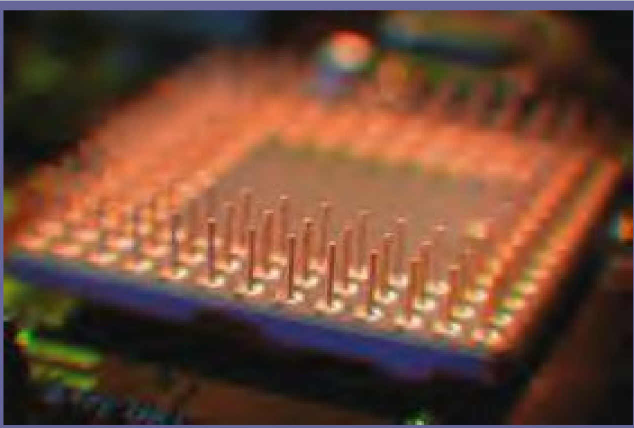

COMPANY REPORT

DR. KALLIWODA EQUITY RESEARCH

March, 03, 2005

Rating: Unchanged **BUY**

Coverage: Since Q1 2004

VALOR COMPUTERIZED SYSTEMS

Software / Technology

Last Price: **€ 3,00**

Fair Value: **€ 4,40**

Convincing Power of Customer Acquisition and Cash-Flows

- **Asia is largest sales potential**
- **Operative Cashflows faciliate product development**
- **Strong balance and dividend yield**
- **Impending M&A-Transactions ?**

COMPANY DESCRIPTION

VALOR COMPUTERIZED SYSTEMS is one of the leading suppliers of productivity-increasing software solutions for the electronic industry. VALOR´s solutions cover the development, production and VALOR created an international standard for dataexchange on the highest level. The products help companies to increase their productivity and to minimize mistakes.

SOURCE: DEUTSCHE BORSE AG; VALOR COMPUTERIZED SYSTMES

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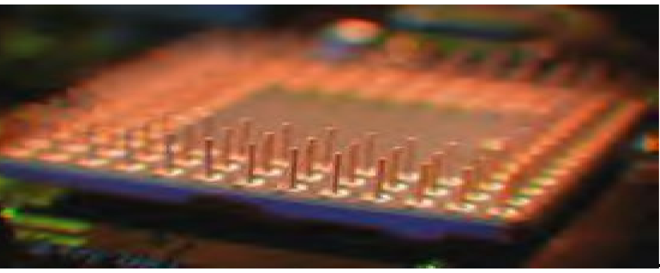
Figures in EUR	2002	2003	2004	2005e	2006e
EPS Dr. Kalliwoda	-0,04	0,11	0,09	0,15	0,19
EPS Consensus	-0,04	0,11	0,13	0,16	0,18
Revenues (mln)	22,1	25,6	30,7	35,5	48,0
net Income (adj.)	-0,8	1,9	1,6	2,8	3,4
net cash per share	0,8	1,6	1,5	1,8	1,8
net Cash	14,0	29,9	27,6	32,0	32,0
Free Cash Flow	3,0	8,8	12,3	2,3	1,9
P/E	-	28,6	33,8	19,8	16,0
P/S	-	2,1	1,8	1,5	1,1

Price (curr)	3	Shares out (mln)	18,25
52W high	4,35	6M Avrg Vol (000s)	15,5
52w low	1,95	Free Float (in %)	39,2%
Market Cap (mln)	54,8	Weight in Prime All Share	0,005%
Last Dividend	0,14	Reuters code	VCR
Sales CAGR 02-06	21%	Bloomberg	VCR
Web Page	www.valor.com	WKN	928731

Source: DR.KALLIWODA | RESEARCH



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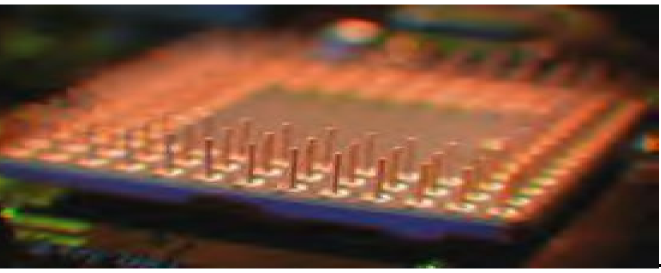


1. EXECUTIVE SUMMARY

In the fourth quarter of 2004 Valor obtained record revenues with US$ 8.3 million. Altogether, the enterprise reached sales of US$ 30.66 million in 2004 (increase of 22.7% in relation to the financial year 2003). In the financial year of 2004 Valor achieved an operational cash-flow of US$ 3.4 million. Valor has now had a positive sales growth for seven consecutive times. The net profit amounted to US$ 1.62 million in the previous financial year. Compared to the financial year of 2003, the expenditures for research & development increased in 2004 by approximately 39% to US$ 10.3 million. In order to further develop its strong market position, Valor sets itself the goal to develop constantly further their products. We assume that Valor will take over small niche-companies, in order to be able to serve the large markets in particular in the USA, Asia and Japan purposefully. We expect a gross income of US$ 35 million and an EBIT of US$ 2.9 million for the financial year 2005. We derive this strong rise from the company´s already accomplished activities to expand in Asia.
On the basis of our discount cash flow model we calculate a fair value of US$ 5.6 (€ 4.4) per share (unchanged compared to our last publication). **We recommend the stock to buy.**

P&L-Estimates until 2008

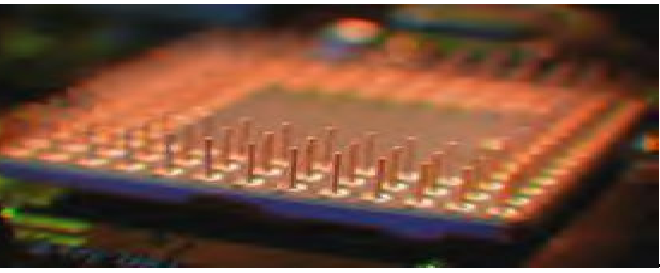
We expect sales of US$ 35.5 million to US$ 75 million for the years 2005 to 2008 and we calculate an average sales growth of 26.5%. For the EBIT we expect US$ 2.9 million in 2005, US$ 3.8 million in 2006, US$ 5.5 million in 2007 and US$ 6.7 million in 2008, which equals an average EBIT-margin of 8,3%. We expect pre-tax results from 2005 to 2008 to be US$ 3.5 million, US$ 4.6 million and US$ 5.6 million, which results in an EBT-margin of 10% on average with continuous growth. These result-series are positively influenced by a high stock of financial investments of US$ 30 million.

Valor Growth-drivers

- Trilogy and TraceXpert: Trilogy 5000 is used by international companies for manufacture simulation, for assembly and for testing printed circuit boards. The market is productive with US$ 3.2 billion. In our view Valor´s product TraceXpert is the most important product solution for the electronic industry beside Trilogy 5000. The product manages the real time monitoring of production, machine control, inventory management as well as accurate data-logging. High Tech enterprises of the entire electronic industry require these comprehensive software solutions for their respective product life cycle management (PLM).

