



Märkte · Wertpapiere · Börsen

Half-year Report 2003

2003



WERTPAPIERHANDELSHAUS
AKTIENGESELLSCHAFT

At a glance

MWB Group	Half-year, 2003		Half-year, 2002		+/- in %
Commission result	TEUR	474	TEUR	463	+2 %
Trading result	TEUR	1,162	TEUR	1,954	-40 %
Personnel expenses	TEUR	1,461	TEUR	1,486	-2 %
Administrative expenses	TEUR	1,969	TEUR	2,414	-18 %
Profit from ordinary activities	TEUR	-1,515	TEUR	-1,044	+45 %
Net loss	TEUR	-1,456	TEUR	-1,108	+31 %
Balance sheet total	TEUR	20,483	TEUR	28,392	-28 %
Equity	TEUR	18,255	TEUR	25,904	-30 %
Earnings per share	€	-0.30	€	-0.23	+30 %
Number of employees		30		32	-6 %

The Company

MWB Wertpapierhandelshaus AG

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Registered with the local Court of Munich,

HRB 123 141, founded in 1993

Board of Management

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Admitted for trading on the following exchanges

- Munich Stock Exchange
- 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 Calendar 2003

October 21, 2003

Publication of third quarter figures 2003

Business developments in the first six months of 2003

The "principle of hope" was the driving force on the German stock market in the second quarter of 2003. June, the month in which the DAX slowly stabilized at over 3000 points, also saw consumer confidence starting to rise again. The improved climate for consumption and the favorable valuation of German equities on an international comparison were parallel factors which led to a slight recovery in equities turnover – however we cannot yet speak of a sustained stabilization on the financial markets. Despite the positive basic mood, a rapid stock market recovery is currently rather improbable. Cost cuts are once again at the forefront of corporate activities – including for MWB Wertpapierhandelshaus AG. Our consistent cost management and improved trading result mean that MWB AG was able to record a substantially better result from ordinary activities in the second quarter than in the first three months of the year.

Trading and Specialist Business

The slightly higher turnover in the second quarter was not able to hide the fact that trading in foreign equities continued to fall in absolute terms. Whereas a volume of € 62 billion was traded in Q2 2002, only € 37 billion was traded from April to June 2003 – a significant development, which the stock markets wanted to counter with the aid of new market models. For example, NASDAQ Deutschland was launched on March 21, 2003 – offering a purely electronic trading platform. However, this has not yet fulfilled the high expectations placed in it – a sharp contrast to Max-One, Munich Stock Exchange's new market model, which has been in operation successfully since May 2, 2003.

In contrast to the Frankfurt Xetra trading system, so-called specialists enter prices and ensure that orders are executed. One of the specialist companies involved is MWB AG, which has

supported the development of Max-One from the very outset. An investment in expertise which has paid off: we have been able to increase our commission in Munich significantly since May 2, 2003.

MWB

Wertpapierhandelsbank

Following on from the pattern set throughout 2002, the first two quarters of 2003 did not see any new issues in Germany. As a result, our IPO and Capital Markets Consulting division again recorded zero sales.

As part of the review of our corporate strategy we have thus decided to discontinue this division over the medium term and to concentrate fully on private asset management. Our highly positive experience with the MWB branch in Offenburg confirms this decision. Over the course of just one year, the MWB Baden team has succeeded in acquiring 98 customers. The branch manages assets of € 10.1 million – or around half of MWB Wertpapierhandelsbank's assets. These totaled € 19 million as of June 30, 2002, split among 208 customers. Our aim is to increase the amount of assets managed as rapidly as possible. And we have top-level media support to help us meet this goal – in May the magazine "Focus Money" selected MWB Wertpapierhandelsbank as one of the top 10 German asset managers. The further developments within Wertpapierhandelsbank GmbH sparked off renewed management changes as of June 30, 2003. Wolfgang Grau left the management, and he was succeeded by MWB Baden's Christian Maier who took over the reins as managing director.

