



Märkte · Wertpapiere · Börsen

1st Quarter Report 2003

2003

MWB
WERTPAPIERHANDELSHAUS
AKTIENGESELLSCHAFT

At a glance

MWB Group	1 st Quarter, 2003		1 st Quarter, 2002		+/- in %
Commission result	TEUR	215	TEUR	256	-16 %
Trading result	TEUR	215	TEUR	1,173	-82 %
Personnel expenses	TEUR	725	TEUR	740	-2 %
Administrative expenses	TEUR	865	TEUR	1,112	-22 %
Profit from ordinary activities	TEUR	-1,041	TEUR	-269	+287 %
Net loss	TEUR	-1,058	TEUR	-267	+296 %
Balance sheet total	TEUR	20,859	TEUR	29,008	-28 %
Equity	TEUR	18,658	TEUR	26,632	-30 %
Earnings per share	€	-0.22	€	-0.06	+266 %
Number of employees		30		33	-9 %

The Company

MWB Wertpapierhandelshaus AG
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 Registered with the local Court of Munich,
 HRB 123141, founded in 1993

Board of Management

Christine Niederreuther-Rohrhirsch
 Thomas Mühlbauer
 Thomas Posovatz

Investor Relations

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Admitted for trading on the following exchanges

- Bavarian Stock Exchange (Munich)
- Berlin Stock Exchange
- Frankfurt Stock Exchange
- Rhineland-Westphalia Stock Exchange in Duesseldorf
- Baden-Wuerttemberg Stock Exchange

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

Financial Calender 2003

05/14/2003	Balance sheet press conference in Munich
05/15/2003	Analysts conference in Frankfurt
06/25/2003	Annual Shareholder's meeting in Munich
07/22/2003	Publication of semiannual figures 2003
10/21/2003	Publication of third quarter figures 2003

Business Developments in the First Quarter of 2003

MWB AG's tenth year started out under tough conditions. The wrestling match surrounding a peaceful solution to the Iraq conflict marked the first three months of the year. Almost all financial institutions suffered from the paralyzing insecurity felt by investors and their resulting reservation to make investments. In particular, fears of rising oil prices depressed their mood – as this would have pushed economically weakened industrial nations even further towards the brink of recession. Stock market turnover only started to grow again at the end of March, when hopes emerged for a rapid end to the war. However, we cannot yet speak of a return to normality. Above all the dramatic earnings crisis experienced by banks and insurance companies has shattered investors' trust in a fast recovery for the financial markets. The clearout among securities houses will also continue in this critical stock market environment. One of MWB AG's direct competitors announced that it would be dissolving its company in the next few months.

Trading and Specialist Business

MWB AG's core business again suffered during Q1 as a result of the downturn in turnover for foreign stocks. The volume of securities traded in Germany slumped by nearly 50 % to € 36 billion compared to € 66 billion in the same period of the previous year – another painful blow for the world's largest market for foreign stocks.

One of the measures geared to returning German stock markets to success was the launch of NASDAQ Deutschland on March 21. The new platform is a marketmaker model with an internalization function. However, we will only be able to tell if NASDAQ Deutschland will be able to win out against Xetra and MWB's preferred specialist model when

the stock markets again record a level of turnover which can be taken seriously.

MWB Wertpapierhandelsbank

Growth in our subsidiary's two divisions was very different. Whereas the IPO and Capital Markets Consulting division recorded no business in the first quarter, Asset Management made a pleasing contribution to earnings. The assets managed on March 31, 2003, totaled € 17.5 million compared to € 22 million in the previous year. Despite lower total volume, the number of customers more than doubled and now totals 184 compared to 87 in the same period of the previous year. This proves that our products are marketable and underscores the success of our sales efforts last year. As was also the case in 2002, MWB's Offenburg branch with its highly motivated team played a key role in this success. No positive developments can be forecast at the moment for the IPO and Capital Markets Consulting division. The market, which came to an almost complete standstill in 2002, hardly showed any signs of recovery in Q1 2003. As a result, a change was made to MWB Wertpapierhandelsbank's management team – by mutual consent. As of March 28, Thomas Mühlbauer, who is also a member of MWB AG's Management Board, replaced Bernd Ertl as the head of the IPO and Capital Markets Consulting division.