- Huge market potential in Asia: In 2004 21% of the gross income was obtained in Asia. In Asia we expect strongest turnover growth. We expect an increase of over 50% of gross income in 2007.

- Customers: Valor closed attractive contracts. Examples are one of the major mobile phone vendors, Toshiba, Marconi and Jabil Circuit. Jabil Circuit uses Trilogy 5000 as well as VPL worldwide at 27 production Jabil Circuit uses Trilogy 5000 as well as VPL worldwide at 27 production locations.



- **Customer benefit:** The benefit for the high-ranking customers of Valor is the increased productivity resulting from the products themselves as well as shortened production times. Valor also convinces customers by means of examined Return-on-Investment models.

- **M & A-transactions:** A strong free-cashflow and a cash-position of US$ 30 million allow M&A transactions. In our opinion the technology capacity should be increased, thereby achieving advantages by size. Market leadership via M&A transactions can be achieved at least in some partial markets served by Valor. Specific company purchases would improve the technology basis, improve Valor´s standing with customers, as well as chances for new acquisitions.

2. FINANCIALS

2.1 Successful fourth quarter 2004: Sales record

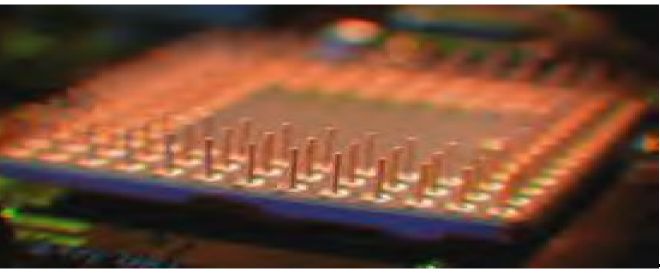
In the fourth quarter of 2004 Valor obtained record revenues with US$ 8.3 million. This was an increase of 23% compared to the previous year´s quarters. Altogether, the enterprise reached sales of US$ 30.66 million. This is an increase of 22.7% in relation to the financial year 2003. The following table shows the individual quarters of the last two financial years.

VALOR Q3/2004 Figures in Mio. $ and Estimates for Q4/2004

	Q1 2004	Q1 2003	Change to Q1 2003	Q2 2004	Q2 2003	Change to Q2 2003	Q3 2004	Q3 2003	Change to Q3 2003	Q4 2004	Q4 2003	Change to Q4 2003	total 2004	total 2003	Change to total2004
Revenues															
Product Sales and Related Services	4,61	3,85	19,73%	4,77	4,00	19,44%	5,08	3,95	28,55%	5,435	4,42	23,05%	19,899	16,22	22,71%
Maintenance	2,54	2,29	10,91%	2,68	2,32	15,57%	2,72	2,40	13,42%	2,821	2,39	18,03%	10,763	9,40	14,51%
Total Revenues	7,15	6,14	16%	7,45	6,31	18%	7,80	6,35	23%	8,256	6,81	21%	30,662	25,62	20%
Cost of Revenues															
Product Sales	0,28	0,29	-2,41%	0,84	0,20	322,61%	0,86	0,20	329,35%	0,846	0,32	164,38%	2,83	1,01	180,50%
Maintenance	0,20	0,15	28,10%	0,16	0,12	26,83%	0,21	0,18	15,93%	0,142	0,21	-31,07%	0,705	0,66	6,17%
Total Costs of Revenues	0,48	0,44	8%	1,00	0,32	210%	1,07	0,38	180%	0,988	0,53	88%	3,538	1,67	111%
Gross Profit	6,67	5,70	17%	6,46	5,99	8%	6,73	5,97	13%	7,268	6,28	16%	27,124	23,94	13%
Research and Development Costs	2,66	1,67	59,64%	2,46	1,88	31,25%	2,44	1,96	24,53%	2,742	1,90	44,09%	10,303	7,40	39,15%
Selling and Marketing Expenses	3,34	3,04	9,63%	3,45	3,14	9,97%	3,49	2,97	17,71%	3,451	3,30	4,64%	13,729	12,45	10,32%
General and Administrative Expenses	0,57	0,44	29,38%	0,43	0,38	14,13%	0,45	0,49	-7,16%	0,473	0,37	28,18%	1,923	1,67	15,01%
Total Operating Costs and Expenses	6,56	5,15	27%	6,34	5,39	18%	6,39	5,42	18%	6,666	5,57	20%	25,955	21,52	21%
Impairment (loss) earnings				0,00	-0,01	-100,00%									
Profit from Operations	0,11	0,55	-79,75%	0,11	0,60	-80,94%	0,34	0,55	-38,34%	0,602	0,72	-15,92%	1,169	2,42	-51,69%
Financial Income, net	0,24	0,23	4,80%	0,22	0,32	-31,06%	0,10	0,28	-65,23%	0,213	0,38	-43,65%	0,772	1,21	-36,09%
Profit before Taxes on Income	0,35	0,78	-55%	0,34	0,92	-63%	0,44	0,83	-47%	0,815	1,09	-26%	1,941	3,63	-46%
Taxes on Income	0,06	0,16	-64,15%	0,04	0,15	-77,27%	0,04	-0,02	-268,18%	0,190	1,42	-86,66%	0,319	1,72	-81,40%
Profit bef.Inc.Tax due to Divid.Distribution	0,295			0,301	0,77	-61%	0,40	0,85	-53%	0,625	0,29	113%	1,622	1,91	-15%
Income Tax due to Dividend Distribution				0,00	-1,31	-100,00%	0,00	0,00		0,000	1,31		0,000		
Net Profit Loss)	0,295	0,623	-53%	0,30	-0,54	-156%	0,40	0,85		0,625	0,97	-36%	1,622	1,91	-15%
Basic Earnings (Losses) per Share	0,02	0,03	-33,33%	0,02	-0,03	-154,98%	0,02	0,05	-56,41%	0,03	0,06	-43,39%	0,09	0,11	-16,13%
Diluted Earnings (Losses) per Share	0,01	0,03	-66,67%	0,01	-0,03	-133,33%	0,02	0,04	-50,41%	0,03	0,06	-48,43%	0,07	0,10	-29,22%
Weighted Av. No. Of Shares Basic Earnings	18,15	18,08	0,41%	18,26	18,08	0,99%	18,40	18,08	1,78%	18,400	18,08	1,77%	18,40	18,08	1,77%
Weighted Av. No. Of Shares Diluted Earnings	19,96	18,40	8,51%	20,60	18,08	13,95%	20,22	19,48	3,76%	20,200	19,48	3,70%	20,20	19,48	3,70%

Source: VALOR COMPUTERIZED SYSTEMS ; DR.KALLIWODA|Research

The net profit amounted to US$ 1.62 million in the previous financial year, a decrease of 15% in relation to the financial year of 2003. Without the research and development expenditures of altogether US$ 10.3 million, an operational profit (EBIT) of US$ 11.47 million would have been reached. However, this is only a hypothetical calculation, in order to visualize the strong profitability of the company. Valor moves in markets in which sophisticated product solutions of international companies are used and optimum solutions are needed for all stages of a product cycle in the electronic industry. In order to further develop its strong market position, Valor sets itself the goal to develop constantly further their products e.g. Trilogy 5000 and TraceXpert and to manufacture new modules for addition.