Results

Notes to the consolidated half-year financial statements

The MWB Group has prepared its

consolidated financial statements for the first half of 2003 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 34.11 for quarterly financial statements. The basic earnings per share are the same as the diluted earnings per share and total € -0.30 (previous year: € -0.23).

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 June 30, 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 treasury shares within the meaning of SIC 16 are deducted from equity.

Commission income and trading profit

The second quarter was characterized

by a significant increase in trading profits. Compared to € 215 thousand in Q1, this figure lifted to € 947 thousand. However, extraordinary factors included write-ups to longer-term assets held for dealing purposes and profits from sales.

The commission income also improved, up € 44 thousand on the same quarter of the previous year. However, this positive growth was not sufficient to bring about generally pleasing earnings for the first half of the year. Commission income increased slightly from € 463 thousand to € 474 thousand, however trading profits were still impacted by the weak first quarter, falling from € 1,954 thousand in the first half of 2002 to € 1,162 thousand in 2003.

General administrative expenses

MWB AG continued its conscientious cost-cutting policy in the first half of 2003. We were able to again cut general administrative expenses by 12% – slashing costs by € 471 thousand to € 3,429 thousand. The reduction stemmed partly from personnel costs, which fell by € 25 thousand to € 1,461 thousand, however a far greater proportion was due to other administrative expenses, which dropped from € 2,414 thousand in the first half of 2002 to € 1,969 thousand in 2003.

Profits from ordinary activities

Profits from ordinary activities reflect the same trend seen in other areas – an excellent second quarter was not enough to halt the negative trend of the previous months. We were able to halve the quarterly loss from April to June, however for the entire six months earnings fell from € 1,044 thousand in the first half of 2002 to € 1,515 thousand in 2003.

This means that the net loss for the



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

period totaled € 1,456 thousand – up € 348 thousand on June 30, 2002.

Equity and liquidity

At the end of the first six months, MWB AG's equity totaled € 18.3 million – thus remaining mostly stable in the second quarter. This also applies to liquidity, which fell only slightly from € 14.2 million to € 13.9 million. The equity ratio remains steady at 89%. This is still in the upper echelons and continues to evidence the company's excellent quality.

Own shares

On the balance sheet date, the company held 178,094 own shares. During the first half of 2003, the company bought 25,018 own shares and sold 8,082 shares. The average acquisition price totaled € 1.62, the average selling price totaled € 1.75. This corresponds to a nominal value of € 178,094 and a 3.6% interest in the share capital.

Segment Reporting

During the period under review, MWB Wertpapierhandelshaus AG recorded comprehensive income totaling € 1,707 thousand (previous year: € 2,678 thousand), MWB Wertpapierhandelsbank GmbH recorded comprehensive income totaling € 199 thousand (previous year: € 125 thousand). Comprehensive income comprises net interest income, commission income, trading profits and results from financial assets.

Broken down into its individual components, MWB Wertpapierhandelshaus AG recorded profits from ordinary activities totaling € -1,293 thousand compared to € -888 thousand in the previous year. This figure totaled € -222 thousand (previous year: € -148 thousand) for MWB GmbH. The six-

month consolidated financial statements from the previous year included a goodwill write-down totaling € 8 thousand 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

Signals from the second quarter are positive – but can we use them to make predictions for the rest of the year? We would rather stick with our conservative forecast and only anticipate a slow recovery on the market. However, that's no reason for us to rest on our laurels. We have used the first six months of the year to subject all of our divisions to a critical review – which we concluded in June. This process showed that the course we have struck – to gear our work towards commission – is quite clearly the right course to have taken. We are continuing to focus on the expansion of our core specialist business division and are investing in expanding our insitutional sales.

