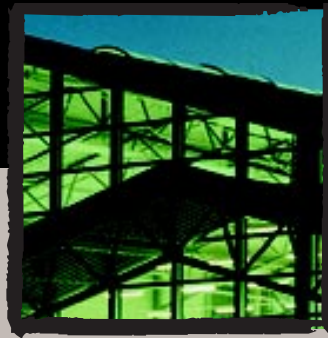


MAXDATA



[Annual Report]

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[Profitability]

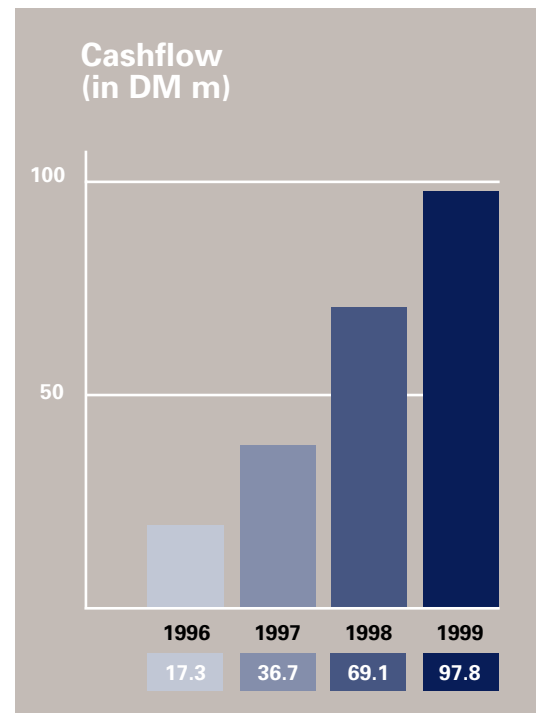
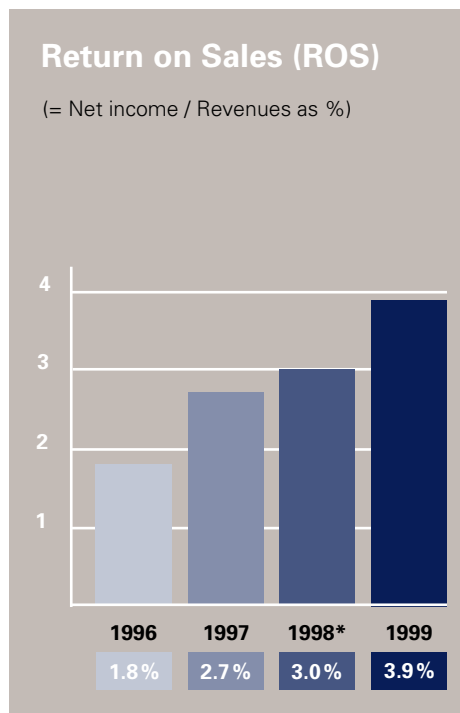
All details based on IAS	1999		1998		Deviation from Previous Year in %
	TDM	%	TDM	%	
Revenues	2,182,013	100.0	1,674,008	100.0	30.3
Cost of materials/inventory changes	-1,923,959	-88.2	-1,465,964	-87.6	31.2
Gross margin	258,053	11.8	208,044	12.4	24.0
Personnel costs	-92,373	-4.2	-47,975	-2.9	92.5
Depreciation	-13,224	-0.6	-7,242	-0.4	82.6
Other operating income and expenses, net	-49,389	-2.3	55,437	-3.3	-10.9
Earnings before interest and tax (EBIT)	103,068	4.7	97,390	5.8	5.8
Net financial income (expenses)	-381	0.0	-4,496	-0.3	-91.5
Earnings before tax (EBT)	102,687	4.7	92,894	5.5	10.5
Income tax	-18,136	-0.8	-43,005	-2.6	-57.8
Earnings after tax	84,552	3.9	49,889	3.0	69.5
Extraordinary profits (losses)	0	0.0	12,010	0.7	-100.0
Net income for the year	84,552	3.9	61,900	3.7	36.6

Note: The above amounts are calculated exactly and then rounded off to the nearest TDM (= thousand DM).

[Summary of Key Figures]

Key Figures	1999	1998	Deviation
Revenues	2,182	1,674	30.3 %
Earnings before interest and tax (EBIT)	103	97	5.8 %
Net income for the year	85	62	36.6 %
Net income for the year per share (DM)	2.92	2.13	36.6 %
Cash-flow	98	69	41.4 %
Equity capital ratio	59.3 %	27.6 %	
Balance sheet amount	711	361	96.7 %
Employees (average full-time employees)	1,205	571	111.2 %
Share price (high/low) in EURO (31.12.99: floor trading)	32.00/16.90		

All amounts stated in DM million unless mentioned otherwise



* Adjusted for extraordinary profits and losses of DM 12 million (including extraordinary profits and losses, the ROS is 3.7 %)





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To the Shareholders, Employees and Friends of the Company



Holger Lampatz
Chairman / CEO

Ladies and Gentlemen,

MAXDATA has now been listed on the stock exchange for nine months. 1999 was the most successful year in MAXDATA's history. Two major prerequisites have been established for safeguarding its strength and independence in the long-term as a result of the integration of the production unit in Würselen and the online-built-to-order-technology (production as requested by the customer). The company now operates in all the major markets of Europe with an attractive range of monitors and computers. We are market leader in Europe with monitors and are now one of the Top Ten in the computer sector.

