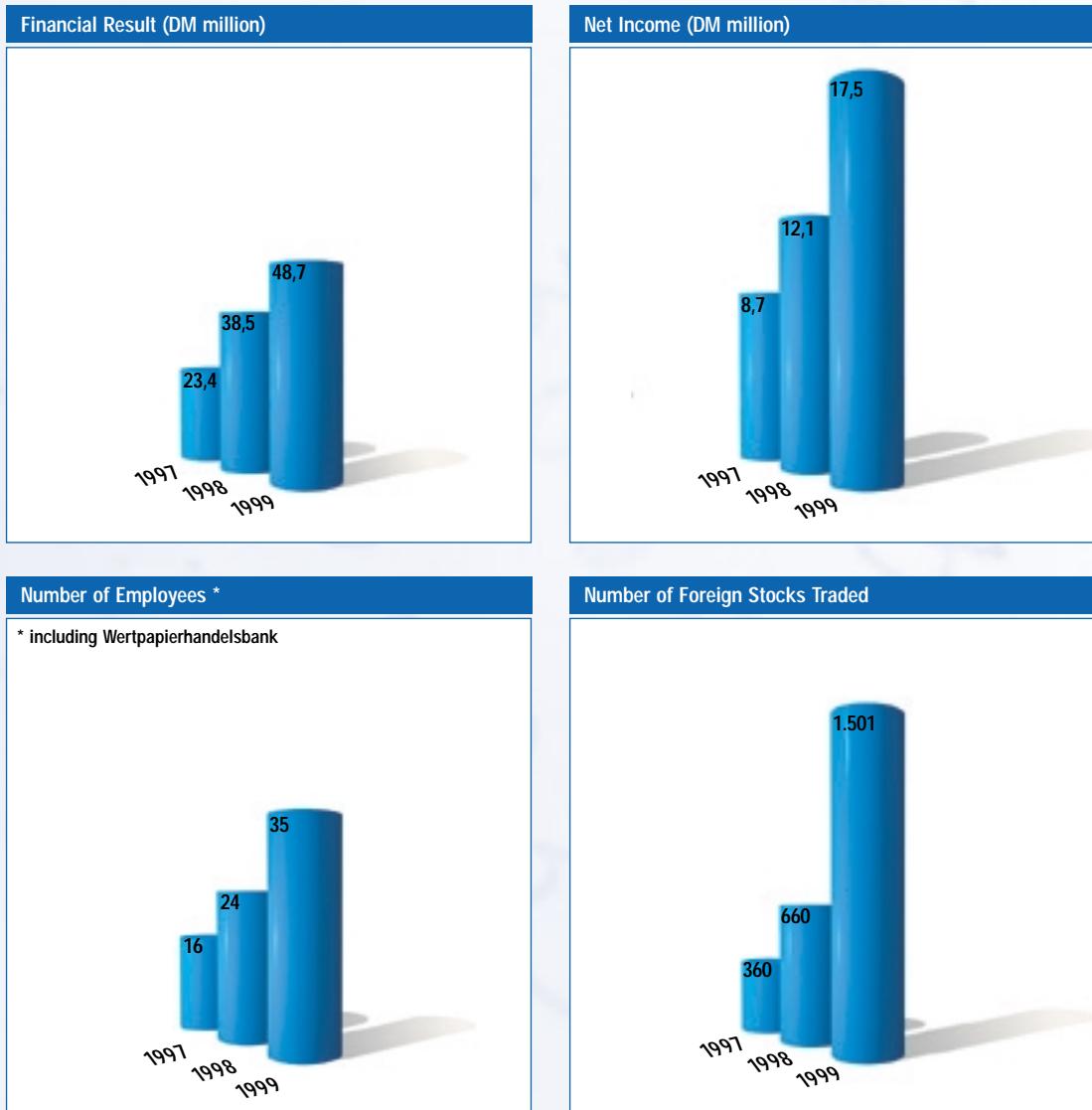


Annual Report 1999

MWB
WERTPAPIERHANDELSHAUS
AKTIENGESELLSCHAFT

Key Figures



Annual Report 1999

1999 216.000.000,-

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The Company



Christine Niederreuther-Rohrhirsch



Lutz Fröba



Thomas Mühlbauer



Thomas Posovatz

MWB

Wertpapierhandelshaus AG

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Registered with the Local Court of Munich, HRB 123141

Founded in 1993, converted to a corporation (AG) in 1998

Board of Management

Christine Niederreuther-Rohrhirsch

Lutz Fröba

Thomas Mühlbauer

Thomas Posovatz

Admitted for trading on the following exchanges:

- Bavarian Stock Exchange (Munich)
- Berlin Stock Exchange
- Frankfurt Stock Exchange
- Rhineland-Westphalia Stock Exchange in Düsseldorf
- Baden-Württemberg Stock Exchange in Stuttgart

Member of the Bundesverband der
Wertpapierhandelsfirmen e.V.
(Federal Association of Securities Dealers)

Member of the EASD
(European Association of Securities Dealers)

The Year in Review

MWB AG can now look back on the twelve months of 1999, the last eight of which it spent as an officially listed company. The year not only saw our hopes fulfilled, it far surpassed even our wildest expectations. We increased sales and earnings substantially and easily covered the considerable expenses of the IPO. This was made possible by the steady qualitative growth of the company, growth that was reflected in our core business, for example, by the sharp rise in the number of foreign stocks traded. But the start of our subsidiary **MWB Wertpapierhandelsbank** also marked a major step forward for the group in 1999. Our performance in Asset Management far exceeded the forecasts.

Our company's success in the face of quite turbulent markets can be attributed to decisions our employees made on the basis of expertise, careful consideration, and a keen sense of the market. The human factor is gaining steadily in significance in this sensitive and ever faster-paced business where distinctions increasingly blur and time is increasingly precious. Competence, knowledge, experience and

commitment as well as visions and imagination have made MWB AG what it is today: one of the most profitable securities firms in Germany. Our employees and supervisory board members deserve special credit and thanks for their efforts on behalf of the company.

It is with pride and great pleasure that we present the facts and figures of this annual report for 1999. The report describes the key trends and changes in the year under review and looks ahead to the prospects for the business year 2000 and for the future development of MWB AG. We will naturally remain true to our guiding principle "**Trading in the best sense**"

MWB AG is one of the most profitable companies in its sector.

The Board of Management

Report of the Supervisory Board

The year 1999 was the most successful one MWB Wertpapierhandelshaus AG has had since its founding in 1993. Despite the special charges for the IPO and an expansion of the new lines of business Asset Management and IPO, the positive forecasts for earnings were again far surpassed. Instrumental in achieving these fine results was the superb performance posted by MWB Wertpapierhandelshaus AG as an independent broker, its traditional core business.

During the business year, the Supervisory Board was informed about the course of business at the company at four meetings and several informal events, all attended by the Board of Management of MWB Wertpapierhandelshaus AG. All major strategic decisions were discussed in detail, as was the economic and financial development of the company.

A focal point of attention was and remains a discussion of the strategic deliberations of the Board of Management regarding the activities in Asset Management and IPO currently being developed at MWB Wertpapierhandelsbank GmbH, a subsidiary of MWB Wertpapierhandelshaus AG. The Board of Management and Supervisory Board agree that the continuation of activities in these sectors will be one of the priorities of the Supervisory Board's future activities in consulting and controlling.

The financial statements of MWB Wertpapierhandelshaus AG and the group financial statements as of 31 December 1999 – including the management reports – were audited by KPMG Deutsche Treuhand Gesellschaft AG Wirtschaftsprüfungsgesellschaft, the firm designated by the General Meeting of Shareholders as the company auditor.



Paul Berwein

Based upon its duly conducted audit, KPMG Deutsche Treuhand-Gesellschaft AG Wirtschaftsprüfungsgesellschaft issued a positive auditor's report, noting in particular that the audit gave rise to no objections. The Supervisory Board concurs with the results of the audit conducted by the auditor and has, for its part, examined the financial statements, the management reports and the suggestion for the distribution of profit from the Board of Management. Based upon the final results of this examination, the Supervisory Board raised no objections and approved the financial reports prepared by the Board of Management, thus adopting them in accordance with the pertinent provisions of corporation law.

The Supervisory Board thanks the Board of Management and in particular all employees for their performance in the year under review. It stresses once again that the business year 1999 was the most successful one MWB has ever had and notes that this success is largely attributable to the hard work and commitment of the employees.

Gräfelfing, April 2000

The Supervisory Board,
represented by its Chairman Paul Berwein



The Situation

Analyses and Assessments of
the Opportunities and Risks
for the Company

Management Report and Group Management Report for the Business Year 1999

The most important information first: MWB AG can look back on a sensationaly successful year 1999, and the development of the business year 2000 so far suggests a further increase. The whole management report could be summarised in this sentence, but of course there are scores of facets and nuances in the very dynamic area of trading companies that will be examined and assessed in detail.

1. Management report

MWB Wertpapierhandelshaus AG - which was founded in 1993 as a private limited company with 9 employees and approximately 60 traded foreign stocks on the OTC – is today, as specialist and market maker for more than 1600 (as per 12/31/1999 1501 securities) foreign stocks one of the big companies of this business sector in Germany. Apart from the stock exchanges in Munich, Berlin and Frankfurt/Main, which are the most important ones for the company, the company is also listed in Stuttgart and Düsseldorf. This broad presence is indispensable for the second operating area - the order execution for banks.

The floatation

In autumn 1998, the company became a joint-stock company, and during this process, a two-phase capital increase to a total of DM 6.0 m took place. In its session on February 09, 1999, the board of management decided to make use of a part of the approved capital and to increase the capital by DM 304,500 to DM 6,304,500. In its session on March 12, 1999, the board of management decided to make again use of a part of the approved capital and to increase the capital prior to the floatation by DM 2,000,000. In both cases, the supervisory board had given its approval.

On April 21, 1999, an important cornerstone for the future success of the company was laid: the floatation in the official trading in the top quality segment SMAX. MWB AG is listed in the SDAX. 70% of the shares are held by the existing shareholders, 4% are held by the supervisory board and employees, and the "rest", i.e. 26%, are in free float.

The beginning of the second quarter 1999 was certainly no ideal date for the floatation, but a further delay of the floatation did not seem very reasonable. Under the lead management of Bankgesellschaft Berlin, the MWB share was first listed in Frankfurt/Main with 60 Euro on the date of issue.

