



Märkte · Wertpapiere · Börsen

First Quarter Report 2004

# 2004



WERTPAPIERHANDELSHAUS  
AKTIENGESELLSCHAFT

## At a glance

MWB Group	1 <sup>st</sup> Quarter, 2004		1 <sup>st</sup> Quarter, 2003	+/- in %
Comission result	TEUR	458	TEUR 215	+113 %
Trading result	TEUR	1,216	TEUR 215	+466 %
Personnel expenses	TEUR	589	TEUR 725	-19 %
Administrative expenses	TEUR	1,147	TEUR 865	+33 %
Profit from ordinary activities	TEUR	21	TEUR -1,041	+102 %
Net profit	TEUR	17	TEUR -1,057	+102 %
Balance sheet total	TEUR	20,114	TEUR 20,859	-4 %
Equity	TEUR	17,776	TEUR 18,658	-5 %
Earnings per share	€	0.002	€ -0.220	+101 %
Number of employees		27	30	-10 %

## Financial Calendar

Datum	Thema	Ort
05/12/2004	Balance sheet press conference	Munich
06/23/2004	Annual Shareholder's meeting	Munich
07/22/2004	Publication of semiannual figures 2004	
10/21/2004	Publication of third quarter figures 2004	
4 <sup>th</sup> quarter	Analysts conference	Frankfurt a. M.

## The Company

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Registered with the local Court of  
Munich, HRB 123 141  
Founded in 1993

### Board of Management

Christine Niederreuther-Rohrhirsch  
Thomas Mühlbauer  
Thomas Posovatz

### Investor Relations

Bettina Schmidt  
Phone: +49 89 85852-305  
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### Admitted for trading on the following exchanges

- Munich Stock Exchange
  - Berlin-Bremen Stock Exchange
  - Frankfurt Stock Exchange
  - Rhineland-Westphalia Stock  
Exchange in Duesseldorf
  - Baden-Wuerttemberg  
Stock Exchange
- Member of the Bundesverband der  
Wertpapierfirmen an den deutschen  
Börsen e.V.

# Business in the first quarter 2004

The recovery of the financial markets continued seamlessly in the first quarter of 2004 and brought with it a new spirit of optimism. For the first time since July 2002, the DAX was able to stabilize above the psychologically important threshold of 4000 points. Even the attacks in Madrid in March only brought with them a brief lull. This shows how sensitively the financial markets still react to political developments. At the same time it also confirms the fact that the basic feeling is now so positive that short downturns no longer lead to panic reactions.

Even more important for MWB AG than the game of "DAX tag" and the improved outlook for listed companies was the increased trading in international stocks. After the low in the first half of 2003, trading has now significantly increased again. Turnover has nearly doubled, which indicates that investors are increasingly regaining their trust in the stock market. This also marks the start of a new era for MWB Wertpapierhandelshaus AG. We have been able to record positive earnings again for the first time since Q3 2000. The increase in MWB's share price was equally clear: between December 31, 2003 and March 31, 2004 the share price lifted from € 2.44 to € 3.85, and is currently around € 4.00, which means the upwards shift we had been forecasting has arrived earlier than expected.

## Trading and Specialist Business

As a specialist for trading in international stocks, MWB benefits directly from increasing turnover in this segment. In Q1 2003 turnover totaled just EUR 36 billion, however the stock markets recorded an increase to € 69.6 billion from January to March 2004. As a result, our trading profits increased quarter-on-quarter by € 1,001 thou-

sand. Commission income also increased, however this is not only due to market growth – it is much rather the case that our decision to stick to the specialist model made a major contribution to our success. We were able to increase our commission at the Munich stock exchange, where we are admitted as a specialist – one of many increases since May of last year. But that is not enough: MAX-ONE, the trading model that we co-developed, has proved itself to be a sales driver. More and more private investors cherish the advantages – for example rapid execution at the best price. Thanks to MAX-ONE, the Munich exchange is now the third largest stock exchange in Germany.

In order to use the synergy effects that result from the close cooperation between our divisions, we have reactivated our Designated Sponsoring division. We have already been able to acquire a client in the form of Solon AG, Berlin.

## Institutional Sales / Order Execution division

Our not inconsiderable efforts to establish a new division are slowly paying off. Our Order Execution and Institutional Sales divisions made a pleasing contribution to earnings for the first time in the first quarter of 2004.

This division contributed € 194 thousand to commission income, or 53 %. This confirms that the market accepts our positioning as a specialist for small and mid caps. In order to further expand the division, we bolstered our team on May 1, 2004 with an experienced sales employee who will support our institutional clients from our Frankfurt office.