The long-term success of our company in the European and international competitive environment presupposes that we also continue to offer well-known and popular brands. This ensures that our products cannot be confused. They constitute a promise of quality. Our product innovations are recognized in just the same way as the solidity of our financial basis. The MAXDATA Group also has the

necessary potential of progressing the development of new high-class products for all relevant market segments in future – and especially in difficult market conditions. We are “at home” in the medium and high-end segment of the market with Belinea monitors and even in the so-called entry level with our new MONXX monitor generation since the spring of 2000.

Market speed, long-term partnerships with customers, traders and suppliers, a readiness to take decision, constancy in the decisions, a willingness to assume responsibility and an ability to enthruse and motivate strengthen our capability of growing significantly and operating successfully. The increasingly international structure of the Group, new trading strategies and the extension

of our product range to being an IT full-service-provider are showing the way in this respect. We have already started to restructure the Group as part of this general development and this will strengthen the market power of the Group even further in the sectors factory, international sales and, in particular, the growth areas of service and e-business.

[Introduction]

MAXDATA



Armin von Buttlar



Joachim Gut

The encouraging development on the 1999 financial year is not reflected in the development of our share price. The consolidation phase of the New Market in the middle of 1999 also affected MAXDATA. The price has been moving ahead in the last months but there is an even greater development potential.

We have every reason to express thanks to our employees for what

has been achieved to date. We are also deeply committed to our customers, business friends and shareholders for their extensive support. We will also ensure in future that the growth of our company is reflected in an adequate share price for our shareholders over and above the dividends paid.

The following pages include information on the last financial year, the company and our way of think-

ing and doing. We have established an excellent basis for the coming year. Let us concentrate on shaping the further of MAXDATA.

A large, stylized handwritten signature in green ink, reading "Holger Lampatz".

Holger Lampatz

Chairman of the Management

Board of MAXDATA AG

[Report of the Supervisory Board]

The Supervisory Board monitored the activities of the Management Board at regular intervals during the year under review in accordance with its duties and responsibilities prescribed by law and the company's statutes and has accompanied the Management Board in an advisory capacity. The Supervisory Board has been continually informed in writing and verbally by the Management Board on the course of business, the situation of the company and on fundamental matters relating to corporate philosophies. The Supervisory Board also discussed all important matters with the Management Board based on these reports. The Chairman of the Supervisory Board also had working meetings with the Chairman of the Management Board in order to ensure a proper flow of information between the Supervisory Board and the Management Board. Since the reorganization of Holger Lampatz GmbH & Co. KG into MAXDATA AG on May 11, 1999, the Supervisory Board has met for three meetings together with the Management Board. The financial and staff committee appointed by the Supervisory Board did not meet during the year under review. It discussed and passed resolutions telephonically insofar as this was necessary.

The following subjects were in the foreground of our consultations:

- the restructuring of the MAXDATA Group, including the change in the legal form and the relevant incorporation report;
- the continuing internationalization and corresponding reorganization of the MAXDATA Group;
- increasing the competitiveness of the company by extending the areas of business by E-business and corresponding acquisitions.

Consultations in the Supervisory Board also dealt with the future perspectives of the major subsidiaries and held detailed discus-

sions on the sales, financial, investment, personnel and profit planning.

The annual financial statements of MAXDATA AG at December 31, 1999, the consolidated financial statements, the Management Report of MAXDATA AG and the Group Management Report for the 1999 financial year drawn up by the Management Board have, together with the accounting records, been examined by the external auditor ARTHUR ANDERSEN Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft mbH, Hanover, which was elected by the shareholders' meeting on May 11, 1999 and appointed by the Supervisory Board with the audit of the annual financial statements and the consolidated financial statements, and have been given an unqualified opinion by the auditor. The annual financial statements, the consolidated financial statements, the Management Report of MAXDATA AG and the Group Management Report, together with the recommendation on the appropriation of the distributable earnings and the reports of the external auditor – all relating to the annual financial statements and the consolidated financial statements – were all presented to the members of the Supervisory Board on time prior to the meeting to discuss the annual results. The external auditor participated in the meetings of the Supervisory Board to discuss the documents on the major results of the audit and was available to answer any questions. The Supervisory Board agreed with the results of the audit of the annual financial statements by the external auditor. The Supervisory Board has examined the annual financial statements, the consolidated financial statements, the Management Report of MAXDATA AG and the Group Management Report drawn up by the Management Board and also the proposal for the appropriation of earnings. No objections are to be raised based on the results of its examination. The Supervisory Board has approved the annual financial statements at December 31, 1999,

including and Management report of MAXDATA AG, and the annual financial statements are thereby adopted; it concurs with the proposal of the Management Board for the appropriation of earnings which envisages a dividend of DM 1.50 per share. The Supervisory Board has adopted the consolidated financial statements and the Group Management Report.

The Management Board has, by way of extreme precaution, also drawn up a report on relationships with affiliated companies for the 1999 financial year in accordance with § 312 of the German Joint Stock Corporation Act (AktG) and has duly submitted the aforesaid report to the Supervisory Board for the meeting in the annual financial statements.

The external auditor has examined this report, has submitted a written report on the results of its audit and has issued the following opinion:

“Based on our audit and appraisal carried out in accordance with professional standards, we hereby confirm that

1. the factual details contained in the report are correct;
2. the performance of the company was not unreasonably high in the legal transactions set out in the report;
3. in the case of the measures set out in the report, there are no facts or circumstances which speak in favour of an appraisal which is materially different from the appraisal by the Management Board.”

Based on the final results of its examination, the Supervisory Board raises no objections against the statement of the Management Board in its report in accordance with § 312 of the German Joint Stock Corporation Act and the issue of the audit opinion.