An overall weakness of securities houses stocks also influenced the price of the MWB AG share. In addition, the flood of new issues - mainly on the "Neuer Markt" - with sometimes immense initial losses led to a perceptible caution of the investors in the second and third quarter of 1999. Only companies with an especially high degree of popularity among potential private investors were able to record perceptible upward movements shortly after the first trading day.

In addition, a specific problem of MWB AG results from the fact that in the view of the market, all brokers are equal, and the companies are not seen as being different from each other. But it is a fact that there are hardly any really comparable competitors regarding the core business and the prospects for the future. Here, the board of directors of the company has clearly set itself the goal to increase the degree to which the "brand" MWB is known and to continue to consistently point out the strengths and the differences compared to other brokerage firms.

At the moment (as per March 2000), the share price of MWB AG is clearly undervalued, both in the opinion of the company and according to the assessment of analysts, e.g. in a study of the Bankgesellschaft Berlin of February 2000, and has a considerable potential for development.

The excellent year-end result, the positive developments already recognisable for the year 2000 as well as the forward-looking plans for the following years permit the realistic estimate that the company will soon have reached the target it set itself, that is to become the most profitable financial service company in Germany listed on the stock market with an innovative range of services.

The operating areas in retrospect and the prospects

Prior to and at the floatation, very conservative forecasts were made for 1999. The company has exceeded these forecasts more than clearly. While the plans targeted an annual surplus of DM 14.6m (1998: DM 12.1m), the DM 17.5m mark was reached at the end of the year. Compared to the previous year, an increase of approximately 45%. During the same period, the trading result, i.e. the sum of commissions and profits from financial transactions, increased from DM 38.5m to DM 48.7m, a plus of 26%. A DVFA (German Society of Capital Market Experts) result per share of DM 9.80 (Euro 5.01) after DM 8.75 (Euro 4.47) results from the adjusted annual surplus. This clear increase is the result of strongly increased sales, the higher volatility in the national markets as well as of the clear increase of the number of traded securities.

On the German market, a continuously sustainable and increasing interest in foreign shares can be noted. The meteoric development of the most important foreign markets - first of all undoubtedly the USA and in particular the NASDAQ - has paved the way for this. But in spite of the upward trends that can be noted on almost all world stock markets, the volatility of the markets increases considerably, too. This tremendous increase of the trading volume is of particular benefit to MWB Wertpapierhandelshaus AG as specialist and market maker.

Due to the high IPO activity on numerous foreign markets, the company was able to take clearly more securities into the portfolio and make them tradable on German stock markets than was originally planned. The number of securities was estimated to be 1,200, but in fact, order books for 1,501 foreign stocks were run at the end of 1999. In no respect, the firm principle "quality over quantity" has been neglected.

The selection is still mainly concentrated on the markets of the Internet, technology and biotechnology. Since the beginning of 1999, special attention has additionally been directed to the Japanese technology securities of the growth

stock market JASDAQ. So far, the results support this strategy and open up brilliant prospects for the future.

Increased acquisition efforts in the area of order processing for banks made sure that it was possible to clearly increase the proceeds from this operating area in the past business year, too.

The new courtage regulation of the stock markets in Berlin, Düsseldorf, Munich and Stuttgart, which has been effective as of January 2000, will not influence the current result very much. While basically positive for the specialists, the quantitative consequences for the overall result of MWB AG are so low that they can be neglected here.

Very early, MWB AG has realised the opportunities of the extension of the trading hours to 8.00 p.m. as of June 2000 and has reacted in good time. The extension to 10.00 p.m., which is due for next year, has already been included in the plans, too.

Consequently, additional traders have been employed in order to be able to make full use of the new capacities from the very first day. On the whole, including the securities bank subsidiary, the number of employees increased from 24 in 1998 to 35 in 1999. For the year 2000, a further increase to 42 is planned, and 28 of them will work in trading.

With value date of March 17, 1999, MWB Wertpapierhandelshaus AG aquired 6% of KST Wertpapierhandels AG, a brokerage company located in Stuttgart, which focuses on national shares, especially shares of the "Neuer Markt". Additional 3.3% were aquired with value date April 28, 1999, and 0.7% were purchased via the stock exchange. With this 10% holding in a very profitable brokerage company, a long-term strategic partnership, with many synergies, above all in the core business of both companies, was to be started. During the course of the year, another brokerage company published a stake in KST Wertpapierhandels AG of more than 25% with the intention of gaining the majority in the company. Therefore, MWB AG sold its stake with clear profit to an investor.

The securities bank

On the solid and extremely successful basis of the core business, MWB Wertpapierhandelshaus AG has developed new operating areas, thereby paving the way for a successful future.

First, there is the start of the securities bank, which took place only in May 1999 due to a regular flood of applications received by the federal banking supervisory office. In spite of this somewhat unfortunate starting situation, it was possible to considerably exceed the very conservative planning in the area Asset Management: instead of DM 40m under management the amount was approximately DM 100m as per 31.12.1999.

The IPO business - the second operating area of MWB Wertpapierhandelsbank - was characterised by the creation of the necessary structures and by a vivid acquisition activity. In the current business year, we therefore expect IPOs to a total volume of approximately DM 150m.

MWB AG has taken the first step into the operating area "holdings" at the end of 1999. Within the framework of a strategic holding, MWB Wertpapierhandelsbank has aquired a 12% stake in the software supplier XCOM AG. This unique, innovative company is specialised on IT services for banks, financial service companies as well as stock markets and is today market leader in Europe. XCOM is a decisive co-developer of the WAP standard and WAP solutions and has a solitary know how in a market with an explosive growth.





The prospects for the business year 2000

Even the first few months of the new business year suggest that 2000 will be a very successful year. As early as mid-February, the best quarterly result so far has been exceeded, and by the end of the first three months, the company will again be able to report a two-digit profit increase.

A comprehensive advertising and public relations campaign supports the process of differentiation to the competitors mentioned earlier and guarantees at the same time the attention of investors. In the area of printed media, the focus is on current financial newspapers and magazines, and in the area of electronic media, MWB AG relies, apart from radio advertising, on TV spots in the financial environment of the news channel N 24. In cooperation with the financial editor of this new channel of the Pro7 family, MWB AG has initiated a daily, editorial format - the "Börsentalk". The company provides background information about stocks and markets, and employees are available as interview partners.

It's target group-oriented media mix shows the first palpable results and has clearly increased the degree to which the company - and therefore the MWB share - is known. Due to the very positive resonance to the campaign, the company will continue to follow and to intensify this strategy in the second half of the year 2000.

The expansion of the presence in the Internet (more attractiveness for end customers, too), the creation of a Website in English, road shows in England, Scotland and Ireland as well as participation in trade shows are additional pieces in the overall picture of the effective activities of MWB AG.

In the next few months, MWB AG will consistently continue the path it has embarked on and sees itself in a strong position regarding sales and proceeds. The company calmly awaits the discussions, partly held in the press, about structural changes in the German stock exchange system and the resulting consequences for brokerage firms. As one of the large specialists in Germany, the trading with foreign shares will make a considerable contribution to the result in

the future, too. In addition, there is an excellent starting position for orientation in new operating areas due to the previous success.

For the core business it is planned to increase the number of traded securities to 2,000, which will, as is known, depend on the IPO activity world-wide. The extension of the trading hours mentioned above will certainly give the trading business a perceptible impetus.

In the pre-IPO business of the securities bank there will be new impulses, and the target group for the Asset Management will be considerably increased, as the funds-linked Asset Management will in the future be offered as of DM 100,000 (previously as of approximately DM 1m) in fixed investment.

2. Risk report

Concerning the organisation of risk controlling, the company has not only taken into account the increasing external requirements but also the company's own high quality standards. But the company size, the scope as well as the low complexity of the commercial transactions is always taken into account. Risk controlling directly under the control of the board of management as a staff department, carries out its function centrally from Gräfelfing and is independent from trading.

The main tasks include:

- Introduction and further development of methods and systems
- Day-to-day risk controlling and assessment
- Aggregation of the individual risks to an overall risk
- Determination of the risk capital requirements
- Monitoring of the risk capital utilisation

Apart from fulfilling the regulatory requirements of the federal banking supervisory office, the early detection and prevention of risks is important.

The following risks for the company have been identified:

- address risks
- market price risks
- legal risks
- operational risks

a) Address risks

MWB Wertpapierhandelshaus AG has domestic and foreign trading partners. For stock exchange transactions with domestic trading partners that are admitted to the stock market, address risks play only a minor role. For the foreign partners, contracting limits are set per trading day, depending on the size and market significance of the companies as well as on the frequency of the transactions. Regular information is obtained from the foreign contractors about their economic operative capability.

b) Market price risks

The commercial positions of the company are supported with EDP technology, daily up-to-date and continuously valued at average prices, and they are compared with the market prices in a just as continuous standardised way. It is the general strategy of the company to largely avoid overnight positions. Risk limitation by at the same time assuming hedge positions is not conducted.

The height of trading positions is limited. These limits result from the security deposited at the respective stock exchange. In addition, these limits are limited by the requirements of the banking act.