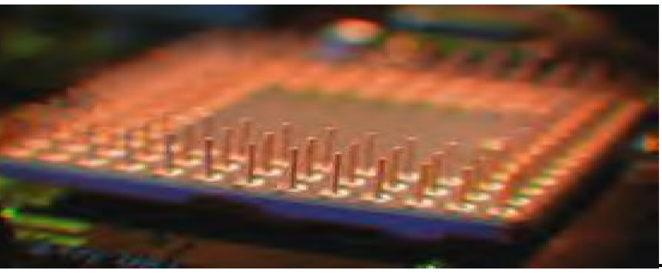
Compared to the financial year of 2003, the expenditures for research & development increased in 2004 by approximately 39% to US$ 10.3 million. The biggest part of the R&D expenditures was used for the assembly solutions and/or PLM solutions[1)].

In 2004, a profit per share of US$ 0.08 (diluted) was obtained compared to US$ 0,10 in the previous year.

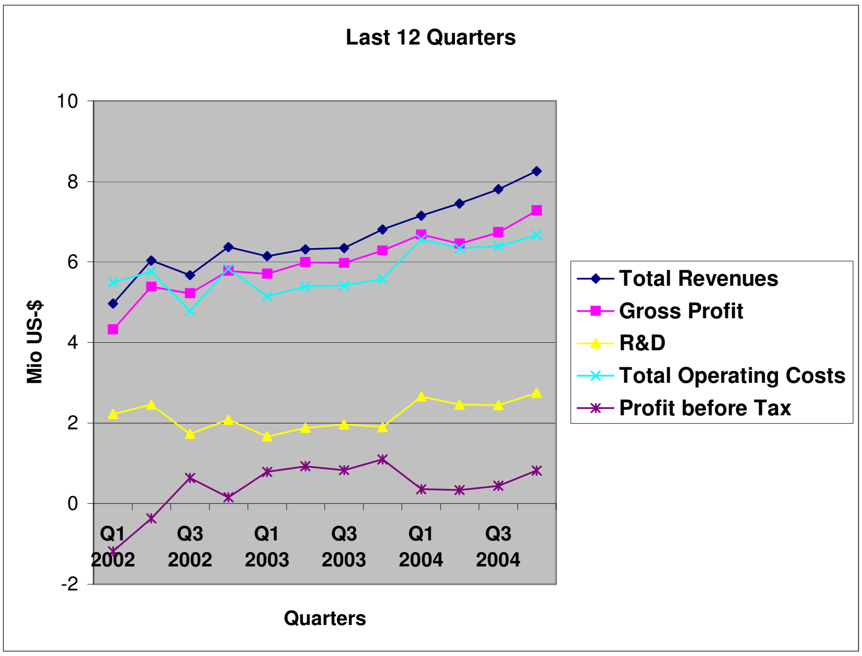
In the financial year of 2004 Valor achieved an operational cash-flow of US$ 3.4 million. Valor has now had a positive sales growth for seven consecutive times (see table above).

The following graph shows the company´s performance in the last three years. Sales, gross earnings as well as the result before taxes have risen continuously in each quarter of the financial year 2004 while total costs (total operating costs) could be decreased. Profits before taxes were significantly lower in the financial year of 2004 with US$ 1,94 million compared to US$ 3,63 million in 2003, however in 2004 the company invested increasingly into the development of the Asiatic sales market. Furthermore the products were improved and built up to fulfill the requirements of the Valor customers on the group of companies level. Valor is able to serve the needs for product life cycle management (PLM) completely. But further steps are necessary in our opinion. The investments by the industries companies for efficiency increases of their production processes are not idiosyncratic, i.e. a change is connected with relatively little transaction costs because certain product modules that are offered by other producers can be used as well. Valor can safeguard itself against the loss of customers by further developing its products. In our view, Valor chooses the right way for the future development of its standing with its existing as well as potential customers. Valor should succeed in binding customers on a long-term basis and repel attacks of competitors. Therefore, there is a necessity for newer product generations in certain time intervals, which are even more valuable for the customers. The competitive ability of Valor can thereby increased. We assume that Valor will take over small niche-companies, in order to be able to serve the large markets in particular in the USA, Asia and Japan purposefully.

[1] The assembly solutions correspond primarily to the products Trilogy 5000 (assembly engineering) as well as TraceXpert (assembly MES, Manufacturing Execution of System). The two products cover regularly the most important components of the PLM of the electronics companies (Product Lifecycle management).



VALOR Quarterly Trends (2002 bis 2004)

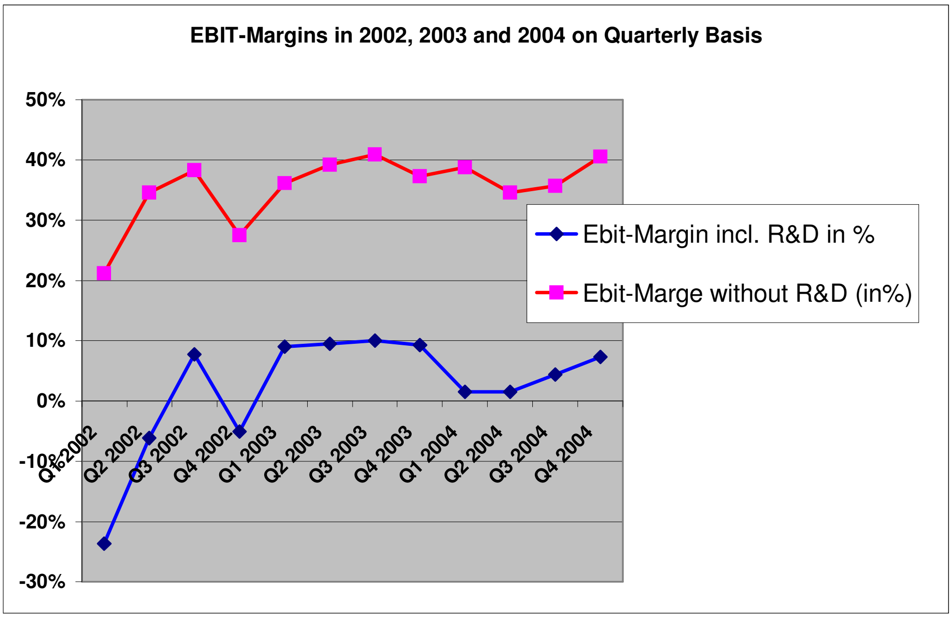


Quelle: VALOR COMPUTERIZED SYSTEMS; DR. KALLIWODA|Research

The following graph shows that Valor is a profitable enterprise. The EBIT-margin (with R&D) has constantly improved in the last four quarters and has almost reached 10% as in 2003. In 2002, a positive result was obtained only in the third quarter.
The curve above shows a hypothetical EBIT-margin computation that does not account for R&D expenditures. We call it EBITRaD-margin (Earnings before Interest, Tax and R&D). Here, Valor exhibits an impressive margin of 37.4% on average for the financial year 2004, 38.4% for 2003 and 30.4% for 2002.