Holger Lampatz GmbH & Co. KG was transformed into MAXDATA AG by a unanimous resolution of the shareholders' meeting in May 11, 1999. The founders have appointed Dr. Heinrich Böhmer, Eberhard Brune, Siegfried Kaske, Uwe Klein, Dr. Gerd Schnetkamp and Klaus Wiegandt as members of the Supervisory Board and Messrs. Claas Kleyboldt and Hans Reischl as deputy members of the Supervisory Board. Mr. Siegfried Kaske was appointed Chairman of the Supervisory Board on May 12, 1999 and Dr. Heinrich Böhmer as his Deputy.

The Supervisory Board appointed Messrs. Holger Lampatz, Armin von Buttlar and Joachim Gut as members of the Management Board on May 12, 1999 and simultaneously appointed Mr. Holger Lampatz as Chairman of the Management Board.

Dr. Gerd Schnetkamp relinquished his position on the Supervisory Board on May 20, 1999 and Mr. Eberhard Brune on August 3, 1999. The deputy member Mr. Hans Reischl joined the Supervisory Board on May 21, 1999 and deputy member Mr. Claas Kleyboldt on August 4, 1999 instead of the retiring members of the Supervisory Board. The Supervisory Board would like to express its thanks to the Management Board, and employees of the MAXDATA Group, for their dedication and work.

Marl, March 2000

The Supervisory Board



Siegfried Kaske, Chairman

**“ Anyone who says
what he thinks
and does what he
says and then also is
what he does ... ”**

Alfred Herrhausen

[History]

MAXDATA

- 1987** Incorporation of MAXDATA Computer GmbH by Holger Lampatz.
Sales of monitors and graphic cards to the specialist trade.
Revenues target in five years: DM 16 million *.
- 1990** Commencement of production (assembly) of personal computers.
40 employees generate revenues of DM 44 million *.
- 1991** Introduction of "Belinea" as the company's own brand name for monitors.
Financial year completed with revenues of DM 60 million *.
- 1992** Own notebooks are included in the product range.
Five years since the incorporation have passed: 70 employees achieve a revenues level of DM 99 million *.
- 1994** MAXDATA becomes market leader in the monitor sector in Germany. DIN ISO 9001 certification.
VOBIS Microcomputer AG acquires a 51 % holding in MAXDATA.
Revenues increase to DM 194 million *.
- 1995** MAXDATA starts revenues activities in Europe with the incorporation of the first foreign subsidiary in Austria.
Revenues advance to DM 382 million *.
- 1996** The Swiss subsidiary commences business.
Group revenues reach DM 673 million **.
- 1997** Acquisition of Peacock AG.
Subsidiaries established in Great Britain and the Netherlands.
MAXDATA grows further;
Revenues in the 10th financial year amount to DM 1.16 billion **.
- 1998** MAXDATA becomes market leader for brand monitors in Western Europe. Peacock AG is sold to Actebis Holding GmbH on December 31, 1998 after a successful reorganization.
571 employees achieve a group revenues of DM 1.67 billion ** in the financial year.
- 1999** MAXDATA acquires the production and properties of VOBIS Microcomputer AG in Würselen near Aachen.
Restructuring of the MAXDATA Group with MAXDATA AG as the Group's holding company.

MAXDATA goes to the "New Market" on the Frankfurt Stock Exchange.

* MAXDATA Computer GmbH, 1995, including sales of the Austrian subsidiary

** "As-if Group": MAXDATA Group business and sales with affiliated or formerly affiliated companies

[The MAXDATA Share]

The MAXDATA share has been quoted in the "New Market" segment of the Frankfurt Stock Exchange since June 9, 1999 under security identification number 658130 with the abbreviation MXA. The issue price was fixed at Euro 31.00 as part of the book-building procedure but the share failed to maintain this price during the year despite excellent company results (high: Euro 32.00; low: Euro 16.90). The development of the "New Market" was responsible for this, inter alia. It was in a consolidation phase on the issue date. There were also numerous other new issues together with the capital increase of Deutsche Telekom AG. A number of companies postponed their proposed stock market flotations because the market was over-saturated.

The issue volume consisted of 9,150,000 shares. The following shareholder structure has been as follows since the issue: the Chairman of the Management Board of MAXDATA AG, Holger Lampatz, holds 20.8% of the shares, 47.7% of the shares are held by MFG Microcomputer-Fertigung GmbH which belong 100% to the DIVACO Group and 31.5% of the shares are held by various shareholders.

Although the trading volumes and stock market capitalization were large enough, MAXDATA was not included in the Nemax 50 in July 1999 because only those companies were taken into account for 1999 which had been quoted on the New Market by May 30, 1999. In view of the fact that the indices are extremely important for investment funds as far as the composition of their portfolios is