## MWB Wertpapierhandelsbank

After MWB Wertpapierhandelsbank's operations were discontinued, we transferred the customers who wish to continue to receive MWB's service to MWB Baden GmbH as of January 1, 2004. We have been conducting concrete selling negotiations for the remaining legal shell of MWB Wertpapierhandelsbank for some time. One interested party has already submitted the required applications to the Bundesaufsichtsammt für das Finanzwesen (German Federal Banking Supervisory Authority). The sale will make another contribution to positive accounts for the year.

## MWB Baden GmbH

MWB Baden GmbH has been acting as an independent company since the start of the year. MWB AG holds a 60 % interest in the company to secure its private asset management activities. This strategy is already paying off. MWB Baden GmbH again recorded above average growth in the first quarter of 2004. The assets managed increased during this period from € 13.5 million to € 15.8 million.

At the end of the quarter, our Offenburg-based subsidiary managed 188 accounts – and this excellent performance is primarily due to the team's extraordinarily high motivation.

## Results

### Notes to the consolidated quarterly financial statements

The MWB Group has prepared its consolidated financial statements for the first quarter of 2004 in line with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), in order to provide its shareholders and all





*"We are confident that the capital markets will develop positively during the remainder of the year – and with them MWB AG's earnings."*

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

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 € 0.002 (previous year: € -0.220).

#### Accounting policies

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, 2004 include MWB Wertpapierhandelshaus AG as the parent company, the wholly-owned subsidiary MWB Wertpapierhandelsbank GmbH and MWB Baden GmbH. We consistently apply accounting, valuation and disclosure methods in line with the IFRS framework concept. The same accounting and valuation principles were applied in these quarterly financial statements as in our IFRS financial statements as of December 31, 2003. 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.

#### Commission income and trading profits

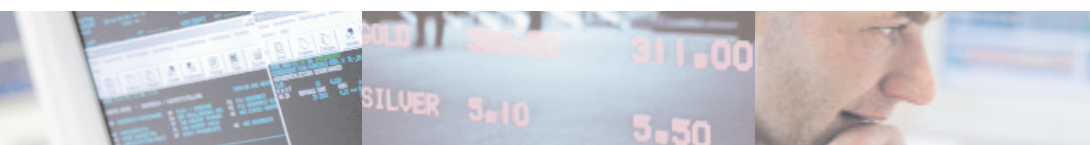
MWB was able to significantly increase commission income compared to the first quarter of 2003. It more than doubled from € 215 thousand to € 458 thousand. This is due in particular to specialist business, which contributed € 169 thousand. Order Execution and Institutional Sales contributed € 127 thousand and € 67 thousand respectively.

MWB Baden GmbH contributed € 95 thousand to earnings. The improved opportunities for trading as a result of generally higher stock market turnover were also reflected in positive trading profits. Whereas these totaled € 215 thousand in Q1 2003, one year later these totaled € 1,216 thousand. Above all, the increased turnover in international stocks had a positive impact on MWB's accounts.

#### General administrative expenses

The end of the stock market crisis is no reason for us to rest on our laurels, which is why we continued our policy of strict cost control in the first quarter of 2004.

However, after the major cost cuts in the past few years the scope has become somewhat tighter. As a result, general administrative expenses increased slightly from € 1,591 thousand (Q1 2003) to € 1,736 thousand. Personnel costs fell to € 589 thousand compared



to € 725 thousand in the same quarter of the previous year.

Other administrative expenses increased from € 865 thousand to € 1,147. This was primarily due to the increase in volume-related costs. A moderate reduction in the number of employees from 30 to 27 marks the provisional end of our staff cuts.

### **Profits from ordinary activities and net income**

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After a long hard slog, our earnings from operating activities are now back in the black. Our earnings totaled € 21 thousand in the first quarter, compared to € -1,041 thousand in the same period of the previous year. MWB AG's net income was also up at € 17 thousand, a significant increase on Q1 2003 when the net loss totaled € -1,057 thousand.

### **Equity and liquidity**

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MWB has kept its promise of doing everything it can to retain the company's quality, even in times of crisis. This consistency is now paying off, as our liquidity of € 12.6 million and equity ratio of 88 % mean that we are far above the industry average and that we have been able to compensate in part for the decreases of the last few years.

As of March 31, 2004, our equity had increased slightly against December 31, 2003 to € 17.8 million. This means that we were able to avoid a further deterioration in MWB AG's quality.

### **Own shares**

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On the balance sheet date, the company held 24,508 own shares. During the period under review, a total of 11,000 shares were bought and 119,015 shares were sold. The average acquisition price totaled € 3.89, the average selling price totaled € 2.58. The position in own shares corresponds to a nominal value of € 24,508 and a 0.5 % interest in the share capital.