Results

Notes to the consolidated quarterly financial statements

The MWB Group has prepared its consolidated financial statements for the first quarter in line with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), in order to provide its shareholders and

all interested parties with an internationally comparable basis to evaluate the MWB Group and its results of operations, and at the same time to meet the requirements of Deutsche Börse AG for the Prime Standard market segment. The interim report is in line with the requirements of IAS 34.8 and IAS 42.11 for quarterly financial statements. The basic earnings per share are the same as the diluted earnings per share and total € -0.22 (previous year: € -0.06).

Accounting and valuation methods

The single-entity financial statements of the companies included in consolidation are included in the consolidated financial statements of MWB Wertpapierhandelshaus AG. Uniform accounting and valuation principles are applied. The consolidated financial statements as of March 31, 2003 include MWB Wertpapierhandelshaus AG as the parent company and the wholly-owned subsidiary MWB Wertpapierhandelsbank GmbH. We consistently apply accounting, valuation and disclosure methods in line with the IFRS framework concept. The same principles were applied in these quarterly financial statements as in our IFRS financial statements as of December 31, 2002. In particular all of our assets held for dealing purposes are carried at their fair value on the balance sheet and own shares within the meaning of SIC 16 are deducted from equity.

Net commission income and trading profit

Whereas turnover in foreign stocks fell by 45 % in the first quarter, MWB AG's commission income only fell by 16 %, totaling TEUR 215 compared to TEUR 256 in the same quarter of the previous year. This relatively pleasing result is primarily due to the contribution made by MWB Wertpapierhan-

delshaus. In retrospect, our positioning in this sector has proved to be just as correct as our strategy shift from risk to commission orientation. Despite these positive tendencies, MWB AG's trading profits fell by TEUR 958 to TEUR 215 in the first quarter. This is due both to the market environment as well as political and economic insecurities – the likes of which have seldom been experienced – as well as write-downs and trading losses on longer-term positions held for dealing purposes totaling TEUR 267.

General administrative expenses

MWB AG adjusted its cost policy to the market environment much earlier on than many of its competitors. Our administrative expenses have fallen constantly as a result, which means that no more radical steps are needed in the current situation. This pays off in particular with regard to our employees, whose motivation is a key factor for the success of our business. Of the savings totaling TEUR 262, barely 6 % was due to personnel costs. In total, administrative expenses now only total TEUR 1,591, compared to TEUR 1,853 in the same quarter of the previous year.

Profits from ordinary activities

During the first quarter, profits from ordinary activities totaled TEUR -1,041. The downturn of TEUR 772 was mainly due to the poor trading profits. As a result, our net loss also increased from TEUR -267 in Q1 2002 to its current total of TEUR -1,058.

Equity and liquidity

MWB AG's equity totaled € 18.7 million on March 31, 2003. Despite the fall of € 7.9 million, the company's equity ratio of 89 % and cash equivalents of



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Thomas Posovatz,
Management Board member
in charge of Investor Relations
and Finance, Speaker of the
Management Board

€ 14.2 million is still far in excess of the industry average. The company's dependable quality will not change over the long term.

Own shares

On the balance sheet date, the company held 179,278 own shares. This corresponds to a nominal value of € 179,278 and a 3.6 % interest in the share capital. During the period under review, MWB bought 18,120 own shares but did not sell any of its own stock. The average purchase price per share totaled € 1.59 – which still does not reflect the company's excellent quality.

Segment Reporting

During the period under review MWB Wertpapierhandelshaus AG's total sales totaled TEUR 483 compared to TEUR 1,554 in the previous year. These comprise interest and commission income and trading profits. MWB Wertpapierhandelsbank GmbH's income more than doubled to TEUR 62 (previous year: TEUR 29). Broken down into its individual components, MWB Wertpapierhandelshaus AG recorded profits from ordinary activities totaling TEUR -912 compared to TEUR -167 thousand in the previous year. MWB Wertpapierhandelsbank's earnings fell from TEUR -98 to TEUR -129. The quarterly consolidated financial statements from the previous year included a goodwill write-down totaling TEUR 4 in the profits from ordinary activities. This write-down was made for the last time in the financial statements as of December 31, 2002.