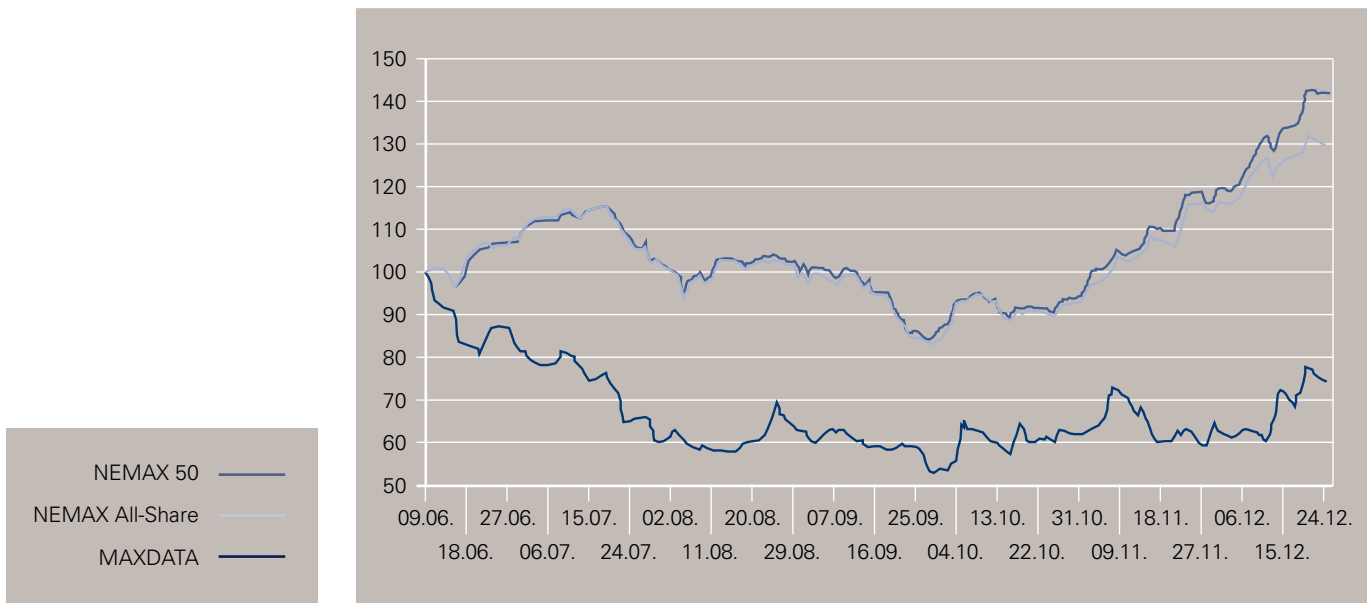
concerned, this also had a negative effect on demand for the MAXDATA shares and thereby on the development of its market price. Since reaching its lowest point, the share price has consistently recovered and has been following an upward trend since then.

The MAXDATA Share in 1999

Share abbreviation	MXA
Security identification no.	658 130
Dividend (DM)	1.50
Number of shares	29,000,000
Earnings per share (DM)	2.92
Price/earnings ratio (at 31.12.99)	15.7
High (Euro)	32.00
Low (Euro)	16.90
Closing price (Euro)	23.50

Price Development

Price development of the MAXDATA share cf. the relevant indices since IPO (indexed)



The NEMAX All Share advanced in 1999 from approximately 3,000 to more than 4,500 points; the NEMAX 50 moved ahead from approximately 3,500 to 5,000 points by the end of the year and the DAX Index nonetheless rose by almost 2,000 points. Despite excellent balance sheet figures, the share has hardly reflected this development to date. It has a substantial backlog to be made good.

Based on an earnings-oriented dividend policy, the Management Board and Supervisory Board are recommending a dividend of DM 1.50 per share for the 1999 financial year. This dividend is tax-free for the shareholders. DM 43.5 million of the earnings will be distributed to the shareholders based on the ordinary capital consisting of 29 million shares. The excellent, above-market sales and earnings figures for the 1999 financial year and the outlook for 2000 show that the shares have considerable scope for an upward movement. MAXDATA therefore anticipates that the share will prove to be an excellent investment in the medium-term future.



MAXDATA AG, Marl

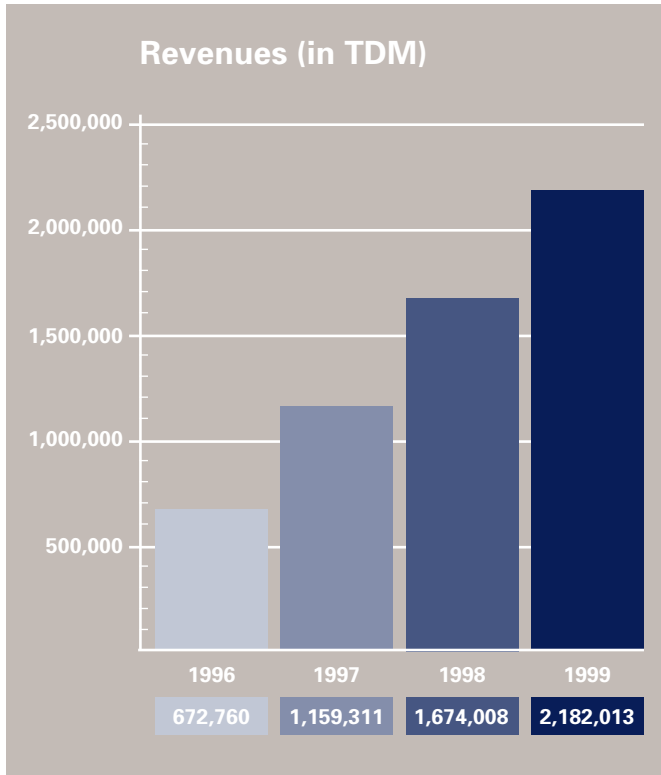
Group Management Report for the 1999 Financial Year

With a total of 1.692 million monitors being sold, MAXDATA is the largest manufacturer of monitors in Europe. With 752,000 PC systems being sold, of which 510,000 were under the MAXDATA brand name, MAXDATA is also the third largest PC producer in Germany and is now one of the Top Ten in Europe. MAXDATA is represented by its own subsidiaries in Austria, Switzerland, Great Britain, the Netherlands and France. The company also sells its products in more than 30 other European countries. In addition to the manufacture of the high-quality hardware products, the performance spectrum includes extensive services in the E-business sector and after-sales service.

