22	-28
Taxes paid	90	-76
Net cash used in operating activities	-1,622	-2,404
Cash flows from investing activities		
Disposal of consolidated companies net of cash sold	-	-
Acquisition of subsidiaries net of cash acquired	-	-
Payment for investments in fixed assets	-217	-214
Interest received	146	204
Net cash used in investing activities	-71	-10
Cash flows from financing activities		
Cash repayments of amounts borrowed	-33	-33
Net cash used in financing activities	-33	-33
Net decrease in cash and cash equivalents	-1,726	-2,447
Cash and cash equivalents at beginning of period	13,979	15,852
Cash and cash equivalents at end of period	12,253	13,405

Consolidated segment statement
By divisions from 01.01. – 30.06.2004 to IAS/IFRS

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	Division Telecommunications		Division Retail & Banking	
	30.06.2004	30.06.2003	30.06.2004	30.06.2003
	TEUR	TEUR	TEUR	TEUR
1. By areas of competence				
Sales revenues	2,324	2,436	550	510
Production of own fixed assets capitalized	-	-	-	-
Changes in inventories of finished goods and work in progress	486	330	243	14
Gross performance	2,810	2,766	793	524
Other operating income	35	42	34	8
Cost of purchased materials and services	50	141	73	83
Personnel expenses	2,058	2,101	601	464
Depreciation	49	76	5	10
Other operating expenses	536	724	201	133
Segment result	152	-234	-53	-158
Non-attributable costs				
Depreciation administration				
Legal and consulting costs				
Amortization (and impairment) of goodwill				
Financial result				
Income tax				
Minority interest				
Net income/loss				

	Germany	
	30.06.2004	30.06.2003
	TEUR	TEUR
2. By geographical markets		
Gross performance	8,112	7,497

Capital development from 01.01. – 30.06 2004 to IAS/IFRS

Date	Circumstances	Share capital TEUR	Capital reserve TEUR	Profit reserve TEUR	Accumulated deficit TEUR	Total TEUR
01.01.2004		4,300	19,191	10	-2,470	21,031
30.06.2004	Net loss	-	-	-	-567	-567
30.06.2004		4,300	19,191	10	-3,037	20,464

	Division Utilities		Division Government		Division Industry		Other areas		Group	
	30.06.2004	30.06.2003	30.06.2004	30.06.2003	30.06.2004	30.06.2003	30.06.2004	30.06.2003	30.06.2004	30.06.2003
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
	616	651	2,959	2,381	758	1,031	-	165	7,207	7,174
	-	-	-	-	-	-	-	-	-	-
	-51	-23	484	334	-14	-101	-	-	1,148	554
	565	628	3,443	2,715	744	930	-	165	8,355	7,728
	7	9	80	21	55	43	-	2	211	125
	9	77	267	215	67	96	-	27	466	639
	623	649	2,431	2,357	956	1,152	-	179	6,669	6,902
	15	17	95	116	78	95	-	15	242	329
	124	104	501	590	372	296	-	59	1,734	1,906
	-199	-210	229	-542	-674	-666	-	-113	-545	-1,923
									134	108
									-	64
									15	71
									124	176
									-3	-47
									-	-
									-567	-1,943

	EU		Other countries		Group	
	30.06.2004	30.06.2003	30.06.2004	30.06.2003	30.06.2004	30.06.2003
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
	166	217	77	14	8,355	7,728

Capital development from 01.01. – 30.06.2003 to IAS/IFRS

Date	Circumstances	Share capital TEUR	capital reserve TEUR	Profit reserve TEUR	Accumulated deficit TEUR	Total TEUR
01.01.2003		4,300	32,250	10	-13,363	23,197
30.06.2003	Net loss	-	-	-	-1,943	-1,943
30.06.2003		4,300	32,250	10	-15,306	21,254

Appendix

> Economic development

The markets addressed by PRO DV continued over the past months to be dominated by cautious investment. This is evident in the increasing retrenchment, which has led to numerous companies putting planned investments in IT infrastructure and solutions on hold or cutting budgets considerably. Contrary to predictions, the anticipated economic recovery, and the greater willingness to invest in IT projects which this revival would trigger, has not yet taken place.

> Events of particular significance

In May, PRO DV received an order from Avacon AG to implement WinKKS, a cathodic corrosion protection system. The project comprises licensing the information system for documenting and analysing inventory and movement data for cathodic corrosion protection facilities, as well as a range of integration and maintenance services. The implementation of WinKKS throughout the company will secure the stateful and conservative maintenance of the gas network operated by Avacon, which covers a total length of around 3,000 km. With this IT investment, Avacon, which is one of the largest regional utility companies, aims to give itself additional leverage in an increasingly price-sensitive market and further consolidate its leading position. The Avacon Group and all its subsidiaries supply 1.3 million private and commercial customers in Lower Saxony and Saxony Anhalt with a full range of electricity, gas, heat and water related services.

The oil company Deutsche BP AG – whose Aral brand is the leading brand in the retail market – has again chosen a PRO DV geo solution. PRO DV has provided a mobile, product-based application to provide optimum support for all processes in the divisions retail planning, sales and marketing. The project was completed in mid-July and it comprises the group licenses for Germany and Luxembourg in addition to the integration of the solution in the existing IT infrastructure.

> Events of particular significance after the end of the period under review

On 1 July 2004, PRO DV Software celebrated 25 years on the market. PRO DV was formed in 1979 in Essen, Germany, by six engineers, computer scientists and mathematicians as PRO DAT Gesellschaft für Datenverarbeitung Organisation Analyse und Programmierung mbH. In 1982, the company, which focuses on applications for process visualisation, was renamed PRO DV Software. By the end of the 80s the company's turnover had increased tenfold. In 1997, PRO DV was converted into a public limited company. The company's stock market listing followed in 2000 and with it came financial independence.



> Research and development

In the first six months of the financial year, approx. 6.4 man-years in engineering services were invested in the further development of the company's solutions and services. Product developments which commenced in this period were not capitalised as self-constructed assets.

> Investments

Investments in intangible fixed assets and fixed assets in the period under review amounted to TEUR 217.

> Accounting and valuation methods

The accounting, valuation, and calculation methods used for the quarterly statements as of 30 June 2004 were the same as those used for the annual financial statements as of 31 December 2003. This quarterly report has been prepared in compliance with international accounting standards/international financial reporting standards.

> Number of employees

As at 30 June 2004, an average of 203 staff were employed at PRO DV Software AG and its subsidiaries. This figure is based on the full-time equivalent, i.e. part-time staff, trainees, and interns have been taken into consideration on a pro rata basis.

> Equity

The company has access to a contingent capital of 230,000 euros through the issue of bearer shares with an arithmetical share in the capital stock of 1 euro each in order to grant subscription rights to employees and members of the Board of Management of PRO DV Software AG.

> Directors' Holdings

The number of shares held by the members of the Board of Management and Supervisory Board as of 30 June 2004 has remained unchanged and is as follows:

	Shares held 30.06.2004	Shares held 31.12.2003	Subscription rights 30.06.2004	Subscription rights 31.12.2003
Board of management				
Klaus Bullmann	491,225	491,225	10,000	10,000
Udo Bücher	0	0	0	0
Uwe Osterkamp	28,730	28,730	10,000	10,000
Supervisory board				
Dr.-Ing. Knud Norden	0	0	0	0
Michael Petmecky	0	0	0	0
Siegfried Wenzel	491,225	491,225	10,000	10,000

Please do not hesitate to get in touch should you require more information.

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