Of course our increased sales activities also cover our subsidiary MWB Wertpapierhandelsbank GmbH. As in the past, our primary aim is to retain MWB AG's excellent quality – because in our business, when the market recovers the only companies who will be able to develop their full potential will be the ones who were already generating solid business beforehand.

Consolidated Balance Sheet according to International Financial Reporting Standards

as of June 30, 2003

Assets	06/30/2003 EUR		06/30/2002 EUR
Cash reserve	806.07		328.05
Receivables from banks	13,983,563.18		16,709,947.41
Assets held for dealing purposes	707,560.47		420,681.44
Financial assets	2,634,143.42		6,255,885.42
Tangible assets	729,795.00		988,222.00
Income tax assets	1,258,320.39		2,346,670.34
Other assets	1,169,064.93		1,670,429.62
Total assets	20,483,253.46		28,392,164.28
Liabilities and Equity	06/30/2003 EUR		06/30/2002 EUR
Liabilities to banks	121,927.41		68,553.85
Liabilities from dealing activities	21,012.00		27,092.07
Provisions	842,848.50		1,145,712.12
Income tax liabilities	128,865.71		129,496.32
Other liabilities	1,114,003.93		1,117,332.82
Equity	18,254,595.91		25,903,977.10
Subscribed capital	4,982,700.00		4,982,700.00
Capital reserves	24,825,551.32		24,825,551.32
Own shares	8,367,957.17		9,778,208.18
Retained earnings	-36,393.24		-9,578.63
Revaluation surplus	-2,466,587.26		-2,346,465.90
Unappropriated loss	-17,418,632.08		-11,326,437.87
Total liabilities and equity	20,483,253.46		28,392,164.28

Consolidated Profit and Loss Account according to International Financial Reporting Standards

for the Period from January 1 to June 30, 2003

	01/01/–06/30/2003 EUR		01/01/–06/30/2002 EUR
Net interest income	216,689.72		315,852.28
Commission income	586,545.67		537,021.12
Commission expenses	-112,079.36		-73,732.67
Net commission income	474,466.31		463,288.45
Trading income	2,506,624.40		6,687,322.11
Trading expenses	-1,344,912.24		-4,732,992.24
Trading profit	1,161,712.16		1,954,329.87
Net income from financial assets	53,178.00		69,131.40
Administrative expenses	-3,429,605.10		-3,899,580.86
Balance of other income/expenses	8,625.93		53,042.98
Profit from ordinary activities	-1,514,932.98		-1,043,935.88
Income taxes on profit from ordinary activities	58,529.68		-64,267.90
Net profit/loss	-1,456,403.30		-1,108,203.78
Profit carried forward from previous year	-16,409,077.83		-10,519,239.55
Transfers to retained earnings	446,849.05		301,005.46
Unappropriated profit/loss	-17,418,632.08		-11,326,437.87

Statement of Changes in Equity

for the Period from January 1 to June 30, 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 June 30	4,983		4,983
Capital reserves			
As of January 1	24,825		24,825
As of June 30	24,825		24,825
Retained earnings			
As of January 1	8,618		10,239
Change	-250		-461
As of June 30	8,368		9,778
Revaluation surplus			
As of January 1	-53		9
Change	17		-19
As of June 30	-36		-10
Own shares			
As of January 1	-2,425		-2,545
Change	-42		199
As of June 30	-2,467		-2,346
Consolidated profit			
As of January 1	-16,212		-10,679
Change in unappropriated profit / loss	-1,206		-647
As of June 30	-17,418		-11,326
Equity as of June 30	18,255		25,904

Cash Flow

for the Period from January 1 to June 30, 2003

	01/01–06/30/2003 TEUR		01/01–06/30/2002 TEUR
Cash flow from operating activities	-974		1,444
Cash flow from investing activities	-22		-23
Cash flow from financing activities	26		400
Change in cash and cash equivalents	-970		1,821
Cash and cash equivalents at beginning of the period	14,833		14,820
Cash and cash equivalents at end of the period	13,863		16,641

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