Market development

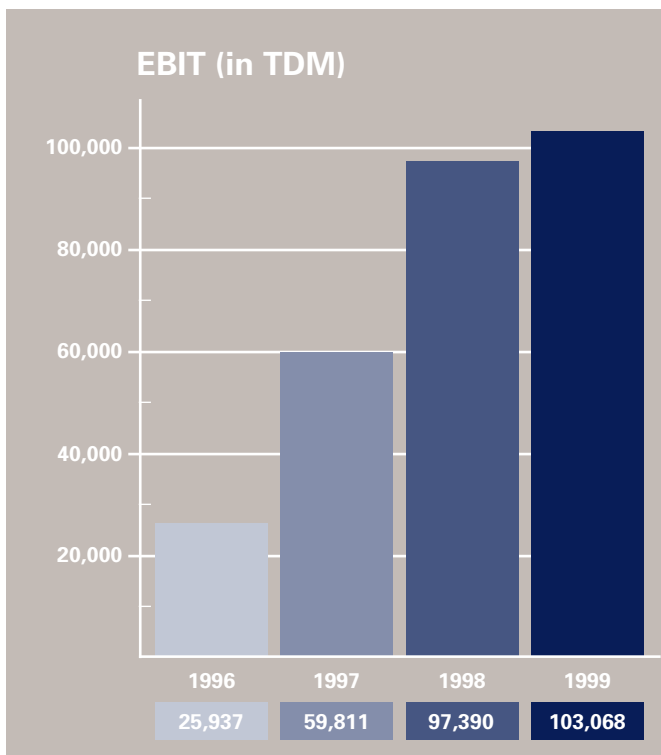
The market situation in the computer and monitor sector in Germany and Europe is generally showing a course of development which deviates from market forecasts. As early as the spring of 1999, Dataquest studies projected a volume growth of 21 percent world-wide and 18 percent throughout Europe. The reasons for this as indicated in the studies were clearly the pending Year-2000 problem and premature changeovers to new systems as a result. In retrospect, it can be seen that this estimate was far too optimistic. The market volume growth in Germany amounted to four percent for the whole year and only two percent in the fourth quarter.

[Group Management Report]



MAXDATA performs better than the market in 1999

MAXDATA achieved higher growth rates with monitors and PC systems compared with the general development of the market. The reasons for this were attributable to high-quality customized products, extremely efficient processing extending from the receipt of orders through to product delivery, sales support by means of channel marketing, and the Internet shop-in-shop connection with a large number of sales partners. The increasing level of awareness of the MAXDATA and Belinea brands on an international level also contributed to over proportional growth.



More than 30 percent in revenues growth

MAXDATA increased its revenues by 30.3 percent in 1999 from DM 1.674 billion to DM 2.182 billion, thereby exceeding original expectations. The utilization of additional production capacities and thereby the expansion of the OEM sector made a contribution in this respect in addition to the increased revenues in the core business. MAXDATA materially improved its key figures on the earnings side as well. Earnings before interest and tax rose by 5.8 percent from DM 97 million to DM 103 million and earnings before tax by 10.5 percent from DM 93 million to DM 103 million. Net earnings for the year advanced 36.6 percent from DM 62 million to DM 85 million. Net earnings per share rose from DM 2.13 to DM 2.92 therefore.

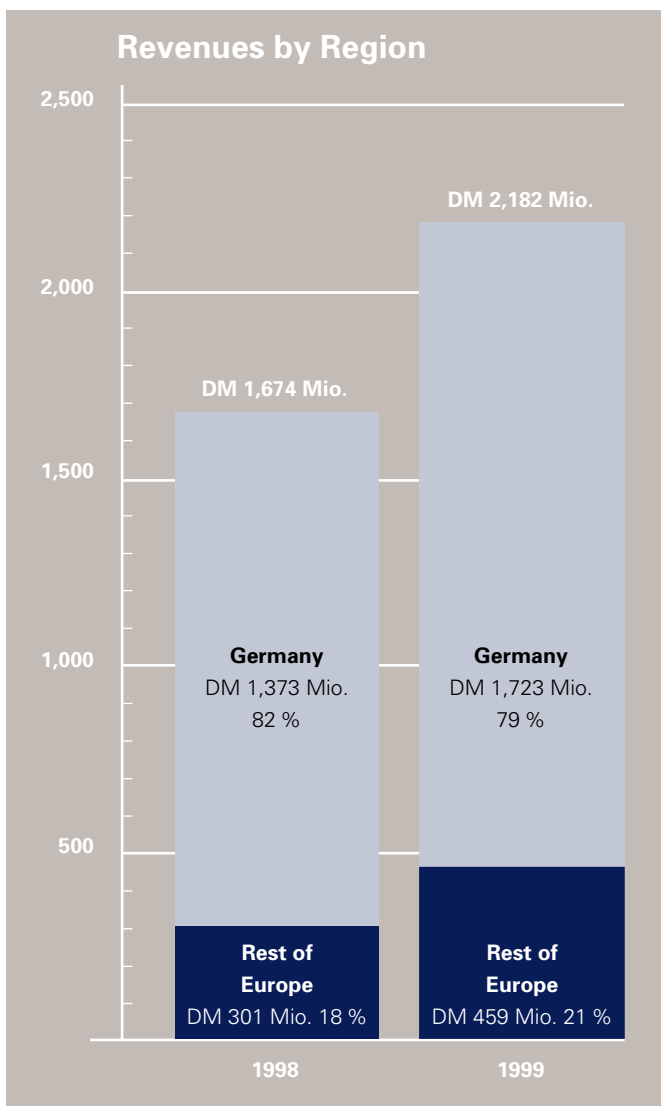
The gross margin advanced by 24.0 percent from DM 208 million to DM 258 million. The increase in personnel costs from DM 48 million (in 1998) to DM 92 million (in 1999) mainly resulted from the integration of PC production in Würselen as from January 1, 1999. Net costs arising from other operating income and expenses were reduced by 10.9 percent from DM 55 million to DM 49 million.