### **Outlook**

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As the recent past has shown, it is almost impossible to make any kind of binding forecast for developments on the stock market. Economic uncertainties, the situation in the Middle East and the fear of terrorist attacks are endangering the upturn, which remains tentative. In spite of this, MWB AG's Managing Board is looking to the coming months with cautious optimism. There are several reasons for this: our strategy of increased commission orientation has been paying off for some time now. In this connection, expanding the Institutional Sales division proved to be a step in the right direction. Thanks to our consistent expansion, we expect this division to make a major contribution to this year's commission income and to bring with it greater independence from trends on the stock markets and the risks described above.

A further advantage is the niche market positioning defined over the past few years. Our high level of competence, in

particular for small and mid caps, means that we have a clear unique position compared to our competitors. This unique position is underscored by our activities as a specialist. MWB was not involved in the fashion of purely electronic trading platforms, but has always stuck to the specialist model. We are now benefiting from our expertise as a "specialist" as seen in the US at the stock exchanges in Frankfurt, Berlin, and above all in Munich. That is where the success of MAX-ONE shows that the combination of man and computer is a competitive model and one that is irreplaceable, at least on the regional exchanges.

Last but not least, our efforts to retain our quality mean that we can start from a solid base and move into a hopefully better future on the stock markets.





# Consolidated Balance Sheet according to International Financial Reporting Standards

as of March 31, 2004

## Assets

	03/31/2004		03/31/2003
	EUR		EUR
Cash reserve	745.38		292.43
Receivables from banks	12,781,098.59		13,467,025.53
Assets held for dealing purposes	1,696,523.44		892,208.58
Financial assets	2,435,479.42		2,435,479.42
Tangible assets	631,094.56		589,988.50
Income tax assets	1,288,288.20		1,272,760.50
Other assets	1,280,630.05		1,119,961.78
<b>Total assets</b>	<b>20,113,859.64</b>		<b>19,777,716.74</b>

## Liabilities and Equity

	03/31/2004		03/31/2003
	EUR		EUR
Liabilities to banks	181,111.29		126,648.34
Liabilities from dealing activities	40,175.15		14,241.71
Provisions	751,042.75		736,320.00
Income tax liabilities	191,841.95		154,625.52
Other liabilities	1,091,266.19		1,150,000.41
Minority interest	82,109.99		74,454.72
<b>Equity</b>	<b>17,776,312.32</b>		<b>17,521,426.04</b>
Subscribed capital	4,982,700.00		4,982,700.00
Capital reserves	24,825,551.32		24,825,551.32
Retained earnings	8,562,538.30		8,751,112.47
Revaluation surplus	0.00		0.00
Depreciation of own shares	-2,118,681.43		-2,364,549.99
Unappropriated loss	-18,475,795.87		-18,673,387.76
<b>Total liabilities and equity</b>	<b>20,113,859.64</b>		<b>19,777,716.74</b>

# Consolidated Profit and Loss Account according to International Financial Reporting Standards

for the Period from January 1 to March 31, 2004

	01/01/–03/31/2004 EUR	01/01/–03/31/2003 EUR
Interest income	75,704.00	115,334.42
Interest expenses	-519.77	-749.41
<b>Net interest income</b>	<b>75,184.23</b>	<b>114,585.01</b>
Commission income	593,455.65	243,303.66
Commission expenses	-135,783.17	-28,154.23
<b>Net commission income</b>	<b>457,672.48</b>	<b>215,149.43</b>
Trading income	2,057,480.32	1,067,718.89
Trading expenses	-841,572.86	-852,448.47
<b>Trading profit</b>	<b>1,215,907.46</b>	<b>215,270.42</b>
<b>Net income from financial assets</b>	<b>0.00</b>	<b>0.00</b>
<b>Administrative expenses</b>	<b>-1,735,665.66</b>	<b>-1,590,715.56</b>
<b>Balance of other income / expenses</b>	<b>7,504.47</b>	<b>4,458.06</b>
<b>Profit from ordinary activities</b>	<b>20,602.98</b>	<b>-1,041,252.64</b>
<b>Income taxes on profit from ordinary activities</b>	<b>-3,929.99</b>	<b>-16,187.49</b>
<b>Net profit</b>	<b>16,672.99</b>	<b>-1,057,440.13</b>
<b>Minority interest of net profit</b>	<b>-7,655.27</b>	<b>0.00</b>
<b>Net profit without minority interest</b>	<b>9,017.72</b>	<b>-1,057,440.13</b>
<b>Profit carried forward from previous year</b>	<b>-18,673,387.76</b>	<b>-16,211,917.55</b>
<b>Transfer to retained earnings</b>	<b>188,574.17</b>	<b>136,249.23</b>
<b>Unappropriated profit/loss</b>	<b>-18,475,795.87</b>	<b>-17,133,108.45</b>