VALOR Quarterly Trends (2002 bis 2004)

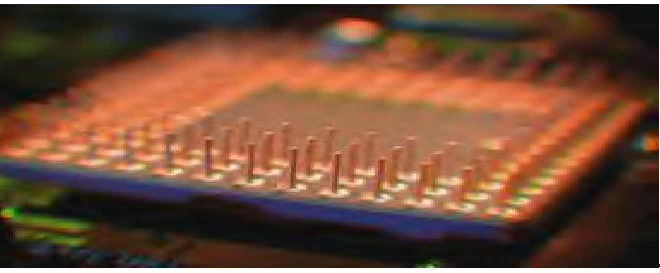
Relevance of R&D-Activities: Hypothetical EBIT without R&D-Costs



Quelle: VALOR COMPUTERIZED SYSTEMS; DR. KALLIWODA|Research

2.2 Outlook

We expect a gross income of US$ 35 million and an EBIT of US$ 2.9 million for the financial year 2005. We derive this strong rise from the company´s already accomplished activities to expand in Asia. It is important to strengthen the connection to customers already won. The exact derivation of the result-rows and the development of the company value on basis of different scenarios is shown in the following chapter 3. Valuation.



3. VALUATION

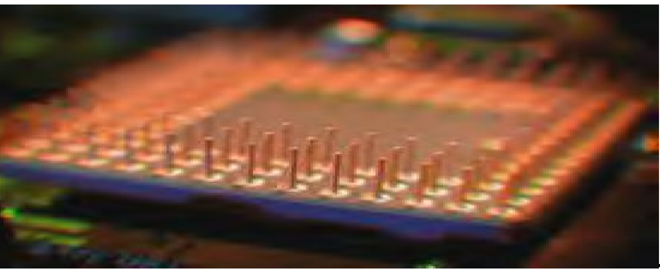
3.1 Share price goal of US$ 5.6 and a market-capitalization of US$ 113 million

On the basis of our discount cash flow model with a weighted cost of capital (WACC) of 9.2% and a beta of 1.1 we calculate a fair value of US$ 5.6. With a present Euro/US$ exchange-rate of 1.3 we calculate a fair value of € 4.4 per share (unchanged compared to our last publication) and **recommend the stock to buy**.

3.2 Company valuation: DCF-Method

The valuation of the Valor Computerized Systems was done through the three-staged discount-cash-flow model to calculate the inner value of the share. We made the following assumptions: We set the risk free interest rate at 3.7%. This corresponds to a 10-year bond. We calculated the risk premium with 5% and the beta factor in relation to the TecDax30 with 1.1. These parameters applied, we received a weighted average cost of capital (WACC) of 9.2%. On the basis of these capital costs we derive a fair value for the share of € 4.40. We set the assumption that the company grows on a long-term basis by 1,5% (terminal growth). A fair value of € 4.4 corresponds to an upward potential of approx. 45% compared to the present share price of € 3.

DCF PARAMETER	
PARAMETERS	
Risk-free rate	**3,7%**
Risk premium	**5,0%**
Beta	**1,10**
Longterm growth rate	**1,5%**
Cost of equity	**9,2%**
Cost of debt (after Tax)	**4,2%**
WACC	**9,2%**
NET PRESENT VALUE OF FREE CASH FLOWS (Mio. US-DOLLAR)	
Phase 1 (2005-2006)	**14,1**
Phase 2 (2007-2009)	**29,6**
Phase 3 (2010...terminal value)	**39,1**
Net debt	**30,3**
Value of total equity	**113,1**
DCF value per share	**5,59**
Source: DR.KALLIWODA | RESEARCH 2005	



3.3 Sensitivity analysis

We did a sensitivity analysis in order to detect the variability of our deduced fair value under different economic scenarios. For this, see the following tables:

SENSITIVITY ANALYSIS per Share

(US-DOLLAR)		Discount factor				
ß = 1,1		0,07	0,08	0,092	0,10	0,11
	0,0%	6,49	5,81	5,28	4,86	4,52
CAGR of revenues in terminal phase	0,5%	6,69	5,94	5,37	4,92	**4,57**
	1,0%	6,91	6,09	5,47	**5,00**	4,62
	1,5%	7,17	6,26	**5,59**	5,08	4,68
	2,0%	7,49	**6,46**	5,73	5,18	4,75
	2,5%	**7,87**	6,70	5,88	5,28	4,82

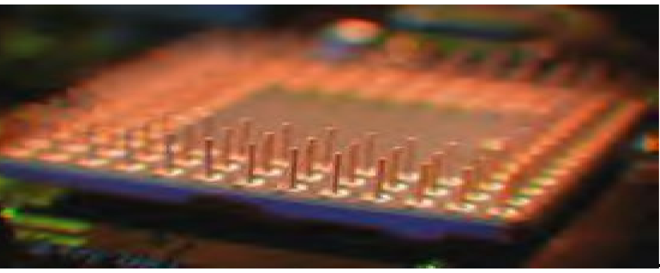
Source: Dr. Kalliwoda Research

SENSITIVITY ANALYSIS (Market-Capitalization)

(Mio. US-DOLLAR)		Discount factor				
ß = 1,1		7,2%	8,2%	9,2%	10,2%	11,2%
	0,0%	131	117	107	98	91
CAGR of revenues in terminal phase	0,5%	135	120	109	100	**92**
	1,0%	140	123	111	**101**	93
	1,5%	145	127	**113**	103	95
	2,0%	151	**131**	116	105	96
	2,5%	**159**	135	119	107	98

Source: Dr. Kalliwoda Research

The results show an valuation-range of US$ 4.52 to US$ 7.78. We consider a long-term growth of only 0.5% very unrealistic. Even with a long-term growth of only 1% the fair value would vary between US$ 4,62 and US$ 6.91 under the premise of a weighted cost of capital (WACC) between 7 % and 11%. Analogously, the market capitalization would vary between US$ 93 million and US$ 140 million. A long-term growth of 1.5% (Terminal Growth Rate) and a weighted cost of capital of 9.2% is realistic in our eyes. From these numbers, a market-capitalization of US$ 113 million, corresponding to a fair share price of US$ 5.6 for Valor Computerized Systems is calculated.



3.4. Profit- and Loss-Accounting until 2008

The following graph shows the profit-and-loss-accounts with estimates up to 2008.