Increase in international revenues as percentage of total revenues

DM 1.723 billion (1998: DM 1.373 billion) of total revenues were generated in Germany and DM 459 million (1998; DM 301 million) abroad in comparison with the previous year, the ratio of revenues conducted abroad rose from 18.0 percent to 21.0 percent. MAXDATA anticipates that this ratio will advance even further in the coming years as a result of the increased expansion abroad.

Investments

MAXDATA invested DM 129 million in the last financial year, of which DM 112 million were for the purchase of the production unit in Würselen, including inventories. Additional investments were mainly for a new trade fair appearance, hardware and software installations and trademark rights.



[Group Management Report]

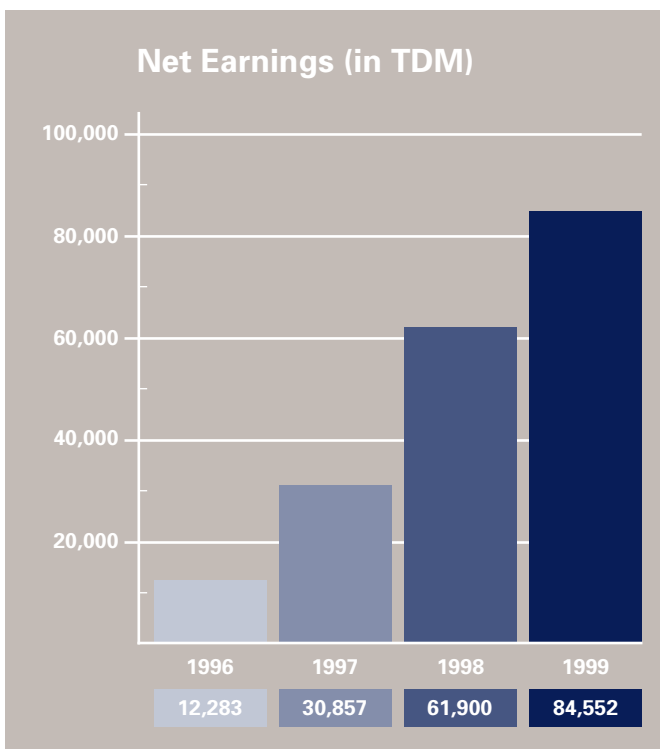
Number of employees doubled

The increase in the number of employees from 571 to 1,205 was mainly attributable to the take-over of the computer production location in Würselen on January 1, 1999. International subsidiaries also engaged new employees to an increasing extent in order to do justice to the Group's international expansion.

Major results and occurrences in the last financial year

The first major occurrence was the acquisition of all the production facilities in Würselen, together with corresponding expansion possibilities provided by a piece of land more than 100,000 m² in size. This established the basis for future growth in the computer business by developing and expanding the company's own resources in Online-built-to-Order-Production processes. Some 600 additional employees have since formed part of the MAXDATA Group.

The second major milestone was the stock exchange flotation. The MAXDATA share was quoted on the New Market of the Frankfurt Stock Exchange for the first time on June 9, 1999. 9,150,000 shares with the security identification number 658 130 were placed at an issue price of Euro 31.00, of which 5 million were for an capital increase. 31.5 percent of the shares are represented by diversified holdings therefore. The company received a gross DM 303 million as a result of the capital increase. The funds were and are still being mainly used for the further expansion of international sales structures and for positioning MAXDATA in innovative market sectors such as e-business.



MAXDATA SARL in Evry, south of Paris, commenced operations on July 1, 1999 as an additional national company in France. It is the sixth national company in the Group. Sales in excess of DM 11 million were achieved in the first six months of business activities alone.

MAXDATA entered into an extensive strategic partnership with m+s Elektronik AG (Niedernberg) on October 7, 1999, the second-largest IT services company in Germany. This co-operation agreement is MAXDATA's key for entering the customer segment of the Top 500 largest customers.

MAXDATA acquired a holding in two innovative Internet companies on December 29, 1999 with effect from January 1, 2000: with a majority interest in the Essen software company PANSITE GmbH which concentrates on the development and sale of a product family for managing the contents of Internets, Intranets and Extranets (Internet Editorial System) and which has a 26.0 percent holding in the electronic marketing agency PANVISION GmbH. MAXDATA will strengthen its competence in the e-business sector and will resolutely develop this area of activity further.

[Group Management Report]

The MAXDATA Share

The MAXDATA share was traded on the New Market of the Frankfurt Stock Exchange for the first time on June 9, 1999. With share prices ranging between Euro 32.00 and 16.90, the MAXDATA share has been well below the issue price since the stock market floatation. There are various reasons for this: on the one hand, the New Market was in a consolidation phase after the "rally" at the end of 1998/99. A flood of new issues resulted in the market being over-saturated and large issues such as the Deutsche Telekom capital increase and others were placed at the same time as the MAXDATA share. In addition, the results of the MAXDATA Group for the second quarter were well below analysts' expectations. The MAXDATA share recovered from the low to Euro 23.50 by the end of the year. This positive trend continued in January 2000. The good sales and earnings figures for the 1999 financial year and the outlook for 2000 show that the MAXDATA share has been substantially undervalued up to now. MAXDATA therefore anticipates that the company's share will prove to be a good investment in the medium-term future.