# Statement of Changes in Equity

for the Period from January 1 to March 31, 2004

	2004		2003
	TEUR		TEUR
<b>Equity as of January 1</b>	17,521		19,736
<b>Subscribed capital</b>			
As of January 1	4,983		4,983
As of March 31	4,983		4,983
<b>Capital reserves</b>			
As of January 1	24,825		24,825
As of March 31	24,825		24,825
<b>Retained earnings</b>			
As of January 1	8,751		8,618
Change	-188		-184
As of March 31	8,563		8,434
<b>Revaluation surplus</b>			
As of January 1	0		-53
Change	0		38
As of March 31	0		-15
<b>Own shares</b>			
As of January 1	-2,365		-2,425
Change	246		-11
As of March 31	-2,119		-2,436
<b>Consolidated profit</b>			
As of January 1	-18,673		-16,212
Change in unappropriated profit	197		-921
As of March 31	-18,476		-17,133
<b>Equity as of March 31</b>	17,776		18,658



# Consolidated Cash Flow

for the Period from January 1 to March 31, 2004

	01/01/–03/31/2004	01/01/–03/31/2003
	TEUR	TEUR
<b>Consolidated net profit</b>	9	-1,058
<b>Adjustment to the reconciliation of the consolidated net profit to the cash flow from operating activities</b>		
Depreciation, write-downs and write-ups on receivables, property, plant and equipment and financial assets	62	82
Change in long-term provisions	15	83
Loss from disposal of financial assets	0	0
Minority interest	8	0
Other adjustments (balance)	-585	-65
	-491	-958
<b>Change in assets and liabilities from operating activities</b>		
Change in receivables from customers	-22	-15
Change in trading position	-778	-319
Change in other assets from operating activities	-154	707
Change in other liabilities from operating activities	-13	-37
Interest received and dividends	58	91
Interest paid	-1	-1
Received income tax	0	0
<b>Cash flow from operating activities</b>	-1.401	-532
Proceeds from disposal of financial assets	0	0
Investments in property, plant and equipment	-106	-68
Investment in financial assets	0	0
Change in cash flow from other investing activities	0	0
<b>Cash flow from investing activities</b>	-106	-68
Net-change in purchases and sales of own shares	768	-29
Dividends paid	0	0
<b>Cash flow from financing activities</b>	768	-29
<b>Change in cash and cash equivalents</b>	-739	-629
<b>Cash and cash equivalents at beginning of the period</b>	13,340	14,833
<b>Cash flow from operating activities</b>	-1,401	-532
<b>Cash flow from investing activities</b>	-106	-68
<b>Cash flow from financing activities</b>	768	-29
<b>Cash and cash equivalents at end of period</b>	12,601	14,204

# Segment Reporting

as of March 31, 2004

Specialist Business, Securities Trading	03/31/2004		03/31/2003
	TEUR		TEUR
Net interest income	58		103
Net commission income	364		165
Trading profit	1,216		216
Net income from financial assets	0		0
Personnel expenses	537		587
Scheduled depreciation of property, plant and equipment	55		70
Other administrative expenses	1,104		819
Balance of other operating income / expenses	8		11
Net income for the year by segments	0		-928
Assets	19,980		21,026
Asset Management, IPOs	03/31/2004		03/31/2003
	TEUR		TEUR
Net interest income	17		12
Net commission income	94		50
Trading profit	0		-1
Net income from financial assets	0		0
Personnel expenses	52		138
Scheduled depreciation of property, plant and equipment	5		4
Other administrative expenses	67		46
Balance of other operating income / expenses	0		-7
Net income for the year by segments	-7		-129
Assets	4,500		4,628
Consolidation	03/31/2004		03/31/2003
	TEUR		TEUR
Net interest income			
Net commission income			
Trading profit			
Net income from financial assets			
Personnel expenses			
Scheduled depreciation of property, plant and equipment			
Other administrative expenses	-24		
Balance of other operating income / expenses			
Net income for the year by segments	24		
Assets	-4,366		-4,795
Group	03/31/2004		03/31/2003
	TEUR		TEUR
Net interest income	75		115
Net commission income	458		215
Trading profit	1,216		215
Net income from financial assets	0		0
Personnel expenses	589		725
Scheduled depreciation of property, plant and equipment	60		74
Other administrative expenses	1,147		865
Balance of other operating income / expenses	8		4
Net income for the year by segments	17		-1,057
Assets	20,114		20,859

Our IPO business did not lead to any notable sales in fiscal year 2003, and was discontinued effective December 31, 2003.



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