Outlook

The first few months of the year have shown that the long anticipated upturn on the capital markets has retreated into the far distance. If we take a realistic look at the underlying economic – and above all political – conditions, then a difficult year on the stock markets is again likely, for the fourth successive year. This is why our valuation of our own company is also subject to a healthy degree of realism: on the positive side there is MWB Wertpapierhandelsbank's positive growth, which supports us in our efforts to becoming increasingly commission oriented. On the other hand, we are not satisfied by the overall business growth. As a result, we will be subjecting all of MWB AG's divisions to a thorough analysis during the coming weeks and months. Our aim is to discontinue divisions which offer no medium-term potential, and to retain those which offer us new potential for the future. This is our approach to retaining and improving MWB AG's quality – in the face of financial markets which will remain problematic over the longer term.

Consolidated Balance Sheet according to International Financial Reporting Standards

as of March 31, 2003

Assets

	03/31/2003	03/31/2002
	EUR	EUR
Cash reserve	598,28	1,552.50
Receivables from banks	14,264,118.79	17,277,478.07
Assets held for dealing purposes	855,168.30	459,236.52
Financial assets	2,582,558.42	6,300,459.42
Tangible assets	798,008.00	983,598.00
Income tax assets	1,256,857.87	2,350,632.75
Other assets	1,101,532.04	1,634,928.79
Total assets	20,858,841.70	29,007,886.05

Liabilities and Equity

	03/31/2003	03/31/2002
	EUR	EUR
Liabilities to banks	60,097.72	211,134.81
Liabilities from dealing activities	17,228.00	37,344.11
Provisions	760,138.75	1,017,312.12
Income tax liabilities	143,251.44	170,817.85
Other liabilities	1,219,699.69	938,986.24
Equity	18,658,426.10	26,632,290.92
Subscribed capital	4,982,700.00	4,982,700.00
Capital reserves	24,825,551.32	24,825,551.32
Own shares	8,433,790.49	10,039,468.04
Retained earnings	-14,722.16	21,469.66
Revaluation surplus	-2,435,785.10	-2,490,182.14
Unappropriated loss	-17,133,108.45	-10,746,715.96
Total liabilities and equity	20,858,841.70	29,007,886.05

Consolidated Profit and Loss Account according to International Financial Reporting Standards

for the Period from January 1 to March 31, 2003

	01/01/-03/31/2003	01/01/-03/31/2002
	EUR	EUR
Net interest income	114,585.01	153,695.00
Commission income	243,303.66	306,744.75
Commission expenses	-28,154.23	-50,785.79
Net commission income	215,149.43	255,958.96
Trading income	1,067,718.89	3,721,783.81
Trading expenses	-852,448.47	-2,548,511.58
Trading profit	215,270.42	1,173,272.23
Net income from financial assets	0.00	0.00
Administrative expenses	-1,590,715.56	-1,852,785.53
Balance of other income/expenses	4,458.06	1,297.03
Profit from ordinary activities	-1,041,252.64	-268,562.31
Income taxes on profit from ordinary activities	-16,187.49	1,345.57
Net profit/loss	-1,057,440.13	-267,216.74
Profit carried forward from previous year	-16,462,396.31	-10,519,239.55
Transfers to retained earnings	386,727.99	39,740.33
Unappropriated profit/loss	-17,133,108.45	-10,746,715.96

Statement of Changes in Equity

for the Period from January 1 to March 31, 2003

	2003 TEUR	2002 TEUR
Equity as of January 1	19,736	26,832
Subscribed capital		
As of January 1	4,983	4,983
As of March 31	4,983	4,983
Capital reserves		
As of January 1	24,825	24,825
As of March 31	24,825	24,825
Retained earnings		
As of January 1	8,618	10,239
Change	-184	-200
As of March 31	8,434	10,039
Revaluation surplus		
As of January 1	-53	9
Change	38	12
As of March 31	-15	21
Own shares		
As of January 1	-2,425	-2,545
Change	-11	55
As of March 31	-2,436	-2,490
Consolidated profit		
As of January 1	-16,212	-10,679
Change in unappropriated profit / loss	-921	-67
As of March 31	-17,133	-10,746
Equity as of March 31	18,658	26,632

Cash Flow

for the Period from January 1 to March 31, 2003

	01/01/-03/31/2003 TEUR	01/01/-03/31/2002 TEUR
Cash flow from operating activities	-532	2,134
Cash flow from investing activities	-68	0
Cash flow from financing activities	-29	114
Change in cash and cash equivalents	-629	2,248
Cash and cash equivalents at beginning of the period	14,833	14,820
Cash and cash equivalents at end of the period	14,204	17,068

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