Risks

MAXDATA is dependent on deliveries from components manufacturers for its own production. The company minimizes this buying risk by maintaining close relationships with various suppliers. The delivery situation was tense internationally following the earthquake in Taiwan last year. MAXDATA was nonetheless able to safeguard its production at all times by means of long-term contractual commitments.

MAXDATA's future business success also depends on whether it succeeds in gaining access to relevant technologies (licenses, patents and industrial property rights) on acceptable conditions and replacing outdated or obsolete products by means of technical innovations. MAXDATA is ensuring on-going access to these technologies with long-term business relationships.

Whereas the "Belinea" trademark for monitors had asserted its position on the market in the last nine years, "MAXDATA" was still extremely young as a PC brand name at the time of the stock market flotation. Success in an intensely competitive environment depended and still depends on the establishment of its tradename. MAXDATA is now the third largest PC-producer in Germany and is one of the Top Ten in Europe. The company aims to advance this position significantly in the coming years.



[Group Management Report]

Product and warranty risks are of major importance for MAXDATA. These risks have a low classification within the company as a result of an advanced quality assurance system internally and with suppliers, together with a careful selection of suppliers. MAXDATA assumes three full years' guarantee for Belinea monitors and MAXDATA computers instead of the six months' period prescribed by law. The company has taken out a product liability insurance with reasonable cover as an additional safeguard.

As with every company, MAXDATA's organizational success also depends on its technical and executive staff. MAXDATA's organizational structures have always been appropriately adapted to the growth situation in the past. MAXDATA will also rapidly develop appropriate structures in future in the light of the proposed expansion of its European activities.

Future growth and the increasing profitability of the company are depend on its international business success to a certain extent. Local economic, political, legal and taxation conditions have to be taken into account in particular in this respect.

MAXDATA mainly purchases goods in US Dollars whereas sales are invoiced in European currencies to a very large extent. The foreign currency risks possibly arising from high volatility of the US Dollar rate in terms of the Euro in particular are reduced by the company by means of currency hedging agreements. MAXDATA's future involvements in the USA will reduce the currency risks even further. MAXDATA is also well safeguarded against sales losses as a result of its widely distributed indirect sales system. MAXDATA products are being sold by more than 4,500 dealers just in Germany alone. It is safeguarded against collection losses by a strict accounts receivable management system and appropriate credit insurance cover.

Growing quicker than the market

The expansion strategy with simultaneous cost management and sophisticated production and delivery logistics showed in the 1999 financial year that double-figure growth rates are still possible in the hardware sector. The target markets of France and Great Britain are to be serviced to an increasing extent in the 2000 financial year. Existing production capacities can easily be adapted to increased sales levels. A flexible working time scheme in conjunction with built-to-order-production and the Internet as a platform for business-to-business solutions will also ensure that MAXDATA has significant competitive advantages in these markets.

[Group Management Report]

In view of the positive economic expectations for 2000, a slightly improved consumer and investment climate can be anticipated and this should have a positive effect on the sale of PC systems and monitors. After a quiet December and January and in view of the smooth millennium transition, reputable competitors are anticipating a reserved level of demand across the market as a whole. MAXDATA shares this opinion. Nonetheless, MAXDATA is planning a double-figure growth rate. In addition to organic growth in the established areas of activity, an entry into the large customer market segment in Germany will be actively progressed. Along with the partnership with m+s Elektronik AG, this also includes collaboration with GE CompuNet AG, Kerpen, which is ranked No. 1 in the system house business in Germany, with which MAXDATA was able to acquire an international award by the Federal Defence Ministry at the beginning of 2000 for 60,000 PC systems. MAXDATA has the possibility of executing this order in the next four years with a total volume of some DM 200 million. This is the largest individual order in MAXDATA's history. The introduction of a new monitor brand in the lower market segment has also been commenced in the middle of February. The MONXX product is competing with so-called „No-Name“ products in this market segment. The target sales volume for the first financial year amounts to approximately 250,000 monitors.

Expansion abroad

A significant increase in MAXDATA's business in France and Great Britain is planned for 2000. The introduction of PC/notebook/server products are to be forced in these countries in particular in 2000 in order to achieve a strong market position in the near future.

MAXDATA is already sounding out the US market in order to be active there during the course of 2000.

Development of e-business

The strategic direction of the company will be adapted further during the course of the 2000 financial year. This includes MAXDATA's involvement in e-business which will be actively developed in the current year.

With the online-built-to-order technology and the online sales system with which more than 2,000 dealers are now connected through Internet shops, MAXDATA has successfully paved the way into the e-business sector. The acquisition of PANSITE GmbH on January 1, 2000 which has developed an innovative product family in the online editorial systems sector, and the participation in the full-service Internet Agency PANVISION GmbH, likewise on January 1, 2000 form part of the company's plans to establish an Internet portal for medium-sized companies through which MAXDATA's sales partners and their business customers are able to communicate with the company directly.

[Group Management Report]

Strong Marketing

MAXDATA increased its level of awareness and competitive position on the market with the company's flotation on the New Market on June 9, 1999. The company is increasingly orienting itself with the requirements of the business-to-business sector even more intensively from a marketing point of view than in the past. Whereas communications in the past were concentrated on sales partners who sell MAXDATA products to their business customers, the company will start with a business-to-business catalogue at the beginning of 2000. This will be sent direct to 500,000 IT corporate decision-makers. This will give rise to an increased backlog demand with sales partners. The frequency of approximately 500,000 regular customer contacts will also ensure corresponding traffic on the Internet portal for medium-sized companies.