The risk of an inadequate market liquidity in individual stocks is met by setting stock-related limits. The height of these limits is determined by the management according to the market situation.

c) Legal risks

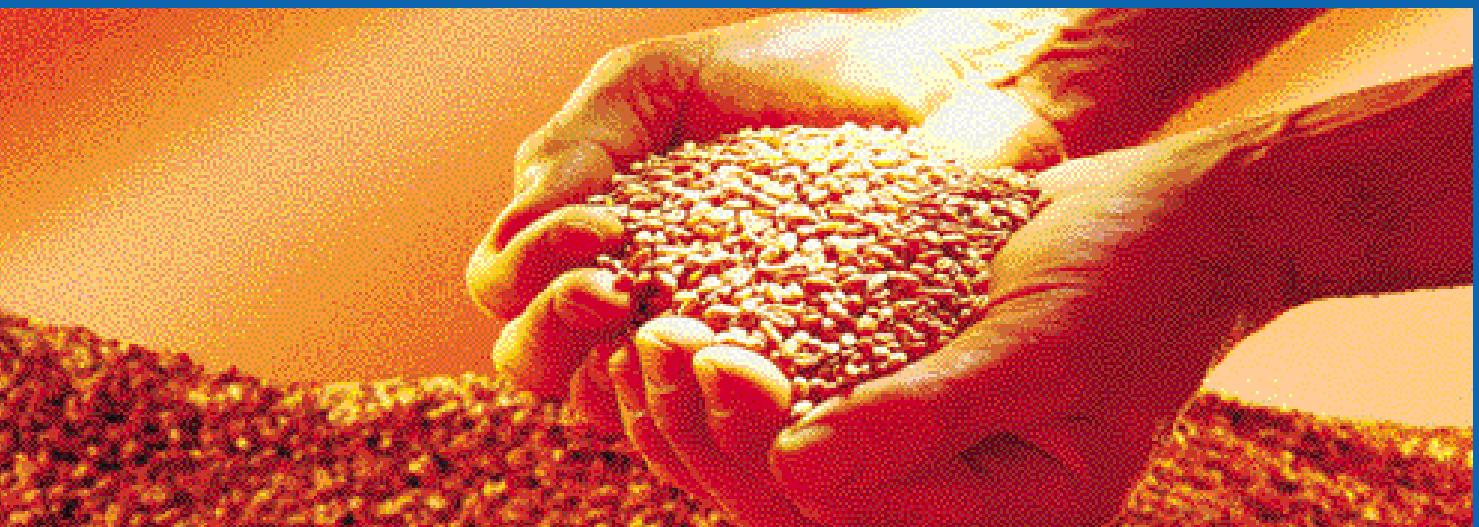
The commercial transactions of the company are concluded verbally, as is usual on the stock market. Therefore, all trades are recorded. For the protection against general and sectoral risks, a Directors and Officers Liability insurance, a fidelity insurance as well as a consequential loss insurance have been concluded in addition to the existing insurances. MWB Wertpapierhandelsbank is also covered by these insurances.

In the areas Assets Management and IPO by MWB Wertpapierhandelsbank, the customer information is obtained according to § 31 Securities Trading Act, and the customers are comprehensively informed about any risks. In the area Assets Management, the risk profile, investment rules and investment limits are determined and documented together with the customer.

d) Operational risks

In order to manage operational risks, the company has drawn up a contingency plan which every employee has. It describes the measures to be taken in the case of power failure, computer failure, system bottlenecks and disruptions and telephone failure.

Gräfelfing, March 2000



Core Business

In its core business, MWB AG acts as a traditional securities dealer and market maker and as specialist for foreign stocks.

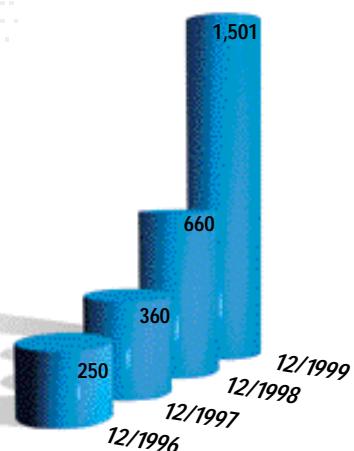
Separating the Chafe from the Wheat

MWB AG is specialist and market maker for over 1600 foreign stocks on the German market (as of 31 December 1999: 1501). With a market share of some 20%, the company is one of Germany's leading securities firms. New lucrative stocks are constantly added following a very careful analysis and review of the market prospects and potentials of the companies involved. In the process, the quality growth of the stocks is an absolute priority while quantity is merely a concomitant phenomenon.

Our portfolio contains a number of top names in the communications, software, Internet and biotech industries as well as various **emerging markets**. MWB AG is responsible for much

the stock traded in Germany in former start-up companies which are now established global players. Trading figures like 86% for Amazon, 57% for E-Trade or 87% for Cyber-Cash speak for themselves.

Number of Foreign Stocks traded by MWB AG



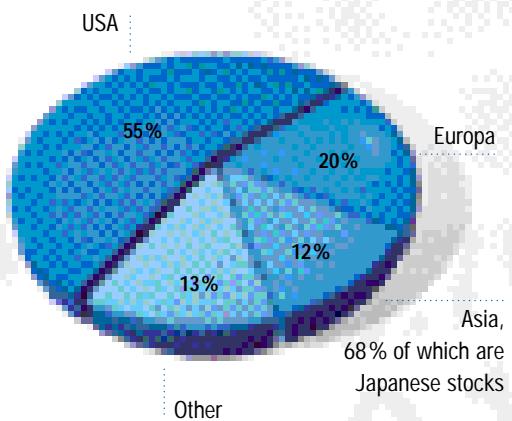
Quality, not quantity, will continue to determine the growth of stocks traded by the company in the future.

The stock boom, especially among private investors, has had a very positive effect on the core business.

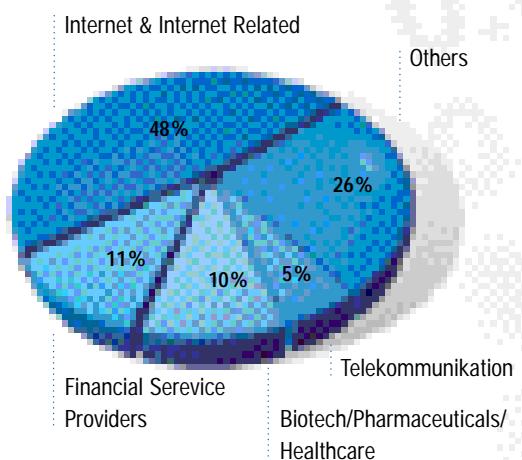
Traditional stock market trading and dealing in the foreign stocks mentioned above form the core business of MWB Wertpapierhandelshaus AG. Presence at the major German exchanges of Frankfurt, Munich, Berlin, Düsseldorf and Stuttgart is indispensable for performing this task.

Private investors are discovering stocks as a form of investment in increasing numbers while more and more German and foreign companies are opting for an IPO as a means of raising capital. Anyone interested in maintaining an overview of the market and in participating with steadily growing prosperity in the market has to be able to detect relevant trends early on and to anticipate future ones. In 1999 MWB AG proved itself as one of the absolute top companies in its segment, posting a record net income for the business year 1999 which can only be called sensational and which derived in very large measure from its core business. Market

Foreign Stocks Traded, by Country



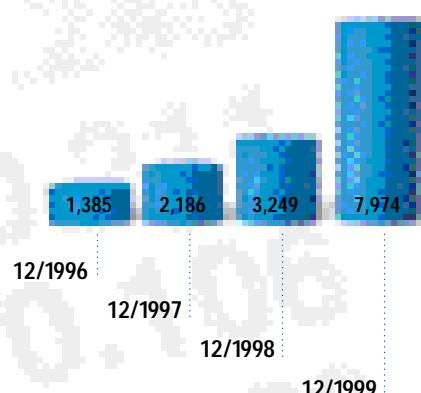
Foreign Stocks Traded, by Sector



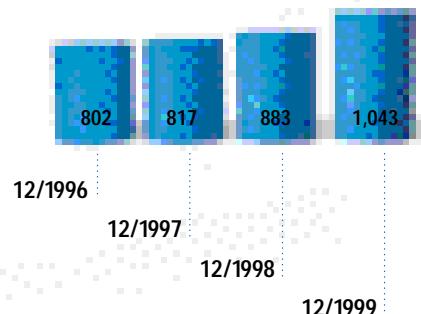
volatility is a decisive factor here. The constant rise and fall of prices in the shortest of cycles, the highs and the lows of the stock market, are the factors responsible for rapid success. Trading, the basis of our business, is virtually independent of the indices.

Emerging trends, such as the extension of trading times on various stock exchanges, open up additional opportunities for strengthening and expanding the line of business at MWB AG that is its main source of earnings.

Number of Foreign Stocks Listed on all German Exchanges



Number of German Stocks Listed on all German Exchanges





The Bank

MWB Wertpapierhandelsbank is the group's wholly owned subsidiary for Asset Management and IPOs.

A House with a Solid Foundation

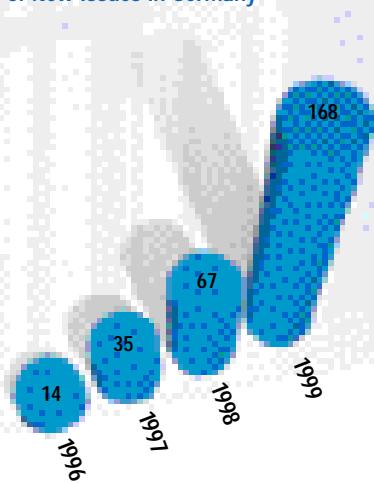
Just weeks after the IPO of MWB AG, the wholly-owned subsidiary MWB Wertpapierhandelsbank was granted a banking license by the federal banking supervisory office. This diversification has added two essential and rapidly growing lines of business to the core business of MWB AG: IPO and Asset Management. In both segments, clients benefit from the experience of and the possibilities opened up by the parent company and from the individual strengths of the employees in charge of these new departments.

Stocks, options, and investment funds form the basis of successful asset growth. Conservative investors are offered lucrative types of investments on the exchange, as are progressive business partners. The bank has already recorded DM 100 million in business for 1999 and is expected to far surpass DM 140 million in the year 2000. This excellent start is eloquent proof of the bank's solid trading performance on behalf of its customers, a performance backed by expertise and a keen sense of the market.

Our Motto
"Trading in the best sense"
is a matter of course for
our securities bank
subsidiary.

Asset Management at MWB will receive a major boost as the company successively enlarges the groups it targets. For example, fund-based Asset Management was recently introduced for amounts as small as DM 100,000, and preparations are currently being made to take further steps for extending the customer portfolio beyond the core target group.