PROFIT & LOSS VALOR COMPUTERIZED SYSTEMS

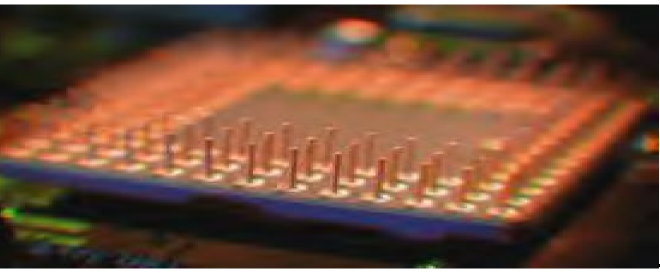
$ mln

	2001	2002	2003	2004e	2005e	2006e	2007e	2008e	CAGR 00-08
Revenues	24,8	22,1	25,6	30,7	35,5	48,0	63,0	75,0	26,5%
% change	-15,4%	-11,0%	16,0%	19,7%	15,8%	35,2%	31,3%	19,0%	
COGS	-3,3	-2,2	-1,7	-3,5	-4,1	-5,5	-7,3	-8,7	
% of revenues	13%	10%	7%	12%	12%	12%	12%	-12%	
Gross income	21,5	19,8	23,9	27,1	31,4	42,5	55,7	66,3	26,8%
% change	-16,3%	-7,7%	20,7%	13,3%	15,8%	35,2%	31,3%	19,0%	
Gross margin	87%	90%	93%	88%	88%	88%	88%	88%	89%
R & D	-8,0	-6,8	-7,4	-10,3	-11,9	-16,1	-20,8	-24,3	
% of revenues	32%	31%	29%	-34%	-34%	-33%	-24%	17%	
S, S&A (Distr./Mark.)	-12,9	-10,5	-12,4	-13,7	-14,4	-19,5	-25,5	-30,4	
% of revenues	52%	47%	49%	-45%	-41%	-41%	-30%	19%	
Other op. Income	-1,8	-1,9	-1,7	-1,9	-2,2	-3,0	-4,0	-4,7	
EBITDA	-1,2	0,7	2,4	1,2	2,9	3,8	5,4	6,6	
% of revenues	-5%	3%	9%	4%	8%	8%	9%	9%	
EBITDA margin	-4,7%	3,0%	9,4%	3,8%	8,0%	7,9%	8,6%	8,8%	
EBIT	-1,2	0,7	2,4	1,2	2,9	3,8	5,5	6,7	5,7%
% of revenues	-5%	3%	9%	4%	8%	8%	9%	9%	
EBIT margin	-4,7%	3,0%	9,4%	3,8%	8,0%	7,8%	8,8%	8,9%	5,7%
Financial result	2,1	0,7	1,2	0,8	0,6	0,8	0,7	0,8	
Pre tax income	0,9	-0,8	3,6	1,9	3,5	4,6	6,2	7,5	7,5%
% of revenues	3,8%	-3,5%	14,2%	6,3%	9,7%	9,5%	9,8%	10,0%	
Taxes	0,0	0,0	-1,7	-0,3	-0,7	-1,1	-1,5	-1,9	
Tax rate	1,7%	-2,1%	47,3%	16,4%	20,0%	25,0%	25,0%	25,0%	
Minorities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Net income (Ex adj.)	0,9	-0,8	1,9	1,6	2,8	3,4	4,6	5,6	20,0%
% of revenues	4%	-4%	7%	5%	8%	7%	7%	7%	
Net margin	4%	-4%	7%	5%	8%	7%	7%	7,5%	
# shares out (mln)	18,54	18,07	18,05	18,27	18,40	18,40	18,40	18,40	
EPS	0,05	-0,04	0,11	0,09	0,15	0,19	0,25	0,30	20,3%

Source: DR. KALLIWODA | RESEARCH; VALOR COMPUTERIZED SYSTEMS

The P&L shows a strong sales development from 2001 to 2004 from US$ 24.9 million to US$ 30,66 million and expected sales of US$ 35.5 million to US$ 75 million for the years 2005 to 2008 and we calculate an average sales growth of 26.5% (CAGR)[2)] from this. For the EBIT we expect US$ 2.9 million in 2005, US$ 3.8 million in 2006, US$ 5.5 million in 2007 and US$ 6.7 million in 2008, which equals an average EBIT-margin of 8,3%. The EBT-series is stronger. We expect pre-tax results from 2005 to 2008 to be US$ 3.5 million, US$ 4.6 million and US$ 5.6 million, which results in an EBT-margin of 10% on average with continuous growth. These result-series are positively influenced by a high stock of financial investments of US$ 30 million, even though this stock and the interest obtainable through it could be reduced by the acquisition of smaller companies.

[2] Compound AVERAGE Growthrate: Here the turnover growth rates were settled. From 2005 to 2008 on the year 2005 with the capital cost set of 9.2 % (WACC).



3.4 Balance and CashFlow-Statement until 2008

Our balance estimations consider continuous enterprise growth supported by stable cash-flow growth. The balance grows, although we subordinated high declarations of dividend in our cash-flow analysis. See for this the also following cash-flow statement in the connection of the following balance estimation.

BALANCE SHEET VALOR COMPUTERIZED SYSTEMS

EUR mln

	2001	in %	2002	in %	2003e	in %	2004e	in %	2005e	in %	2006e	in %	2007e	in %	2008e	in %
Intangible assets	0,8	2	0,4	1	0,3	0,645	0,5	1,238	0,5	1,12	0,5	1,01	0,5	0,899	0,5	1
(thereof goodwill)	0,8	2	0,4	1	0,3	4	0,4	4	0,4	0,91	0,4	0,833	0,4	0,755	0,4	1
Tangible assets	2,8	6	2,2	5	1,8	4	1,6	4	2,3	5	3,0	6	3,8	7	3,2	8
Financial assets	1,7	4	18,5	42	1,8	4	3,2	7	3,2	7	3,2	6	3,2	6	3,2	5
Fixed assets	6,0	**11**	21,6	**48**	4,1	**9**	5,8	**12**	6,5	**13**	7,2	**13**	8,0	**13**	7,4	**14**
Inventories	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0
Trade debtors	3,9	9	4,9	11	4,6	11	5,5	13	6,0	13	7,5	15	9,0	16	10,1	17
Other current assets	0,8	2	3,2	7	2,0	5	2,3	5	2,5	5	3,1	6	3,7	7	4,2	7
Cash & marketable sec.	35,7	78	14,9	34	30,8	75	30,4	70	32,2	69	33,7	66	36,0	64	38,1	62
Current assets	40,4	**89**	23,1	**52**	37,4	**91**	38,1	**88**	40,7	**87**	44,2	**87**	48,7	**87**	52,4	**86**
Total assets	**45,59**	100	**44,24**	100	**41,26**	100	**43,31**	100	**46,78**	100	**51,00**	100	**56,27**	100	**61,28**	100
Share capital	35,6	76	38,7	87	35,4	86	34,9	81	34,9	75	34,9	68	34,9	62	34,9	57
Reserves	3,6	8	0,0	0	0,0	0	0,8	2	2,8	6	4,9	10	7,8	14	11,1	18
Minority interests	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0
Provisions	2,5	5	1,8	4	2,2	5	2,3	5	2,5	5	3,1	6	3,7	7	4,2	7
Financial liabilities	1,6	4	0,9	2	0,9	2	2,8	6	3,1	7	3,8	7	4,6	8	5,2	8
Other liabilities	0,8	2	0,6	1	0,4	1	0,4	8	0,3	1	0,4	1	0,4	1	5,9	1
Total liabilities	7,4	16	5,5	13	5,8	14	-0,7	19	9,1	19	11,2	22	13,6	24	15,3	25
Total equity and liabilities	**46,59**	100	**44,23**	100	**41,26**	100	**43,32**	100	**46,78**	100	**51,00**	100	**56,27**	100	**61,28**	100
Working capital	4,7		5		5		5,5		6,0		7		9,0		10	
Net debt (u.a. Umlaufverm.)	-33,1		-14		-29		-26,8		-27,8		-28		-29,1		-30	
Gearing	-0,8		-0,4		-0,8		-0,8		-0,8		-0,7		0,0		0,0	

