

telecommunications
utilities

competence in
geo solutions

financial solutions
government

9 Months' Report 2005

The Company in Figures

Figures shown in TEUR in accordance with IAS/IFRS

	9 Months 2005	9 Months 2004
Sales	8,411	11,481
Total operating performance	8,942	12,302
EBITDA ¹	-2,950	-803
EBIT ¹	-3,410	-1,380
Profit/Loss	-3,181	-1,408
Profit/loss per share (in EUR)	-0.74	-0.33
Staff ²	178	205

	30.09.2005	31.12.2004
Balance sheet total	21,346	25,944
Equity ratio	79.3%	77.5 %
Liquid assets	9,873	15,895

¹ After interest income

² Full-time equivalent, mean value



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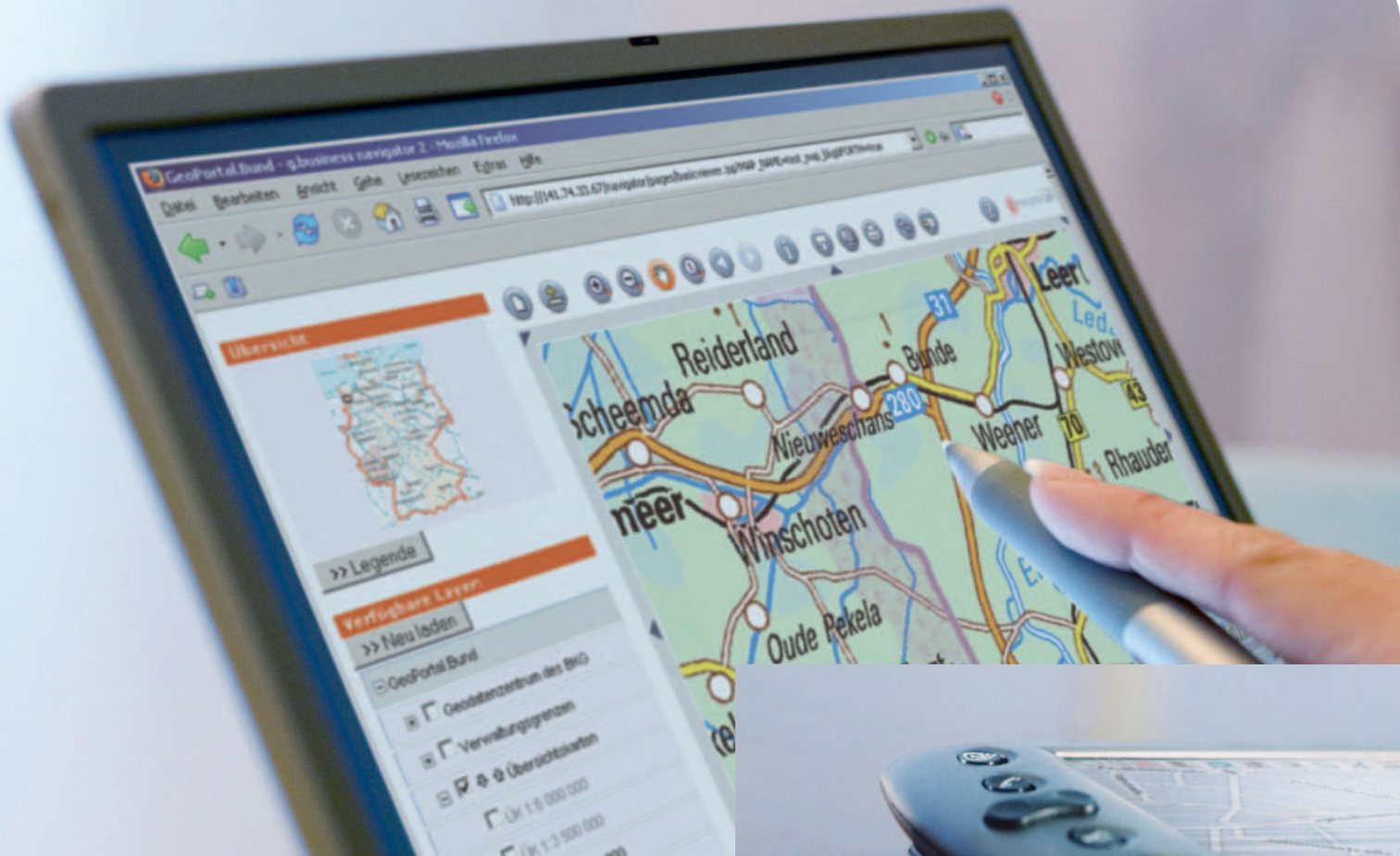


Business Development and Position of the Company

During the first nine months of 2005, PRO DV Software AG was able to realize total performance of 8.9 million euros. The major reason for the lower value of overall performance in comparison with the previous year (12.3 million euros) concerns the extensive preliminary performances in product development for natural disaster protection and the geo-portal solutions which have not been capitalized.