Number of New Issues in Germany



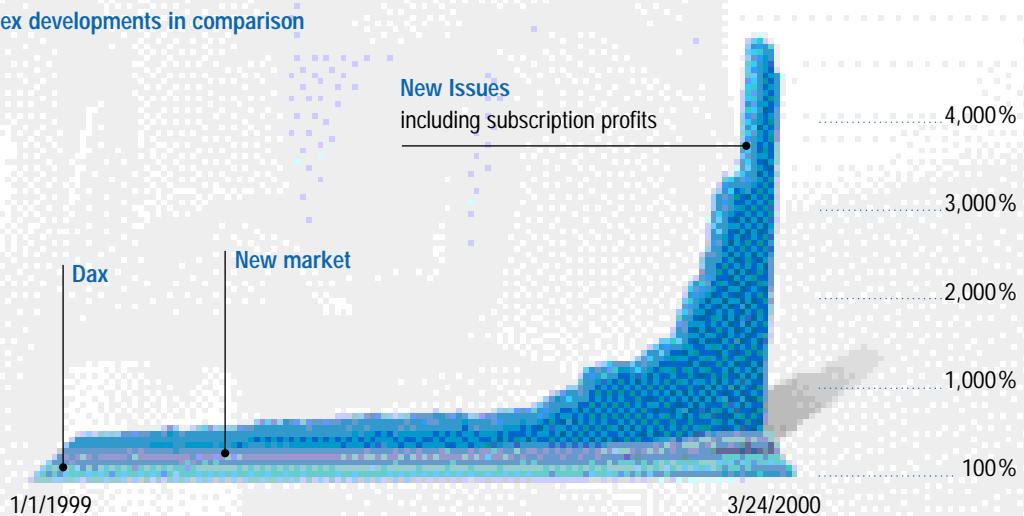
The customers of MWB Wertpapierhandelsbank can be involved in new issues from the outset and profit from the enormous opportunities they open up.

IPO business is the bank's second business line. It is a perfect time for profitable action given the increasing number of companies now resorting to stock issues as a modern way of meeting their capital needs. Before we assist a company with an initial public offering, however, we subject it to a thorough analysis. Only when we are convinced of its prospects for success, we become involved in an IPO. After all, MWB firmly believes in providing individualized and tailored support. The optimum timing of an IPO is naturally part of this support. Timing was the reason we decided to postpone the issues scheduled for last autumn to this year, a year

sure to bring further positive developments for this business area as well.

Needless to say, we offer our clients ways of profiting from the expanding issuing business, because the investors involved from the outset are the ones most likely to enjoy the biggest profits. The DAX and the "Neuer Markt" have both performed quite well over the medium term yet issuing profits and/or the price gains following IPO's have outperformed the trends on both these exchanges many times over.

Index developments in comparison



Source: Deutsche Bank Research



MWB

Wertpapierhandelsbank

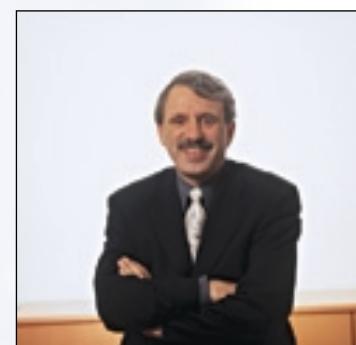
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Management

The managing directors of MWB Wertpapierhandelsbank are Bernd Ertl, responsible primarily for IPO activities, and Wolfgang Grau, responsible for Asset Management.

Bernd Ertl, unquestionably a pioneer in new issues in Germany, brings nearly 20 years of extensive experience to his work at the company.

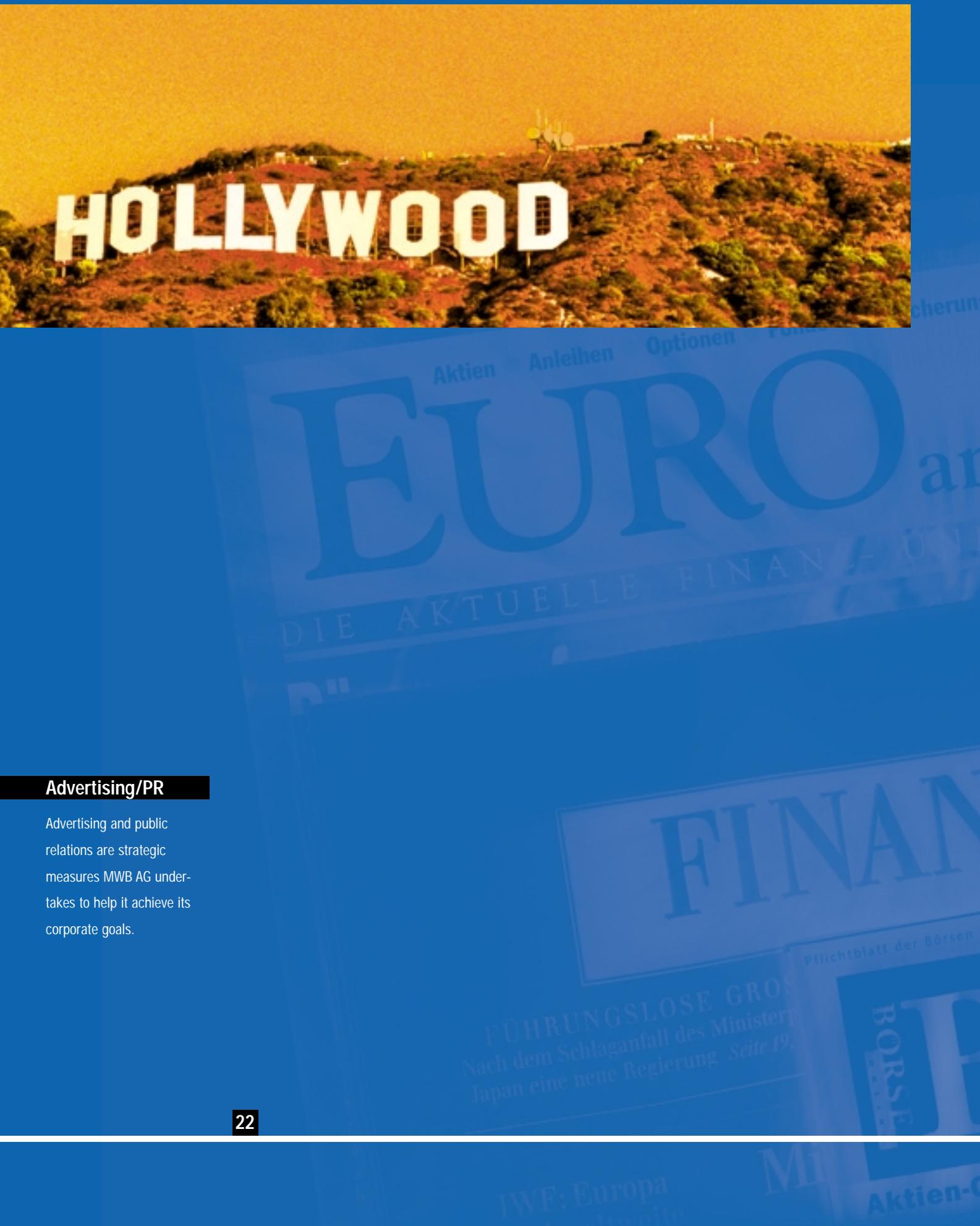
Wolfgang Grau coming from private banking is an experienced specialist in all aspects of the securities sector.



Bernd Ertl



Wolfgang Grau



Advertising/PR

Advertising and public relations are strategic measures MWB AG undertakes to help it achieve its corporate goals.

Well-known from the Press, Radio and TV

Media coverage plays a big part today in the success of a company's IPO and in its subsequent performance. Dozens of business and financial newspapers vie with each other to win over potential investors while TV stations with specialized programming are elbowing their way onto the market. Last but not least, the Internet is now considered an indispensable part of any contemporary communications strategy.

In its preparations for going public, MWB AG collaborated with experienced partners to devise communications measures and advertising and PR campaigns. A carefully selected media split ensured maximum attention and moved the company right into the limelight.

A second campaign in the autumn of 1999 underscored the company's core business and its excellent quarterly results.

Three different ads from the autumn 1999 campaign appeared inter alia in "Euro am Sonntag", "Börse Online" and "Wirtschaftswoche".



A special ad was developed for the launch of the Financial Times Deutschland.



In parallel with these efforts, the visuals and contents of the company's web site were completely revamped. Among the many changes, the site now features more in-depth information, greater focus on certain areas – e.g. a comprehensive segment on Investor Relations with reports, analyses and studies, press releases and MWB stock news – and links to Reuters prices, news and charts.

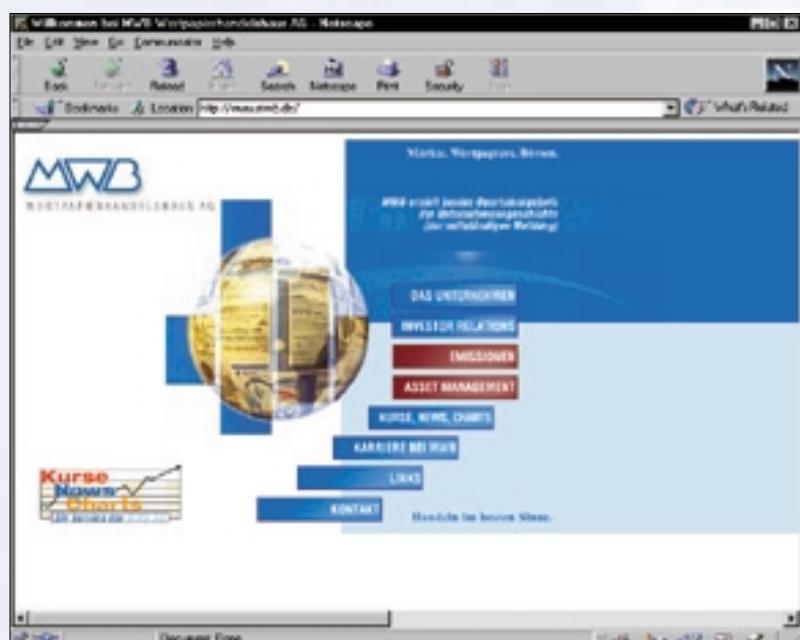
Preparations for the spring 2000 campaign were completed before the turn of the millennium. This campaign focused on the further development of visuals, an even more pronounced profiling of the company, and a broader range of topics. Judging by the tremendous response, the current advertising and PR campaign has succeeded completely in achieving these goals. Having created its own world of images with a readily recognizable color scheme, the company has differentiated itself very positively from the competition. Success stories now alternate with information about MWB AG.

In terms of radio activities, MWB placed several spots very selectively to ensure broadcast around the same time as news programs or stock market reports.

The changes in the media industry at the start of 2000 enabled the company to mix tried and true advertising vehicles with newcomers. Target groups pay particularly close attention to the launch of new media, which means bargain-price ads with relatively great reach.

