6 MONTH REPORT

1/1 – 6/30/2000

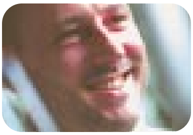
BOV Aktiengesellschaft

DEAR SHAREHOLDERS AND BUSINESS ASSOCIATES,

BOV can look back on an eventful and successful six months, the highlight of which was doubtless the listing of BOV stock on the Neuer Markt segment of the Frankfurt stock exchange at the end of June. By opening itself to the capital markets, BOV AG has passed a further key milestone in systematically building up a leading position in e-business solutions. We would like to take this opportunity to thank our new shareholders for their interest in our Company and to provide them with brief details of our Company's performance in the first half of the year and the outlook for the second half.

In addition to preparations for the IPO, the first six months of the year were characterized by administrative restructuring. On the one hand, this concerned BOV's German-wide geographic expansion. With the establishment of three new offices in Munich, Frankfurt and Hamburg, we have come a good deal closer to meeting our goal of marketing BOV's range of services throughout the German-speaking region.

On the other, LUW Software AG, which we acquired last November, was restructured and integrated in the BOV Group. LUW's many years of mainframe experience ideally complement our own skills. With the merger of the two companies, BOV is predestined to becoming a general contractor for innovative, cross-platform Internet solutions.

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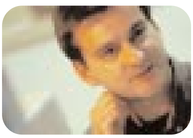
RECORD ORDER RECEIPTS

The resources required to integrate LUW meant that consolidated revenues in the first half of the year were up by only a moderate 9% year-on-year. We deliberately included this slower growth in our plans in order to establish the necessary internal structures. The realized income of DM 21.3 million (previous year: DM 19.6 million) is in line with forecasts given at the time of the IPO.

Moreover, with the successful completion of restructuring, which has also resulted in improved pooling of sales and marketing capacity, business will be well up in the second half of the year. Among other things, this is demonstrated by current consolidated order receipts worth DM 16 million, roughly 40 % higher than one year ago and marking a new record for BOV.

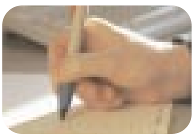
True to our business strategy of systematically focusing on high-margin individual software development, the Applied Solutions division accounted for roughly 54 % of revenues as at June 30, 2000. The balance is spread between the Basic Solutions (44 %) and Software (2 %) divisions.




HIGH RECRUITMENT LEVELS

The main cost factor in the first half of the year was personnel expenditure of DM 10.9 million, up 40% over the previous year. This reflects the above-average growth in the BOV Group's staff numbers. Thanks to close ties with universities and research institutes in tandem with the creation of a job exchange, the Company has been able to recruit 57 additional employees since the beginning of the year. As is customary at BOV, new recruits initially underwent an expensive three to four-month Academy training session and are now available for active deployment to contribute to the Company's continued growth. On June 30, 2000, BOV employed 216 (previous year: 135) specialists.

In addition to personnel expansion, the establishment of new offices as well as higher depreciation/amortization resulted in net loss of DM 1.1 million for the first half of the year (previous year: net profit of DM 1.1 million). This, however, is in line with the forecasts given at the time of the IPO for the first six months of the year. Pursuant to IAS rules, the IPO costs (DM 6.1 million) are not included in the income statement but netted against capital reserves.

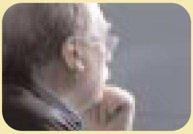


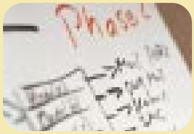
BOV Group's INCOME STATEMENT (IAS)

Revenues
Other operating income
Cost of materials
Personnel expenditure
Depreciation/amortization
Other operating expenditure
EBIT
Financial result
Earnings on ordinary activity
Extraordinary income
Income taxes
Consolidated earnings
DVFA/SG-Bereinigungen
EDVFA/SG adjustments
DVFA/SG-based earnings per share in DM

STRONG CASH FLOW

Following the IPO, the BOV Group's total assets have risen to DM 101.1 million, up roughly 675% over the previous year. This is particularly reflected in an above-average equity ratio of 80.1% (previous year: 59.6%). On the assets side, the proceeds from the IPO resulted in a substantial improvement in the Company's cash flow; a sum of DM 66.0 million is now available for financing the Company's future growth.





1/1 – 6/30/2000		1/1 – 6/30/1999	
TDM	**%**	**TDM**	**%**
21,334	100	19,603	100
84	0	67	0
-7,245	-34	-7,416	-38
-10,944	-51	-7,830	-40
-1,117	-5	-242	-1
-3,417	-16	-2,158	-11
-1,305	-6	2,024	10
-295	-1	-38	0
-1,600	**-8**	**1,986**	**10**
18	0	0	0
489	2	-857	-4
-1,093	**-5**	**1,129**	**6**
783	**4**	**0**	**0**
-310	**-1**	**1,129**	**6**
-0.05		**0.19**	

BOV Group's CASH FLOW STATEMENT	1/1 – 6/30/2000	1/1 – 6/30/1999
	TDM	**TDM**
Net profit or less for the period	-1,093	1,129
Depreciation/amortization		
amortization of intangible assets		
depreciation of intangible assets	316	242
goodwill amortization	801	0
Change in pension provisions	86	86
Change in deferred taxes	-951	-104
Cash flow	**-841**	**1,353**
Change in other provisions	1.341	-1,026
Change in inventories	225	-58
Change in receivables	-3,838	-3,660
Change in deferred items and other assets	1,065	64
Change in trade and other liabilities	503	3,163
Cash flow from operating activities	**-1,545**	**-164**
Additions to final investments	77	-56
Investments in fixed assets	-425	-915
Outflow of funds from investing activities	**-348**	**-971**
incomming payment from increase in share capital	3.912	12
incomming payment from increase in capital reserve	64,250	7
Dividend payment from LUW	0	-1,297
Change in loans	-1,015	537
Cash flows from financing activities	**67,147**	**-741**
Net increase in cash and cash equivalents	**65,254**	**-1,876**
Cash and cash equivalents at the beginning of the period	**699**	**2.123**
Cash and cash equivalents at the end of the period	**65,953**	**247**

OUTLOOK

The main thrust of activities in the second half of the year will be BOV's continued expansion in both Germany and other European countries. In addition, the Company is working intensively on broadening its enterprise customer base. Preliminary success has been achieved here with the acquisition of a major order from IdentCo, for whom BOV will be developing a business-to-business platform for the French market. A further major order for an international telecommunications company worth a seven-digit sum of money is to be signed in the near future. Other contracts with leading German companies in the e-business area are to signed over the next few weeks.

The first step towards expanding into other European countries was completed at the beginning of this month with the acquisition of Glance, one of the leading e-service operators in Switzerland. Glance has excellent skills in programming complex Internet projects and employs superbly trained developers. With its proprietary ActiveFrame product, the profitable company additionally possesses a platform allowing BOV to extend its high-margin licensing business earlier than planned.

With substantial spending on sales and marketing as well as strategic acquisitions planned, BOV's position in the e-service segment is to be further extended and awareness levels raised throughout Germany and Europe. As a result, we expect to be able to exceed our revenue and earnings forecasts.

Essen, August 2000

The Management Board