By investing in new solutions for growth-oriented business fields, we are shifting our development more in the direction of a product provider. We expect an increase in single licence business as a consequence for the future. We see this step as the logical path to counteract long-term the pressure on margins in project business, thereby improving our competitiveness.

Owing to the lower overall performance in comparison with the previous year, the operative result (EBIT) in the first nine months of 2005 came to -3.4 million euros as opposed to -1.4 million euros in the comparable period of the previous year. We presume that this situation will change for the better in the near future and will have a positive effect on the development of earnings.





As of 30.09.2005, orders totalling 9.6 million euros had been received. Order backlog as of the closing date amounted to 6.1 million euros. The balance sheet total of 21.3 million euros and an equity ratio of 79% mean that PRO DV continues to maintain a good balance sheet situation. Cash and cash equivalents at the end of the reporting period amounted to 9.9 million euros.

As planned, licence business with the newly created products started to appear for the fourth quarter. This, in combination with a further optimization of the utilization of all resources, leads to our expectations for noticeable relief on results for the last three months of the year. With this in mind, we are maintaining our previous prognoses and expect an operative result (EBIT) of -3.0 million euros for the year 2005 as a whole.

Dortmund, November 2005

The Management Board

Klaus Bullmann

Udo Bücher

Uwe Osterkamp



PRO DV in figures

Consolidated balance sheet to IAS/IFRS

	9 Months 2005	Financial statement
	30.09.2005	31.12.2004
	TEUR	TEUR
Assets		
Current assets		
Cash and Cash Equivalents	9,873	15,895
Trade accounts receivable	1,939	2,792
Inventories	1,330	726
Prepaid expenses and other current assets	633	257
Total current assets	13,775	19,670
Non-current assets		
Property, plant and equipment	3,124	3,215
Intangible assets	568	175
Goodwill	1,769	984
Investments	3	3
Deferred taxes	1,923	1,713
Other assets	184	184
Total non-current assets	7,571	6,274
Total assets	21,346	25,944

	9 Months 2005 30.09.2005 TEUR	Financial statement 31.12.2004 TEUR
Liabilities and shareholders' equity		
Current liabilities		
Short-term debt and current portion of long-term dept	66	66
Trade accounts payable	78	449
Advance payments received	49	282
Accrued expenses	1,819	2,040
Deferrals	167	223
Other current liabilities	481	949
Total current liabilities	2,660	4,009
Non-current liabilities		
Long-term debt, less current portion	694	756
Deferred tax liability	368	311
Accrued expenses	105	135
Deferrals	586	617
Total non-current liabilities	1,753	1,819
Minority interest	-	-
Shareholders' equity		
Share capital	4,300	4,300
Capital reserve	17,398	17,398
Retained Earnings/Accumulated deficit	-4,765	-1,582
Total shareholders' equity	16,933	20,116
Total liabilities and shareholders' equity	21,346	25,944

**Consolidated income statement
to IAS/IFRS**

	3rd Quarter 2005 01.07.2005- 30.09.2005 TEUR	3rd Quarter 2004 01.07.2004- 30.09.2004 TEUR	9 Months 2005 01.01.2005- 30.09.2005 TEUR	9 Months 2004 01.01.2004- 30.09.2004 TEUR
Sales revenues	2,649	4,274	8,411	11,481
Other operating income	52	36	595	247
Changes in inventories of finished goods and work in progress	464	-327	531	821
Cost of purchased materials and services	166	227	784	693
Personnel expenses	2,977	3,209	9,122	9,878
Depreciation	155	186	460	562
Amortization (and impairment) of goodwill	-	-	-	15
Other operating expenses	887	1,258	2,864	2,992
Operating income/loss	-1,020	-897	-3,693	-1,591
Interest income and expense	85	55	253	179
Result before income taxes and minority interest	-935	-842	-3,440	-1,412
Income tax	-165	-1	-259	-4
Result before minority interest	-770	-841	-3,181	-1,408
Minority interest	-	-	-	-
Net income/loss	-770	-841	-3,181	-1,408
Loss brought forward			-1,592	-2,470
Accumulated deficit			-4,773	-3,878
Net income per share (basic/diluted)	-0.18	-0.20	-0.74	-0.33
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