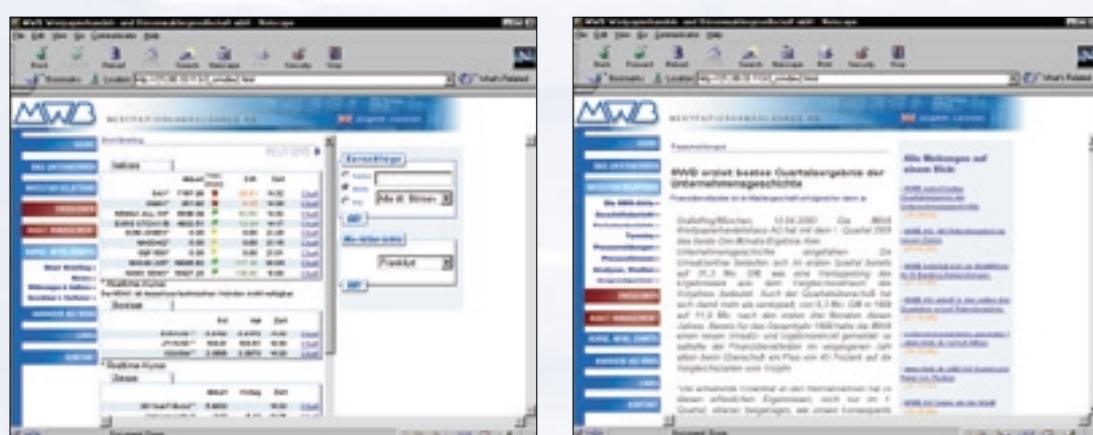
For example, Financial Times Deutschland was part of MWB's media mix from the very outset. But its decision to include the news channel N24 – a new product from the Pro7 family – has also proven to be an effective and farsighted move. MWB employees work closely with this channel's editorial staff to ensure substantive and sustained high-profile coverage for MWB AG.

To supplement the classic campaign, the company is planning appearances at trade fairs, road shows and other activities for 2000 to further enhance its public profile.



The Internet site of MWB AG following the relaunch.

The most striking changes are the more clearly arranged information, current prices, news and charts and a highly detailed Investor Relations section.



The company underscores its unique corporate personality with a TV ad which alternately shows live pictures from everyday operations at MWB AG and quiet, atmospheric scenes.

Airing on N24 from January to June 2000.



There are many ways to achieve ...



... success. Hard work, ...



... discipline, ...



... energy and dynamism.



The goal ahead.



Competence, ...



... knowledge...



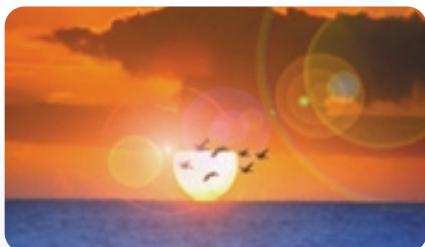
... and a feeling for market



... movements.



On the way to the top.



Take off with us.



MWB Wertpapierhandelshaus. www.mwb.de



In grand Style

Financial Section

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Balance sheet as of Dezember 31, 1999

Assets	1999	1998
	DM	DM
1. Cash	1,679.51	2,110.98
2. Receivables from banks		
a) Due on demand	25,807,861.05	12,106,907.02
b) Other receivables	<u>19,039,397.00</u>	44,847,258.05
3. Shares and other variable-yield securities	12,207,089.33	416,230.65
4. Shares in affiliated companies	24,118,000.00	2,118,000.00
of which:		
in banks DM 24,118,000.00		
5. Tangible assets	933,906.00	366,668.00
6. Own shares	2,559,232.89	0.00
7. Other assets	2,254,502.00	394,556.53
8. Prepaid and deferred items	18,763.70	82,306.77
 Total assets	 <u>86,940,431.48</u>	 <u>23,686,779.95</u>

Liabilities and Equity

		1999	1998
	DM	DM	DM
1. Liabilities to banks			
Payable on demand		1,385,446.17	313,378.43
2. Other liabilities		527,797.80	699,004.38
3. Accruals			
a) Accruals for pensions and similar obligations		1,242,298.00	1,030,530.00
b) Tax accruals		761,285.00	9,002,518.50
c) Other accruals		<u>3,115,000.00</u>	5,118,583.00
4. Equity			
a) Subscribed capital		8,304,500.00	6,000,000.00
b) Capital reserves		49,995,372.17	0.00
c) Revenue reserves			
ca) Legal reserves		600,000.00	600,000.00
cb) Reserves for own shares		2,559,232.89	0.00
cc) Other revenue reserves		<u>7,653,649.45</u>	10,812,882.34
d) Retained earnings at end of year		<u>10,795,850.00</u>	73,942.81
Total liabilities and equity		<u>86,940,431.48</u>	<u>23,686,779.95</u>

Profit and loss account

for the period from January 1 to December 31, 1999



		1999	1998
	DM	DM	DM
1. Interest income from			
a) Loans and money market transactions	1,327,046.37		698,413.85
b) Fixed-interest securities	3.97	1,327,050.34	16,527.78
and government-inscribed debt			
2. Interest expenses	10,657.86		5,158.15
3. Income from			
Shares and other			
variable-yield securities	165,385.47		53,143.76
4. Commission income	14,225,874.77		11,405,062.10
thereof: Brokerage fee DM 14,225,874.77 (DM 11,405,062.10 in 1998)			
5. Commission expenses	942,429.65		494,700.67
thereof: Brokerage expenses DM 706,080.58 (DM 443,939.27 in 1998)			
6a. Income from financial trading operations			
a) Securities	1,328,190.83		379,676.95
b) Price differences from brokerage	125,032,240.15	126,360,430.98	69,824,264.82
6b. Expenses from financial trading operations			
a) Securities	1,611,702.59		1,213,299.54
b) Price differences from brokerage	89,288,887.46	90,900,590.05	41,439,683.54
7. Other operating income	139,451.29		278,004.70
8. General administrative expenses			
a) Personnel expenses			
aa) Wages and salaries	8,447,969.37		4,554,912.46

	DM	1999	DM	1998
ab) Social security contributions,				
pension and welfare expenses	<u>635,488.86</u>	9,083,458.23		934,042.09
thereof: for pensions				
DM 211,786.00 (DM 569,632.00 in 1998)				
b) Other administrative expenses	<u>10,845,619.16</u>	19,929,077.39	5,112,104.11	
9. Amortisation, depreciation and write downs				
of intangible and tangible assets	269,210.16		98,984.72	
10. Other operating expenses	1,684,870.28		2,982,943.94	
11. Income from disposal of				
long term investment	1,287,052.08		0.00	
12. Results from ordinary activities	<u>29,768,409.54</u>	<u>25,819,264.74</u>		
13. Taxes on income	12,290,525.84		13,762,358.91	
14. Net income	<u>17,477,883.70</u>	<u>12,056,905.83</u>		
15. Retained earnings at beginning of year	3,456,905.83		0.00	
16. Addition to revenue reserves				
a) legal reserves	0.00		600,000.00	
b) reserves for own shares	2,559,232.89		0.00	
c) other revenue reserves	7,579,706.64	10,138,939.53		
17. Interim Distribution	0.00		8,000,000.00	
18. Retained earnings at end of year	<u>10,795,850.00</u>	<u>3,456,905.83</u>		

Appendix for the Business Year 1999

1. General

The financial statement of MWB Wertpapierhandelshaus AG for the business year 1999 has been drawn up according to the general standards and the standards valid for financial service companies of the German commercial code, the relevant regulations of the stock corporation act, the Banking Act and the accounting regulation for credit institutions of February 10, 1992 in the version of July 06, 1998.

2. Accounting and valuation principles

For the drawing up of the financial statement, the following accounting and valuation methods were relevant.

Shares and other variable-yield securities are valued at the original costs or the lower market prices on the reporting date. Securities denominated in foreign currencies were converted at the price on the day of the initial booking or at the lower market price on reporting day.

The **shares in affiliated companies** were valued at initial costs, reduced by necessary value adjustments.

The **tangible assets** are valued at the initial costs minus scheduled depreciation charges. These are valued subject to the ordinary useful life of three to ten years according to the linear method.

The movable assets purchased in the first half of the year are balanced against the full, in the second half of the year half of the depreciation. Minor assets are written off in the year of the additions.

Own shares were valued at the price on the reporting date.



Other assets are valued at their nominal value.

The **accruals for pensions** were listed in the amount allowed by tax legislation. The fractional values determined according to actuarial principles are based on an assumed rate of interest of 6 %.

The **tax and other accruals** were individually set up according to the principle of reasonable commercial assessment. They cover foreseeable risks to a sufficient degree.

The amounts for **liabilities** always correspond to the amount repayable.

Shares and other variable-yield securities

The securities have been valued at the initial costs or at lower market prices on the reporting date. This concerns exclusively securities quoted on the stock exchange.

Tangible assets

The development of the individual items of the fixed assets, stating the depreciation during the business year, is shown in the following fixed-asset investment schedule.

3. Notes to the balance sheet

Receivables from banks

The receivables due from banks include both day-to-day money and fixed-term deposits and deferred interest on fixed-term deposits, courtage and dividends receivable and claims from the sale of securities.

All claims have up to three months remaining to maturity.