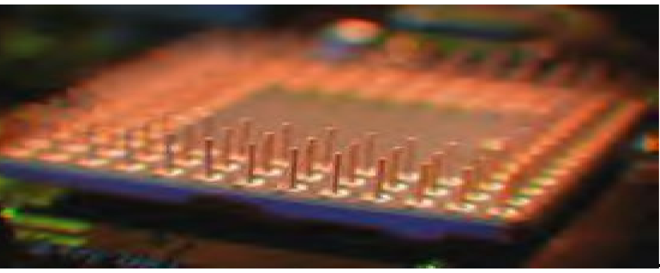
Source: DR.KALLIWODA| Research, VALOR COMPUTERIZED SYSTEMS

CASH FLOW STATEMENT VALOR COMPUTERIZED SYSTEMS

$ mln

	2001e	in %	2002e	in %	2003e	in %	2004e	in %	2005e	in %	2006e	in %	2007e	in %	2008e	in %	CAGR 00-08
Operating cash flow	**0,5**		**0,4**		**3,5**		**3,4**		**3,0**		**2,6**		**3,7**		**5,0**		**26,2%**
Cash flow from investments	5,8		2,4	-51	5,3		8,8		-0,7		-0,7		-0,7		-1,0		
Dividend payments	0,0		0,0		-5,3		-2,6		-1,6		-1,5		-2,1		-2,5		
Cash flow Financ. (e.g. buy back shares)	-4,7		0,0		0,0		0,0		0,0		0,0		0,0		0,0		
Free cash flow	**6,4**		**2,8**		**8,8**		**12,3**		**2,3**		**1,9**		**3,0**		**4,0**		

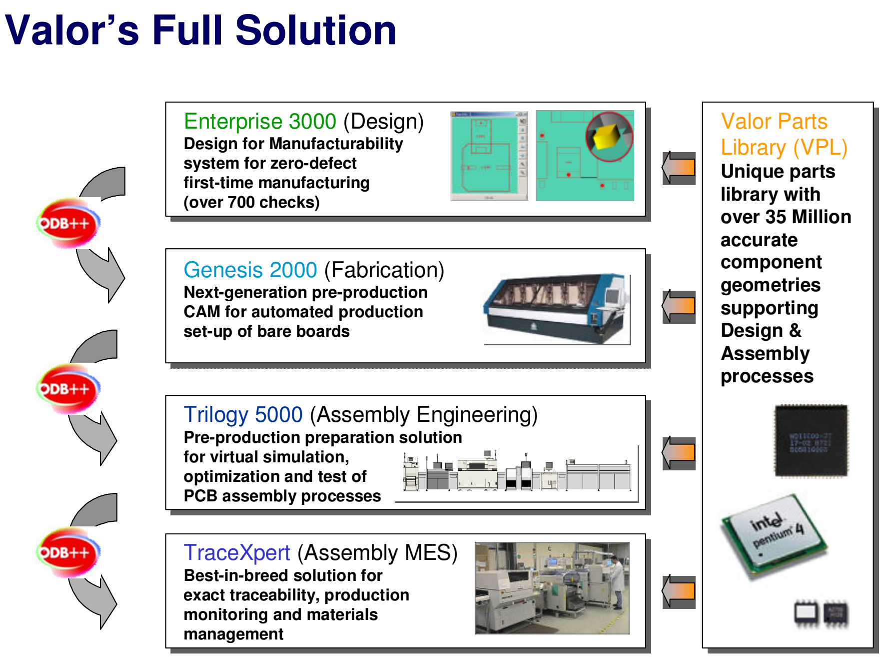
Source: DR.KALLIWODA| Research, VALOR COMPUTERIZED SYSTEMS



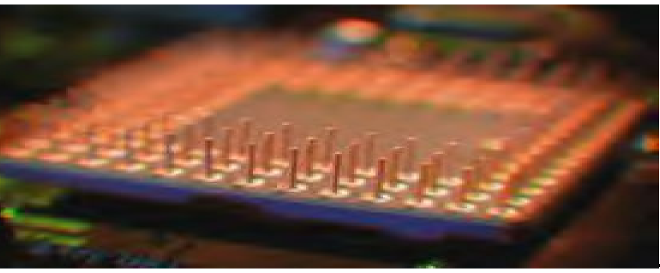
4. VALOR GROWTH-DRIVERS

4.1 VALOR Products + Market potential

Valor Computerized Systems is a specialist supplier of productivity-increasing software solutions for the electronic industry. International companies e.g. Intel, Sony, Toshiba, Dell, Motorola and Flextronics are users of Valor solutions. Valor is focusing themselves on process simulation (Manufacturing Process Simulation, MPS) and manufacturing solutions (Manufacturing Execution System, MES). They faciliate the production efficiency for all production stages of complex products (Product Lifecycle Management). In addition Valor succeeded in optimizing a data exchange between product design and different production departments with the development of open data format ODB++.
The following graphics shows the products of Valor:



Source: Valor Computerized Systems 2004.



Enterprise 3000 (Design):

Enterprise 3000 is a system for physical construction verification. The system supports the physical printed circuit board design and examines the fabrication. Designers are able to accomplish design miniaturization with simultaneous retention or improvement of the achievement of high-speed boards.

Genesis 2000 (Fabrication):

Genesis 2000 supports the manufacturing of solidstate disks. Valor dominates the market of the printed circuit board production with this product. It is a CAM-solution for previous production processes which was developed by front FRONTLINE PCB Solutions, a joint venture of Valor and Orbotech. The joint venture has a fully integrated technique solution, which is used by prominent printed circuit board manufacturers. The customers of the printed circuit board industry receive thus concepts for their entire value chain: Design, production and assembly.