	9 Months 2005 01.01.2005- 30.09.2005 TEUR	9 Months 2004 01.01.2004- 30.09.2004 TEUR
Cash flows from operating activities		
Net income/loss before tax	-3,440	-1,412
Depreciation and amortization:		
Property, plant, equipment and intangible assets	409	515
Production of own fixed assets capitalized	51	62
Changes in invalid payment	-2	-
Interest income	-283	-211
Interest expense	30	32
Operating profit before working capital changes	-3,235	-1,014
Changes in long-term liabilities and shareholders' equity	-61	16
Gains and Losses from disposal of fixed assets	-	1
Changes in long-term assets	-	-
	-61	17
Changes in:		
Inventories	-473	-329
Trade receivables	930	67
Other assets	-296	33
Short term provisions	-462	152
Trade payable	-682	-51
Payments on account for orders	-283	-1,148
Other liabilities and shareholders' equity	-664	-343
	-1,930	-1,619
Cash generated from operations	-5,226	-2,616
Interest paid	-30	-32
Taxes paid	88	71
Net cash used in operating activities	-5,168	-2,577
Cash flows from investing activities		
Proceeds from the disposal of fixed assets	-	-
Acquisition of consolidated companies net of cash acquired	-844	-
Payment for investments in fixed assets	-231	-302
Interest received	283	211
Net cash used in investing activities	-792	-91
Cash flows from financing activities		
Cash repayments of amounts borrowed	-62	-62
Net cash used in financing activities	-62	-62
Net decrease in cash and cash equivalents	-6,022	-2,730
Cash and cash equivalents at beginning of period	15,895	13,979
Cash and cash equivalents at end of period	9,873	11,249

Cash and cash equivalents corresponds to balance sheet's cash and cash equivalents.

Consolidated segment statement to IAS/IFRS

	Division Telco & Utilities	
	30.09.2005 TEUR	30.09.2004 TEUR
1. By areas of competence		
Sales revenues	3,502	4,638
Production of own fixed assets capitalized	-	-
Changes in inventories of finished goods and work in progress	49	338
Gross performance	3,551	4,976
Other operating income	69	52
Cost of purchased materials and services	215	124
Personnel expenses	3,484	3,901
Depreciation	141	97
Other operating expenses	1,232	1,094
Segment result	-1,452	-188
Non-attributable items		
Other operating income		
Depreciation administration		
Amortization (and impairment) of goodwill		
Financial result		
Income tax		
Net income/loss		

	Germany	
	30.09.2005 TEUR	30.09.2004 TEUR
2. By geographical markets		
Gross performance	8,620	11,899

Capital development from 01.01. – 30.09.2005 to IAS/IFRS

Date	Circumstances	Share capital TEUR	Capital reserve TEUR	Currency conversion TEUR	Profit reserve TEUR	Accumulated deficit TEUR	Total TEUR
01.01.2005		4,300	17,398	-	10	-1,592	20,116
30.09.2005	Net loss	-	-	-	-	-3,181	-3,181
30.09.2005	Other non-operating changes	-	-	-2	-	-	-2
30.09.2005		4,300	17,398	-2	10	-4,773	16,933

Division Financial Solutions		Division Government		Division Industry		Group	
30.09.2005	30.09.2004	30.09.2005	30.09.2004	30.09.2005	30.09.2004	30.09.2005	30.09.2004
TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
2,149	1,195	2,760	4,287	-	1,361	8,411	11,481
-	-	-	-	-	-	-	-
-53	219	535	604	-	-340	531	821
2,096	1,414	3,295	4,891	-	1,021	8,942	12,302
3	39	256	90	-	66	328	247
106	90	463	406	-	73	784	693
1,599	1,037	4,039	3,581	-	1,359	9,122	9,878
52	9	192	140	-	116	385	362
419	320	1,213	773	-	805	2,864	2,992
-77	-3	-2,356	81	-	-1,266	-3,885	-1,376
						267	-
						75	200
						-	15
						253	179
						-259	-4
						-3,181	-1,408