Fixed-asset investment schedule 1999



Costs of purchase				
	Carried forward 01/01/1999	Aquisitions DM	Disposals DM	Standing 12/31/1999 DM
1. Tangible assets				
Other assets, company and business equipment	604,957.04	836,448.16	0.00	1,441,405.20
2. Financial assets				
Shares in linked companies	2,143,000.00	22,000,000.00	0.00	24,143,000.00
	2,747,957.04	22,836,448.16	0.00	25,584,405.20

Accumulated depreciation				Book value	
Carried forward	Depreciation	Disposals	Standing	12/31/1999	12/31/1998
01/01/1999	Fiscal year	DM	DM	DM	DM
238,289.04	269,210.16	0.00	507,499.20	933,906.00	366,668.00
25,000.00	0.00	0.00	25,000.00	24,118,000.00	2,118,000.00
263,289.04	269,210.16	0.00	532,499.20	25,051,906.00	2,484,668.00

Own shares	Liabilities to banks
On the reporting date, 31,915 own shares were in the company's own portfolio. On the whole, 128,629 shares were bought and 96,714 shares were sold during the period from April 22 to December 31. The average purchase price was DM 105.01, the average selling price was DM 108.37.	All liabilities to banks have less than three months remaining to maturity.
The own shares correspond to a nominal value of DM 159,575.00. This corresponds to 1.92% of the basic capital.	
MWB Wertpapierhandelshaus AG has been authorised to purchase own shares in order to be able to offer shares of the company to third parties within the framework of mergers with companies or within the framework of the purchase of companies or holdings in companies, or to recall the shares or to use them for securities trading.	
Other assets	Other liabilities
The other assets mainly include the claim for repayment of corporation tax and solidarity surcharge (TDM 1,719). In addition, they essentially concern the asset values of the reinsurance coverage policy (TDM 476), the deposit for the offices in Gräfelfing (TDM 32), as well as an advance payment for a PR contribution (TDM 13).	The liabilities mainly include stock exchange management fees (TDM 133), costs for the order management system (TDM 82) and for advertising efforts (TDM 53), counselling services rendered in 1999 (TDM 41) as well as fees for the introduction of shares in the open market in December (TDM 39).
The receivables from associated companies amount to TDM 8.	The liabilities to the revenue office for wage and church tax amount to TDM 93, and the liabilities to the health insurance companies to TDM 55.
	The other liabilities have less than three months remaining to maturity.
Prepaid and deferred items	Other accruals
These are mainly deferred membership fees, contributions to the reinsurance coverage policy, other insurance fees as well as prepaid newspaper subscriptions and other expenses for the year 2000.	The other accruals include the closing and audit costs, the contributions to the professional association and to the chamber of industry and commerce. In addition, reserves for outstanding holidays, impending losses from pending placing transactions and shares in profits are included, as well as for the costs of the federal banking supervisory office and the federal securities trading supervisory office.
	Subscribed capital
	The subscribed capital to the extent of DM 8,304,500.00 is divided up in 1,660,900 shares to the nominal value of DM 5.00. 633,600 of these are held by the board of management, and 10,450 are held by the members of the supervisory board. All shares are bearer shares.

On February 09, 1999, the board of management decided to increase the capital by DM 304,500.00 by issuing 60,900 new shares in the nominal value of DM 5.00 per share.

With the board decision of March 12, 1999, the capital was increased by additional DM 2,000,000.00 by issuing 400,000 new shares made out to bearer in the nominal value of DM 5.00 per share.

The two managers of MWB Wertpapierhandelsbank GmbH are entitled to exercise up to 30,000 options to common stocks of MWB Wertpapierhandelshaus AG at a "strike price" of Euro 48. The option is valid until and including August 31, 2010.

Capital reserves

The capital reserves account to the extent of TDM 49,995 comes from the capital increase of the company carried out in April 1999.

Retained earnings at end of year

They include the legal reserve (TDM 600) and the other revenue reserves (TDM 7,654). In addition, TDM 2,559 were appropriated to reserves for own shares in the reporting year pursuant to §72 Section 4 German commercial code.

4. Notes to the profit and loss account

The **other operating income** mainly includes the income from the increase of the assets value of the reinsurance coverage policy (TDM 125) and income from the adjustment of provisions (TDM 4).

The **other administrative expenses** are mainly stock exchange settlement fees (TDM 5,489), advertising costs (TDM 1,007), costs for the order management and trading support system (TDM 867), counselling and audit costs (TDM 645), costs for securities information systems (TDM 537), stock exchange fees (TDM 306) and contributions to the life assurance and reinsurance coverage policy (TDM 290).

The **other operating expenses** include issuing costs to the extent of TDM 1,659.

The sale of own shares led to proceeds to the extent of TDM 5, and to losses to the extent of TDM 217. For the computation it was presumed that the shares purchased first were sold first.

Third-party fees were recorded in last year's financial statement as incidental acquisition costs of the shares under the item income or expenditure from financial operations. The statement is now listed under a separate item under fees and commission expenses.

5. Other statements

Executive bodies

Appointed as members of the board in the reporting year were:

- Mr Lutz Fröba, Germering, stockbroker
- Mr Thomas Mühlbauer, Munich, stockbroker
- Mrs Christine Niederreuther-Rohrhirsch, Munich, stockbroker
- Mr Thomas Posovatz, Munich, stockbroker

The complete remuneration of the board members amounted to TDM 4,583.



The following persons are members of the supervisory board of the company:

- Mr Paul Berwein, stockbroker, chairmain
- Mr Peter Hausmann, retired state secretary, consultant, vice-chairman
- Dr. Ulrich Wastl, lawyer

The deputy chairman of the supervisory board is also a member of the board of directors of Video Film Telecast AG, Munich/Zurich.

The complete remuneration of the members of the supervisory board amounted to TDM 203.

Approved capital

The board of management has the right to increase the company's capital once or several times within the legally required time of five years after the company registration on December 08, 1998 with the approval of the supervisory board by issuing new shares against non-cash or cash contributions by up to a total of TDM 3,000.

With the approval of the supervisory board, the board of directors can for this purpose exclude the legal subscription right of the shareholders pursuant to the legal provisions. This is especially valid as far as the capital increase from approved capital is carried out for the purpose of purchasing companies or holdings in other companies.

The increase of the capital was carried out from DM 6,000,000.00 to DM 6,304,500.00. By supervisory board decision of February 09, 1999, § 5 of the corporate law (amount and allocation of the capital) has been changed. The approved capital therefore amounted to DM 2,695,599.00.

By the additional increase of the capital to DM 8,304,500.00, the approved capital decreased to DM 695,500.00 pursuant to the approval of the supervisory board from March 12, 1999.

With the decision of the annual general meeting of March 12, 1999, the board of directors is entitled to increase the capital by additional TDM 3,400.

Employees

The average number of employees employed - without members of the board - during the business year is:

■ Office Gräfelfing	9
■ Office Munich	7
■ Office Berlin	4
■ Office Frankfurt	4

Information on participating interests of which Company was informed pursuant to section 20 German Corporation Act (AktG)

FMNP GmbH holds 31.6% of the shares (525,450 shares)

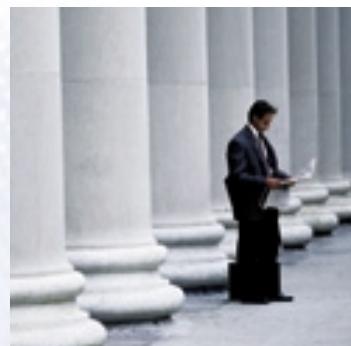
Shares in affiliated companies

On the reporting date, the company owned 100% of the shares of MWB Wertpapierhandelsbank GmbH located in Gräfelfing. Its capital amounts to TDM 23,183, the net loss for the business year 1999 amounted to TDM 807.

Other financial liabilities

On the reporting date, other liabilities existed from regular tenancy agreements with the following amount and maturity:

- maturing in 2000 TDM 161
- maturing in 2001 TDM 92



6. Profit appropriation

Due to the board of management proposed appropriation of profits in March 2000, it was proposed to the supervisory board to pay out TDM 10,796 of the balance sheet profit. This corresponds to a dividend of DM 6.50 per share.

Gräfelfing, April 06, 2000

Christine Niederreuther-Rohrhirsch

Thomas Mühlbauer

Lutz Fröba

Thomas Posovatz

Cash flow for the period from January 01 to December 31, 1999



	01/01/ – 12/31/1999	01/01/ – 12/31/1998
	TDM	TDM
Net income	17,478	12,057
Depreciation on fixed assets	269	99
Quarterly Cash-flow	17,747	12,156
Adjustment of expenditures for the floatation affecting the balance of payments	3,659	0
Adjusted Cash-flow	21,406	12,156
Adjustment of expenditures for the floatation affecting the balance of payments	-3,659	0
Result from disposal of fixed assets	-1,287	-355
Increase of net current assets		
a) Increase/decrease of reserves	-7,426	6,423
b) Increase/decrease of stocks and shares	-14,350	45
c) Increase/decrease of receivables	-1,796	218
d) Decrease of liabilities	-171	-276
Cash-flow from day-to-day business operations	-7,283	18,211
Income from investment disposals	4,647	6,061
Investment in fixed assets	-26,196	-2,346
Cash-flow from investment activities	-21,549	3,715
Proceeds from the capital increase	52,300	1,600
Dividend payment	0	-15,063
Cash flow from financial activities	52,300	-13,463
Change of the capital amount	23,468	8,463
Capital amount		
Situation as per 01/01/1999	19,996	11,533
Situation as per 12/31/1999	43,464	19,996
	23,468	8,463

Auditor's report

We conducted our audits of the financial statement including the accounting principles of MWB Wertpapierhandelshaus AG as well as the consolidated financial statement drawn up by the company and the management and group management report for the business year ended December 31, 1999. The preparation of these documents according to the provisions of the German commercial law is the responsibility of the company's management. Our responsibility is to express, based on our audits, an opinion on these financial statements including the accounting principles used as well as on the consolidated financial statement drawn up by the company and the management and group management report.

We conducted the annual audit and the audit of the consolidated financial statements pursuant to § 317 German commercial code in compliance with sound auditing principles defined by the German Institut der Wirtschaftsprüfer (IDW). These require that we plan and perform the audit to detect with sufficient security any inaccuracies and violations that considerably influence the presentation of the picture of the assets, liabilities, financial position and profit or loss conveyed by the financial statement and consolidated financial statement in compliance with sound accounting principles and by the company and consolidated annual report. When determining the alternative procedures, the knowledge about the company's business operations and about its economic and legal environment as well as the expectations of possible mistakes are taken into account. An audit includes examining, mainly on a test basis, the effectiveness of the internal monitoring system as well as evidence supporting the statements of accounting, of the financial and the consolidated financial statements and of the management and group management report. The audit includes assessing the accounting principles and consolidation policy used and significant estimates made by legal representatives as well as evaluating the overall financial

statement presentation and the management and group management report. We believe that our audits provide a reasonable basis for the opinion expressed above.

Our audits have not led to any objections.

In our opinion, the financial statement and the consolidated financial statement present fairly, in all material respects, the assets, liabilities, financial position and profit or loss of the company and the group in conformity with sound accounting principles. The management and group management report gives a correct presentation of the company and consolidated situation and presents the risks of the future development correctly.