Trilogy 5000 (Assembly Engineering):

Trilogy 5000 is used by international companies for manufacture simulation, for assembly and for testing printed circuit boards. The market is productive with US$ 3.2 billion. Trilogy 5000 is based on a Top Down approach, which steers the complete data flow of the preparation processes in the printed circuit board assembly. The Trilogy 5000 solution has the advantage that integrated data records are available for the specific needs of different production lines. This is possible also for lines consisting of machines from different suppliers. The Trilogy 5000 solution is of high use for the electronic industry, since with it the total performance production lines can be significantly improved. In 2004 Valor invested in the advancement and reinforcement of its MPS (Manufacturing Process Simulation) and MES (Manufacturing Execution System) in order to round off its PLM-solutions spectrum. Furthermore Valor has also invested R&D for adjacent markets, e.g. the market for techniques for the testing of electronic printed circuit boards in order to be able to acquire customers therein.

TraceXpert (Assembly MES, Manufacturing Execution Systems):

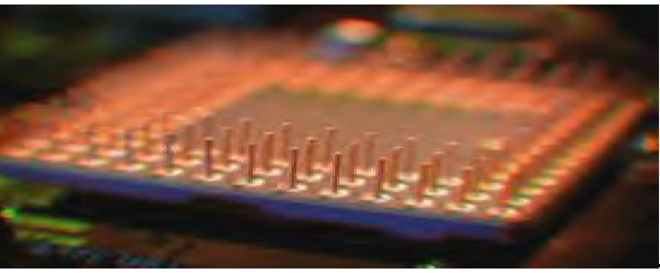
Valor´s product TraceXpert is the most important product solution for the electronic industry beside Trilogy 5000 in our view. TraceXpert is a component of the MES solutions (Manufacturing Execution System). The product manages the real time monitoring of production, machine control, inventory management as well as accurate data-logging. High Tech enterprises of the entire electronic industry require these comprehensive software solutions for their respective product life cycle management (PLM).

Valor Parts Library (VPL)

The Valor Parts LIBRARY (VPL) is a specialized on-line data base for electronic elements shown on the right side of the graph.

ODB++

All Valor product solutions are based on the open data format ODB++. This data format was developed by Valor and makes a fast and optimized data exchange possible between product design and the other production departments.



All entire products facilitate increased productivity, shortened production times and increased product quality, leading to a profitability increase with the manufacturers.

4.1.1 Customers

Valor closed successfully with one of a major mobile phone vendors a basic agreement for the product segment MES Solution at a potential value of US$ 10 million. Toshiba uses the entire product range of Valor: Enterprise 3000, genesis 2000, Trilogy 5000, VPL and TraceXpert. Jabil Circuit uses Trilogy 5000 as well as VPL worldwide at 27 production locations. One of the new customers is Marconi, which integrates Trilogy into its production.

4.1.2 Customer benefit

The benefit for the high-ranking customers of Valor is the increased productivity resulting from the products themselves as well as shortened production times. Also the product quality of partial components and final products is improved, thereby leading to more efficient production and net yield improvement. Valor also convinces customers by means of examined Return-on-Investment models: This means that Valor points out monetary advantages to its customers achieved by the employment of its product solutions. Costs as well as production errors are reduced and the product quality is maximised.

4.2 Valors strongest growth drivers

Valor maintains sales branches in 23 countries. Customers are accompanied worldwide with product implementations. 85% of the worldwide electronics companies are Valors customers. However the volumes per customer are strongly expandable in our opinion.

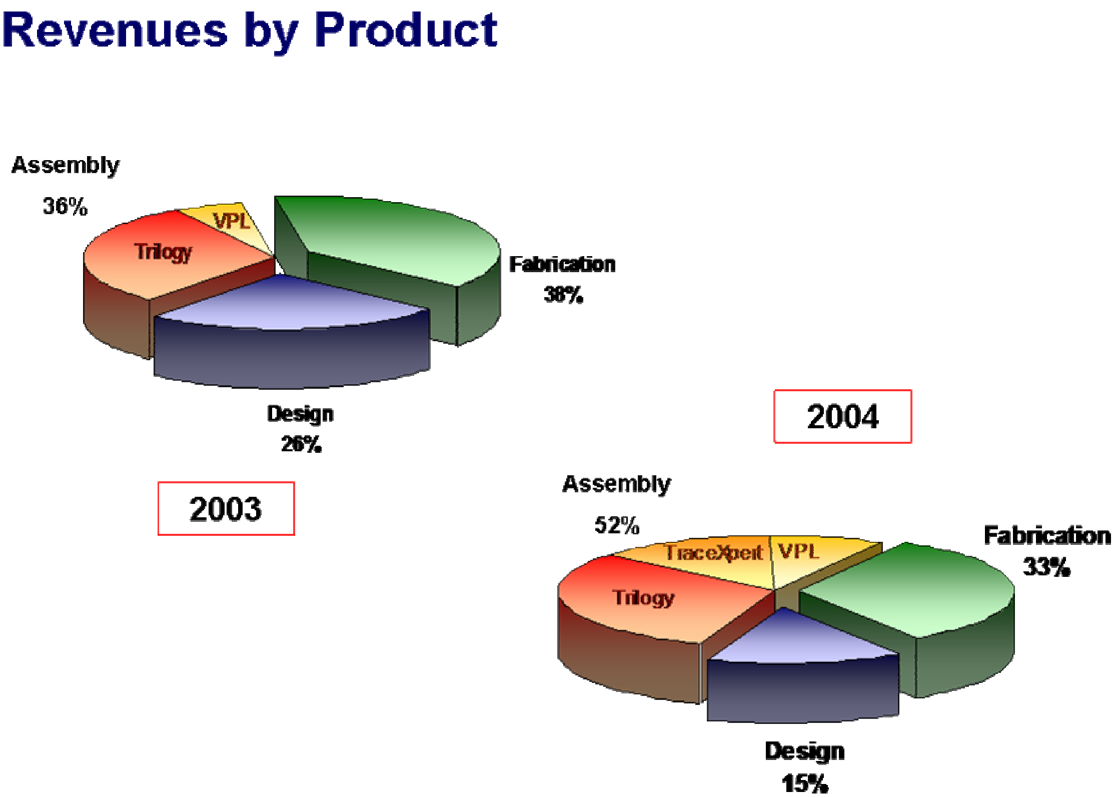
- **Expansion in Asia:** In 2004 21% of the gross income was obtained in Asia. In Asia we expect strongest turnover growth. We expect an increase of over 50% of gross income in 2007.

- **Turnover growth by Trilogy 5000:** Trilogy 5000 "best in class" - product in the segment simulation & optimization technology. beside TraceXpert Trilogy is an important product in Valor´s product-mix.
Customers rapidly become aware of the advantages of Trilogy 5000 and gain confidence in Valor and its products.