EU		Other countries		Group	
30.09.2005	30.09.2004	30.09.2005	30.09.2004	30.09.2005	30.09.2004
TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
13	180	309	223	8,942	12,302

Capital development from 01.01. – 30.09.2004 to IAS/IFRS

Date	Circumstances	Share capital TEUR	Capital reserve TEUR	Currency conversion TEUR	Profit reserve TEUR	Accumulated deficit TEUR	Total TEUR
01.01.2004		4,300	19,191	-	10	-2,470	21,031
30.09.2004	Net loss	-	-	-	-	-1,408	-1,408
30.09.2004		4,300	19,191	-	10	-3,878	19,623

Notes

Economic Development

In the current market situation in Germany, clients were still reluctant to undertake investments; however, there has been an ongoing break-up over a period of several months of the investment backlog that had built up in the past. Apparently there has been a change in the thought process of companies seeking IT services and products. There is a recognizable tendency for companies to make their decisions about the use of IT from a strategic viewpoint again. Consequently, IT is no longer seen as only a cost factor. Clients have learned from their experience in recent years when it comes to their requirements. They have become more demanding and goal-oriented. Universal applications are no longer at the centre of their attention. On the contrary, companies are now looking for concrete, standardized solutions to their specific problems. IT support is in demand for individual, customer-related processes – with the fastest possible ROI. As a consequence, knowledge of their clients' business processes is becoming increasingly important for providers.

The lack of relief in the keen competition kept pressure on prices in the reporting period. The market for information technology again proved to be a buyer's market from a structural viewpoint as well. On the clients' side, purchasers exploited the strength of their negotiating position. IT providers must adapt to this situation today. PRO DV has recognized this and responded appropriately: our services and products are aimed at major industries in Germany. Our clients include companies from the financial sector as well as from government and telecommunications and utilities.

Events of Particular Significance

There were no events of particular significance within the Company during the reporting period.

Events of Particular Significance after the Close of the Reporting Period

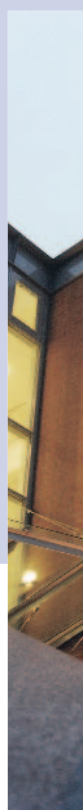
There have been no events of particular significance within the Company since 30.09.2005.

Research and Development

During the first nine months of the business year, engineering services totalling 12.4 billable years were invested in the further development of our solutions and services. These product developments were not capitalized as home-grown assets.

Investments

The investments in intangible and tangible assets amounted to TEUR 231 during the reporting period.



Methods of Accounting and Evaluation

The quarterly closing as of 30.09.2005 has been prepared using the same accounting, evaluation and calculation methods as for the annual accounts as of 31.12.2004. This quarterly report has been prepared in conformity with the International Accounting Standards/International Financial Reporting Standards.

As business in these sectors is structurally comparable, the divisions Telecommunications and Utilities have been merged into a single division. This has already been taken into account in the segment reporting. The Banking Division has been renamed Financial Solutions so that the offered services can be modelled more realistically.

Staff

As of 30.09.2005, a staff of 178 as a mean value was employed at PRO DV Software AG and its subsidiaries. This value is based on the full-time equivalent, i.e., part-time staff, vocational trainees and interns were taken into account proportionately.

Shareholders' equity

The Company has at its disposal contingent capital of TEUR 430 from the issue of shares issued to the bearer with a proportionate value of the share capital of EUR 1.00 per share for the granting of subscription rights to staff members and Management Board members of PRO DV Software AG.

Stock Held by Officers and Directors

The number of PRO DV shares held by the members of the Management Board and Supervisory Board as of 30.09.2005 remains unchanged as shown below.

	Stock held 30.09.2005	Stock held 31.12.2004	Subscription rights 30.09.2005	Subscription rights 31.12.2004
Management Board				
Klaus Bullmann	491,225	491,225	0	10,000
Udo Bücher	0	0	0	0
Uwe Osterkamp	28,730	28,730	0	10,000
Supervisory Board				
Michael Petmecky	0	0	0	0
Siegfried Wenzel	491,225	491,225	0	10,000
Professor Rolf Windmüller, Dr.-Ing.	0	0	0	0



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If you have any questions,
please do not hesitate to
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