Munich, April 07, 2000

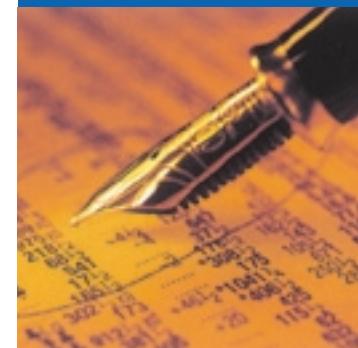
KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Pastor Schobel
Auditor Auditor



Consolidated balance sheet as of Dezember 31, 1999

Assets	1999	
	DM	DM
1. Cash	2,551.76	
2. Receivables from banks		
a) Due on demand	27,939,349.15	
b) Other receivables	<u>19,039,397.00</u>	46,978,746.15
3. Receivables from customers		64,458.95
4. Shares and other variable-yield securities		14,757,033.75
5. Tangible assets		1,047,625.00
6. Own shares		2,559,232.89
7. Other assets		20,711,493.14
8. Prepaid and deferred items		19,079.81
9. Goodwill		95,342.86
 <hr/>		
Total assets		<u>86,235,564.31</u>



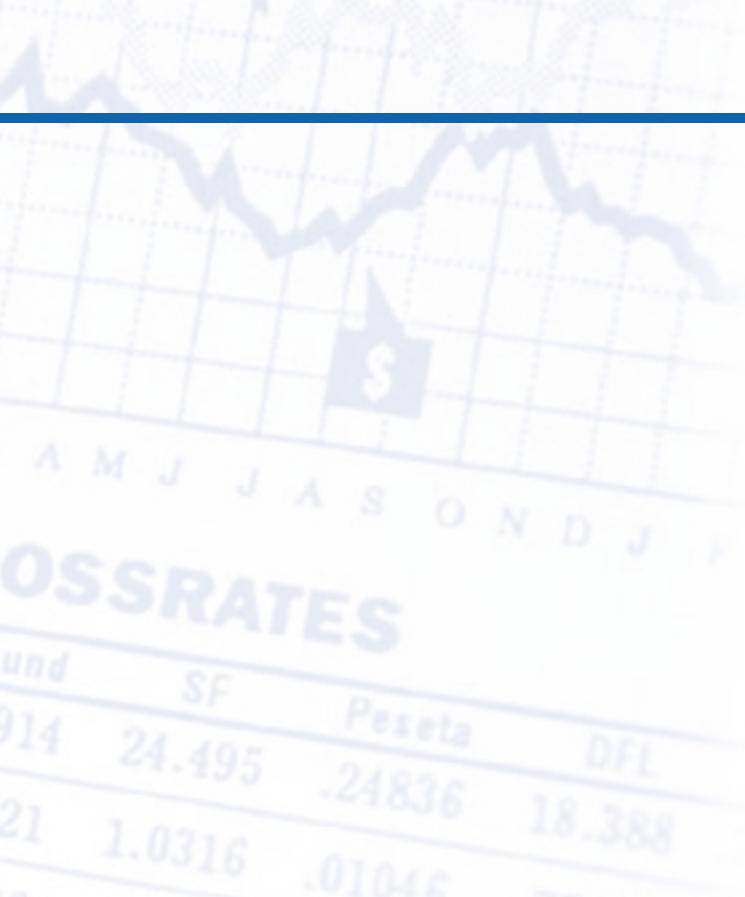
Liabilities and Equity	1999		
	DM	DM	DM
1. Liabilities to banks			
Payable on demand	1,385,446.17		1,385,446.17
2. Other liabilities		559,125.76	
3. Accruals			
a) Accruals for pensions and similar obligations	1,242,298.00		
b) Tax accruals	761,285.00		
c) Other accruals	<u>3,218,000.00</u>		5,221,583.00
4. Equity			
a) Subscribed capital	8,304,500.00		
b) Capital reserves	49,995,372.17		
c) Revenue reserves			
ca) Legal reserves	600,000.00		
cb) Reserves for own shares	2,559,232.89		
cc) Other revenue reserves	<u>7,653,649.45</u>	10,812,882.34	
d) Retained earnings at end of year	<u>9,956,654.87</u>		79,069,409.38
Total liabilities and equity		<u>86,235,564.31</u>	

Consolidated profit and loss account

for the period from January 1 to December 31, 1999



	DM	DM	DM	1999
1. Interest income from				
a) Loans and money market transactions				1,367,017.79
b) Fixed-interest securities				3.97
and government-issued debt				1,367,021.76
2. Interest expenses				10,682.63
3. Income from				
Shares and other				
variable-yield securities				165,385.47
4. Commission income				14,356,082.59
thereof: brokerage fee DM 14,356,082.59				
5. Commission expenses				942,429.65
thereof: Brokerage expenses DM 942,429.65				
6a. Income from financial trading operations				
a) Securities				1,328,190.83
b) Price differences from brokerage				125,032,240.15
				126,360,430.98
6b. Expenses from financial trading operations				
a) Securities				1,611,702.59
b) Price differences from brokerage				89,288,887.46
				90,900,590.05
7. Other operating income				237,404.00



		1999
	DM	DM
8. General administrative expenses		
a) Personnel expenses		
aa) Wages and salaries	9,055,200.61	
ab) Social security contributions		
pension and welfare expenses	712,276.59	9,767,477.20
thereof: for pensions DM 211,768.00		
b) Other administrative expenses	<u>11,216,851.80</u>	20,984,329.00
9. Amortisation, depreciation and write downs		
of intangible and tangible assets		321,260.86
10. Other operating expenses		1,684,870.28
11. Income from disposal of		
long term investment		<u>1,287,052.08</u>
12. Results from ordinary activities		28,929,214.41
13. Taxes on income		<u>12,290,525.84</u>
14. Net income		16,638,688.57
15. Retained earnings at beginning of year		3,456,905.83
16. Addition to revenue reserves		
a) reserves for own shares		2,559,232.89
b) other revenue reserves		<u>7,579,706.64</u>
17. Retained earnings at end of year		<u>9,956,654.87</u>

Group appendix for the business year 1999

1. General

On December 31, 1999, MWB Wertpapierhandelshaus AG for the first time draws up a consolidated financial statement pursuant to §§ 290 ff. German commercial code.

The financial statement of MWB Wertpapierhandelshaus AG for the business year 1999 has been drawn up according to the general standards and the standards valid for financial service companies of the German commercial code, the relevant regulations of the stock corporation act, the Banking Act and the accounting regulation for credit institutions of February 10, 1992 in the version of July 06, 1998.

2. Consolidated companies

The consolidated companies include MWB Wertpapierhandelsbank GmbH, Gräfelfing, of which MWB Wertpapierhandelshaus AG holds 100% of the shares.

3. Consolidation policy

For the consolidation of capital, the equity capital of the subsidiary was established according to the book value method.

The balancing of the equity capital against the investment valuation of the mother company was done on the basis of the valuation bases at the time of the first consolidation on 01.01.1999. The resulting active difference represents the business or company value.

Receivables and liabilities between the consolidated companies were set off not affecting the operating result.

4. Accounting and valuation principles

For the drawing up of the financial statement, the following accounting and valuation methods were relevant.

Receivables from customers are valued at their nominal value.

Shares and other variable-yield securities are valued at the original costs or the lower market prices on the reporting date. Securities denominated in foreign currencies were converted at the price on the day of the initial booking or at the lower market price on reporting date.

The **goodwill** was determined under the first consolidation. It is written off according to schedule over a period of four years.



The **tangible assets** are valued at the initial costs minus scheduled depreciation charges. These are valued subject to the ordinary useful life of three to ten years according to the linear method.

The movable assets purchased in the first half of the year are balanced against the full, in the second half of the year against half of the depreciation. Minor assets are written off in the year of the additions.

Own shares were valued at the price on the reporting date.

Other assets are valued at their nominal value.

The **accruals for pensions** were listed in the amount allowed by tax legislation. The fractional values determined according to actuarial principles are based on an assumed rate of interest of 6 %.

The **tax and other accruals** were individually set up according to the principle of reasonable commercial assessment. They cover foreseeable risks to a sufficient degree.

The amounts for **liabilities** always correspond to the amount repayable.

5. Notes to the consolidated balance sheet

Receivables from banks

The receivables from banks include both day-to-day money and fixed-term deposits and deferred interest on fixed-term deposits, courtage and dividends receivable and claims from the sale of securities.

All claims have up to three months remaining to maturity.

Shares and other variable-yield securities

The securities have been valued at the initial costs or at lower market prices on the reporting date. This concerns securities both listed on the stock exchange and not listed on the stock exchange.

Tangible assets

The development of the individual items of the fixed assets, stating the depreciation during the business year, is shown in the following fixed-asset investment schedule.

Group fixed-asset investment schedule 1999

					Costs of purchases
	Carried forward				Standing
	01/01/1999	Aquisitions	Disposals		12/31/1999
	DM	DM	DM		DM
1. Tangible assets					
Other assets, company and business equipment	691,928.44	890,339.91	0.00	1,582,268.35	
2. Goodwill	0.00	127,123.81	0.00	127,123.81	
	691,928.44	1,017,463.72	0.00	1,709,392.16	



Accumulated depreciation				Book value	
Carried forward 01/01/1999	Depreciation Fiscal year	Dijsplosals	Standing 12/31/1999	12/31/1999	12/31/1998
DM	DM	DM	DM	DM	DM
245,163.44	289,479.91	0.00	534,643.35	1,047,625.00	446,765.00
0.00	31,780.95	0.00	31,780.95	95,342.86	0.00
245,163.44	321,260.86	0.00	566,424.30	1,142,967.86	446,765.00

Own shares

On the reporting date, 31,915 own shares were in the company's own portfolio. On the whole, 128,604 shares were bought and 96,689 shares were sold during the period from April 22 to December 31. The average purchase price was DM 105.01, the average selling price was DM 108.37.

The own shares correspond to a nominal value of DM 159,575.00. This corresponds to 1.92% of the capital.

MWB Wertpapierhandelshaus AG has been authorised to purchase treasury shares in order to be able to offer shares of the company to third parties within the framework of mergers with companies or within the framework of the purchase of companies or holdings in companies, or to recall the shares or to use them for securities trading.