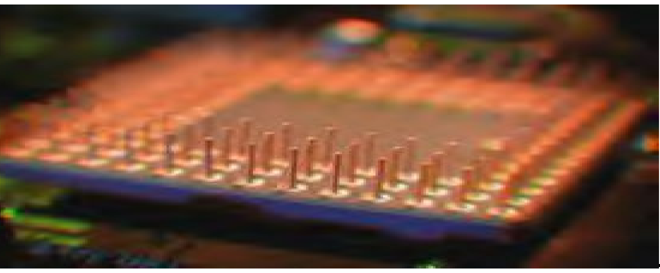
- **Turnover growth via TraceXpert:** Electroncs companies depend on production solutions (MES, Manufacturing Execution Systems) meaning that there is a strong demand for these solutions. TraceXpert´s advantage is the professional Interface-Technology, Thereby making it ideal to the acquisition of potential big customers.

- **M & A-transactions:** A strong free-cashflow and a cash-position of US$ 30 million allow M&A transactions. In our opinion the technology capacity should be increased, thereby achieving advantages by size. Market leadership via M&A transactions can be achieved at least in some partial markets served by Valor. Specific company purchases would improve the technology basis, improve Valor´s standing with customers, as well as chances for new acquisitions.

The following graph shows the increasing importance of the products Trilogy, TraceXpert and VPL – brought together under the head of "Assembly" – which have a sales-share of 52%. In contrast the sales share of Enterprise 3000 (Design) fell from 26% in 2003 to 15% in 2004; the sales share of Genesis (Fabrication) fell from 38% in 2003 to 33% in 2004. The absolute sales figure remained constant. The increase in sales was achieved by Trilogy and TraceXpert.



Source: Valor Computerized Systems 2004



5. APPENDIX

5.1 Markets and annually Marketvolume

The following partial markets with their associated size as well as Valors´ offered solutions are illustrated in the following graphics.

Valor producte, belonging markets and annually market volumes in 2004 and for the future (expectations)

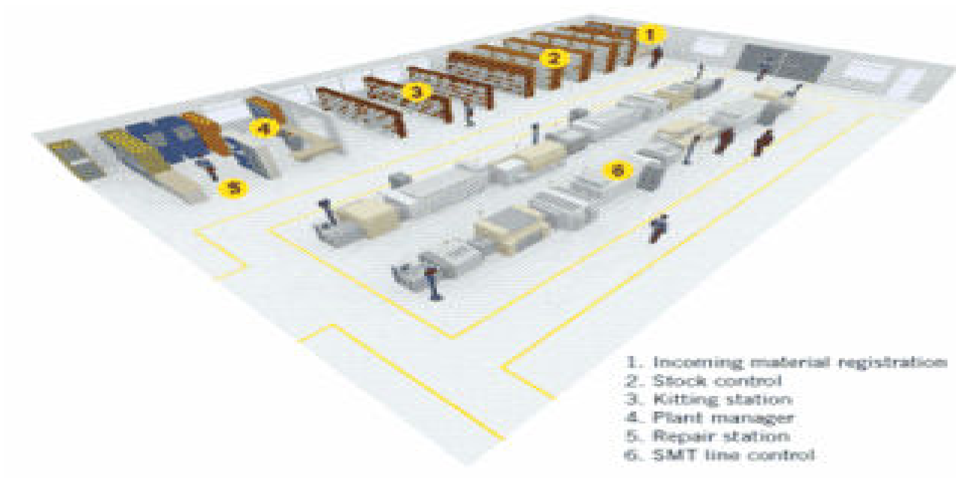
Valor products	Valor product sales in %		Market segments in the Electronic manufacturing industry	Belonging annually market volumes US$ Million
TraceXpert	10	*)	Assembly MES manufact.	240
Trilogy 5000	35	*)	Assembly MES manufact.	
Enterprise 3000	15		Design	30
Frontline Products	33		Fabrication	80
VPL	7	*)	Parts Library	100
	100			**450**

Source: DR.KALLIWODA| Research, VALOR COMPUTERIZED SYSTEMS

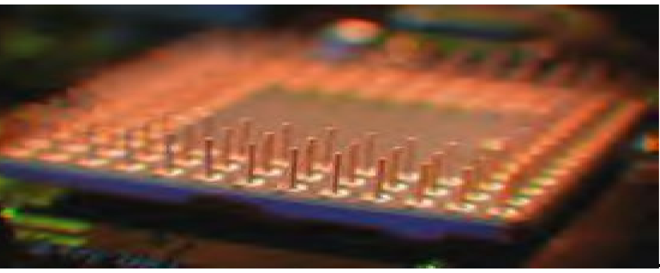
*) Based on VALOR-2004-Statement: TraceXpert, Trilogy und VPL brought together a sales share of 52%.
The allocation within the three segments can deviate. (Estimations of Dr. Kalliwod|Research).

5.2 „Traceability"-supported Assembly-Line

For the illustration of a "Traceability"-supported assembly line see the following graphics (see also chapter 4.1 Valor products and market potential). The software of Valor identifies incorrect products at relevant manufacturing interfaces. Only the incorrect products are recalled and exchanged.



Graphics: In a factory assigned MES system (Manufacturing Execution system) with Traceability function.



6. SWOT ANALYSIS

Strengths

- Valor is already strongly interlaced in the vertical structures of important world companies
- Strong management with many years of know-how in the electronics segment
- Very high financial power by cash-flow
- High cash reserves of US$ 30 million
- State-of-the-art technologies; strong assembly process expertise
- Trilogy 5000 as growth-driver
- Best-in-class product TraceXpert as growth-driver
- Professional open data-format ODB++; full data portability; real-time production controll
- Impressive customer base

Weaknesses

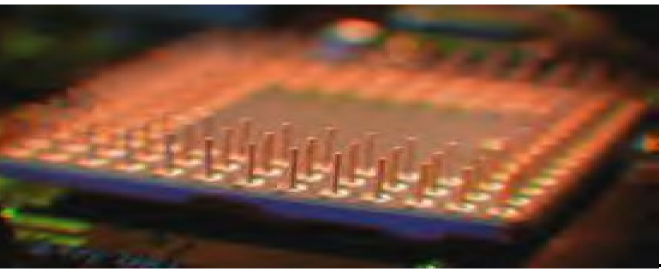
- Enterprise 3000 with limited growth-potential

Opportunities

- High earnings- and sales-potential in Asia und Japan
- Impending M&A-transactions
- Strong market trends supporting Valor´s strategy
- Customers need increasing quality and traceability requirements
- Trend to more complex, higher density designs
- Move of volume productions to the Far East where Valor does have a strong network
- More than 20% increase in net profit expected

Threads

- Presence in over 23 countries requires strong distribution/sales power and well organized structures.



7. CONTACT

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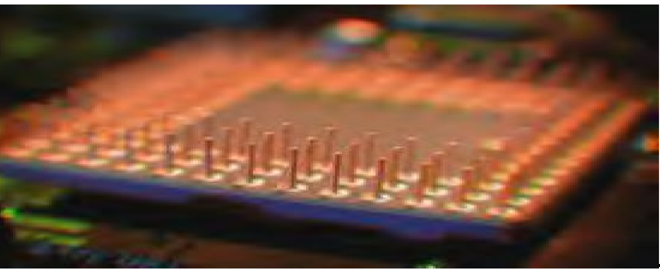

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