Other assets

The other assets mainly include subscribed bearer share certificates of XCOM AG, Langen (TDM 18,322), the subscription of which is apportionable to a capital increase not yet entered on the reporting date, and the claim for reimbursement of corporation tax, solidarity charge and value-added tax (TDM 1,765).

In addition, they essentially concern the asset values of the reinsurance coverage policy (TDM 476), the on-debiting of counselling costs (TDM 98), the deposit for the offices in Gräfelfing (TDM 32), as well as an advance payment for a PR contribution (TDM 13).

Prepaid and deferred items

These are mainly deferred membership fees, contributions to the reinsurance coverage policy, other insurance fees as well as prepaid newspaper subscriptions and other expenses for the year 2000.

Liabilities to banks

All liabilities to banks have less than three months remaining to maturity.

Other liabilities

The liabilities mainly include stock exchange management fees (TDM 133), costs for the order management system (TDM 82) and for advertising efforts (TDM 53), counselling services rendered in 1999 (TDM 41) as well as fees for the introduction of shares in the open market in December (TDM 39).

The liabilities to the revenue office for wage and church tax amount to TDM 93 and the liabilities to the health insurance companies to TDM 55.

The other liabilities have less than three months remaining to maturity.

Other accruals

The other accruals include the closing and audit costs, the contributions to the professional association and to the chamber of industry and commerce. In addition, reserves for counselling services, outstanding holidays, impending losses from pending placing transactions and shares in profits are included, as well as for the costs of the federal banking supervisory office and the federal securities trading supervisory office.

Subscribed capital

The subscribed capital corresponds to the capital of MWB Wertpapierhandelshaus AG

The subscribed capital, which amounts to DM 8,304,500.00 is divided into 1,660,900 shares with a nominal value of DM 5.00. 633,600 of these are held by the executive committee, and 10,450 are held by the members of the supervisory board. All shares are bearer shares.

On February 09, 1999, the board of management decided to increase the capital by DM 304,500.00 by issuing 60,900 new shares in the nominal value of DM 5.00 per share.

With the board decision of March 12, 1999, the capital was increased by additional DM 2,000,000.00 by issuing 400,000 new shares made out to bearer in the nominal value of DM 5.00 per share.

The two managers of MWB Wertpapierhandelsbank GmbH are entitled to exercise up to 30,000 options to common stocks of MWB Wertpapierhandelshaus AG at a "strike price" of Euro 48. The option is valid until and including August 31, 2010.

Capital reserves

The capital reserves to the extent of TDM 49,995 comes from the capital increase of the company carried out in April 1999.

Retained earnings at end of year

They include the legal reserve (TDM 600) and the other retained earnings (TDM 7,654). In addition, TDM 2,559 were appropriated to reserves for own shares in the reporting year pursuant to § 272 Section 4 German commercial code.

Net income

The net income includes a surplus brought forward of TDM 3,457.



6. Notes to the consolidated profit and loss account

The other operating income mainly includes the income from the increase of the assets value of the reinsurance coverage policy (TDM 125), income from the on-debiting of availed counselling services (TDM 98) and income from the adjustment of provisions (TDM 4).

The other administration expenses are mainly stock exchange settlement fees (TDM 5,489), advertising costs (TDM 1,007), costs for the order management and trading support system (TDM 867), counselling and audit costs (TDM 894), costs for securities information systems (TDM 566), stock exchange fees (TDM 306) and contributions to the life assurance and reinsurance coverage policy (TDM 290).

The other operating expenses include issuing costs to the extent of TDM 1,659.

The sale of own shares led to proceeds to the extent of TDM 5, and to losses to the extent of TDM 217. For the computation it was presumed that the shares purchased first were sold first.



7. Other statements

Executive bodies

Appointed as members of the board in the reporting year were:

- Mr Lutz Fröba, Germering, stockbroker
- Mr Thomas Mühlbauer, Munich, stockbroker
- Mrs Christine Niederreuther-Rohrhirsch, Munich, stockbroker
- Mr Thomas Posovatz, Munich, stockbroker

The complete remuneration of the board members amounted to TDM 4,583.

The following persons are members of the supervisory board of the company:

- Mr Paul Berwein, stockbroker, chairman
- Mr Peter Hausmann, retired state secretary, consultant, vice-chairman
- Dr. Ulrich Wastl, lawyer

The deputy chairman of the supervisory board is also a member of the board of directors of Video Film Telecast AG, Munich/Zurich.

The complete remuneration of the members of the supervisory board amounted to TDM 203.

Approved capital

The board of management has the right to increase the company's capital once or several times within the legally required time of five years after the company registration on December 08, 1998 with the approval of the supervisory board by issuing new shares against non-cash or cash contributions by up to a total of TDM 3,000.

With the approval of the supervisory board, the board of directors can for this purpose exclude the legal subscription right of the shareholders pursuant to the legal provisions. This is especially valid as far as the capital increase from approved capital is carried out for the purpose of purchasing companies or holdings in other companies.

The increase of the capital was carried out from DM 6,000,000.00 to DM 6,304,500.00. By supervisory board decision of February 09, 1999, § 5 of the corporate law (amount and allocation of the basic capital) has been changed. The approved capital therefore amounted to DM 2,695,500.00.

By the additional increase of the capital to DM 8,304,500.00 the approved capital decreased to DM 695,500.00 pursuant to the approval of the supervisory board from March 12, 1999.

With the decision of the annual general meeting of March 12, 1999, the board of directors is entitled to increase the basic capital by additional TDM 3,400.

Employees

The average number of employees employed - without members of the board - during the business year is:

■ Office Gräfelfing	13
■ Office Munich	7
■ Office Berlin	4
■ Office Frankfurt	4

Information on participating interests of which Company was informed pursuant to section 20 German Corporation Act (AktG)

FMNP GmbH holds 31.6% of the shares (525,450 shares)

Other financial liabilities

On the reporting date, other liabilities existed from regular tenancy agreements with the following amount and maturity:

■ maturing in 2000	TDM 194
■ maturing in 2001	TDM 108

Cash flow statement

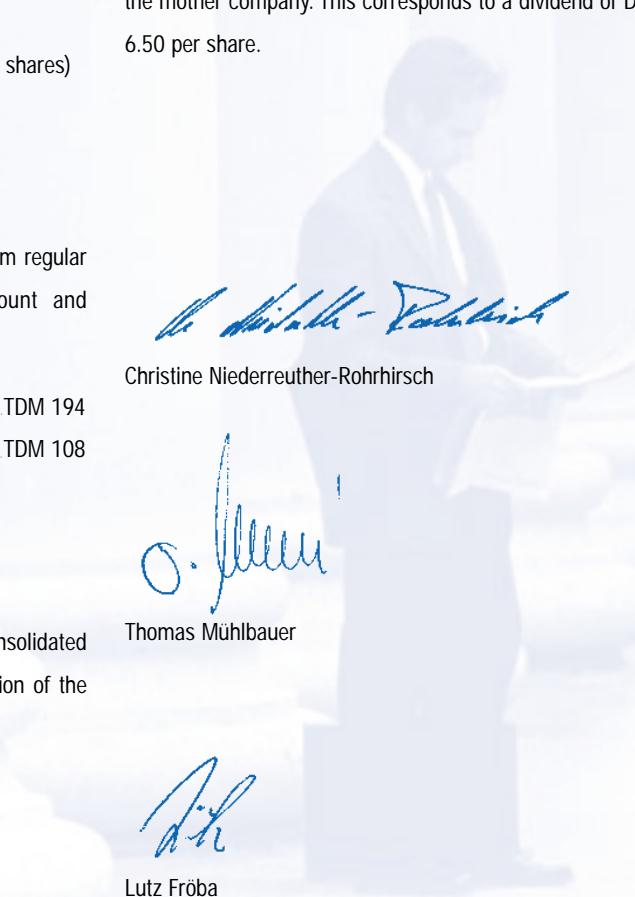
As this was the first reporting year in which a consolidated financial statement was drawn up, no presentation of the cash flow statement was drawn up.

Segment information

As MWB Wertpapierhandelsbank GmbH was licensed as financial service company only in May 1999, no segment information was drawn up due to the yet minor importance of the areas assets management and issuing business.

8. Profit appropriation

Due to the board of management's proposed appropriation of profits in March 2000, it is proposed to the supervisory board to pay out TDM 10,796 of the balance sheet profit of the mother company. This corresponds to a dividend of DM 6.50 per share.



C. Niederreuther-Rohrhirsch

Christine Niederreuther-Rohrhirsch



Thomas Mühlbauer



Lutz Fröba



Thomas Posovatz

Auditor's report

We conducted our audits of the financial statement including the accounting principles of MWB Wertpapierhandelshaus AG as well as the consolidated financial statement drawn up by the company and the management and group management annual report for the business year ended December 31, 1999. The preparation of these documents according to the provisions of the German commercial law is the responsibility of the company's management. Our responsibility is to express, based on our audits, an opinion on these financial statements including the accounting principles used as well as on the consolidated financial statement drawn up by the company and the management and group management report.

We conducted the annual audit and the audit of the consolidated financial statements pursuant to § 317 German commercial code in compliance with sound auditing principles defined by the German Institut der Wirtschaftsprüfer (IDW). These require that we plan and perform the audit to detect with sufficient security any inaccuracies and violations that considerably influence the presentation of the picture of the assets, liabilities, financial position and profit or loss conveyed by the financial statement and consolidated financial statement in compliance with sound accounting principles and by the company and consolidated annual report. When determining the alternative procedures, the knowledge about the company's business operations and about its economic and legal environment as well as the expectations of possible mistakes are taken into account. An audit includes examining, mainly on a test basis, the effectiveness of the internal monitoring system as well as evidence supporting the statements of accounting, of the financial and the consolidated financial statements and of the management and group management report. The audit includes assessing the accounting principles and consolidation policy used and significant estimates made by legal representatives as well as evaluating the overall financial

statement presentation and the management and group management report. We believe that our audits provide a reasonable basis for the opinion expressed above.

Our audits have not led to any objections.

In our opinion, the financial statement and the consolidated financial statement present fairly, in all material respects, the assets, liabilities, financial position and profit or loss of the company and the group in conformity with sound accounting principles. The management and group management report gives a correct presentation of the company and consolidated situation and presents the risks of the future development correctly.

Munich, April 17, 2000

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft


Pastor Schobel

Auditor Auditor