Based on these framework conditions and the current orientation of the company, MAXDATA is anticipating that the company's position is not only secured for the foreseeable future but can be significantly expanded in total.

New Group Structure

The company will fundamentally change its organizational structure in 2000 as part of the expansion of the business activities of the MAXDATA Group.

All buying, production and logistic activities will be pooled together under the management of MAXDATA Systeme GmbH, the so-called factory. The aim is to increase the transparency of this value-added chain and to improve its efficiency and quality under uniform management. The selling companies will be relieved of these functions and will therefore be able to concentrate on their core areas of competence even more.

All European countries will also be brought under the uniform management of MAXDATA International GmbH. As part of the development of

service activities, it is intended to pool all service-related matters under the umbrella of a "Service AG". This means that the repair center managed within MAXDATA Computer GmbH & Co. KG will be segregated into an independent company under the management of the Service AG. The majority holding acquired in January 2000 in ASIG Quality Services GmbH will also form part of the Service AG.

Based on the very positive development of MAXDATA's e-business, it is also envisaged that all activities should be combined under a new "e-business AG".

MAXDATA AG will incorporate four major pillars under its roof, namely the factory, international sales, service activities and e-business.

Marl, January 2000

The Management Board

Holger Lampatz

Joachim Gut

Armin von Buttlar

[Corporate Philosophy]

Responsibility

Speed and flexibility are marked features of our times. MAXDATA's Management Board and employees are accepting the related challenges with confidence and are devoting their critical and clear way of thinking, their shrewd and attentive situational assessments and their speedy courses of action in this direction. All employees are also prepared to search for new challenges, to identify them, to make speedy decisions in accordance with customers' requirements and to be responsible for them in full awareness of their own strengths.

Financial strength

Financial strength extending well beyond the essential safeguarding of liquidity together with a pronounced cost-consciousness are prerequisites for achieving sound growth and major competitive advantages. The future success of the company is only assured by an interpretation which is borne by everyone and which complies with these prerequisites. The company's equity capital ratio is well above the average for the industry. Its adjustment to the level of increasing sales is assured by reinvesting earnings.

Objectives

All forms of action are only successful and lead to quantifiable results if clear, manageable and realistic objectives are set. MAXDATA, its partners and employees will also concentrate their activities exclusively on such objectives in future and have taken to the first steps to paving the way to success. In this process, planning ensures the quickest possible execution of the necessary actions and target achievements on the agreed date. All employees are familiar with the objectives of their company and direct their daily activities accordingly. Partners of the company are also familiar with these objectives. They form a solid basis for successful co-operation.

Environment

Our environment is the basis of life for us all. It must be protected against damage in a special way therefore. Wherever possible, MAXDATA's employees and partners agree to ensure even the smallest benefits for our environment and to make decisions in favour of the environment in borderline cases.

[Corporate Philosophy]

MAXDATA

Ethics

Fair dealings with customers and partners together with a consistently high level of quality of our products and services form the pillars of ethics which MAXDATA's employees feel obliged to practise. This system of values will also be visibly practised by everyone in future and reflected in consideration, respect, friendliness and reliability towards and between customers and partners and also in the protection of our environment.

Quality consciousness

Customer benefits as a yardstick of all activities is best reflected in the MAXDATA's marked and uniform quality consciousness. All its products, services, procedures and results are subject to on-going and detailed quality controls in accordance with the DIN ISO 9001 certification and are being continually improved. Employees pay particular attention to the quality of their work, undergoing advanced training and thereby make a contribution to improving the activities and performances of the company and optimizing customer benefits.

Employees

The combined forces of employees form the basis of MAXDATA's efficiency. The company's management ensures that all employees have pleasure in their work and that their inclinations and skills are applied and promoted accordingly. They are given scope to make decisions with an increasing level of responsibility, thereby enabling and requiring an entrepreneurial way of thinking. The direction of activities to customer requirements is also expressed in team orientation in particular. Employees regard effective and speedy solutions to customer problems as their personal responsibility without disregarding the team philosophy in the process.

Partners

MAXDATA operates exclusively with business partners who are able to are able to participate actively and in a partnership-like manner in the achievement of the company's objectives, thereby accepting the totality of MAXDATA's corporate philosophy.



[Employees]

MAXDATA



Our employees are the company's most valuable asset. Its prime task and responsibility is to acquire them for MAXDATA, to encourage them, to deploy them in a responsible manner and to enable them to develop personally and occupationally.

An average of 1,205 (full-time) employees worked for the company in 1999. In the company's domicile in Marl, MAXDATA is one of the largest employers in the region. The structural change in the Ruhr District with a trend away from classical industrial and mining activities towards becoming a new center for technology and service companies is providing major opportunities for the industry and the employment market.

The assumption of component buying, PC production and logistics of the Würselen production location was one of the major tasks in the personal sector in 1999 as far as MAXDATA was concerned, however. The number of employees compared with the previous year rose by 111.0 percent as a result. The slight decrease in the number of employees from 1997 to 1998 was attributable to the fact that the amalgamation of the Marl and Würselen production units took place outside MAXDATA in 1998. All systems and structures as well as collaboration within the company had to be adapted to the new situation in 1999. By the end of the year, MAXDATA had succeeded in establishing the corporate concept on a cross-locational basis, in integrating employees in Würselen and in establishing a powerful and efficient unit within a very short period of time. The integration of new employees in Würselen into the MAXDATA Group was a major challenge.

[Employees]

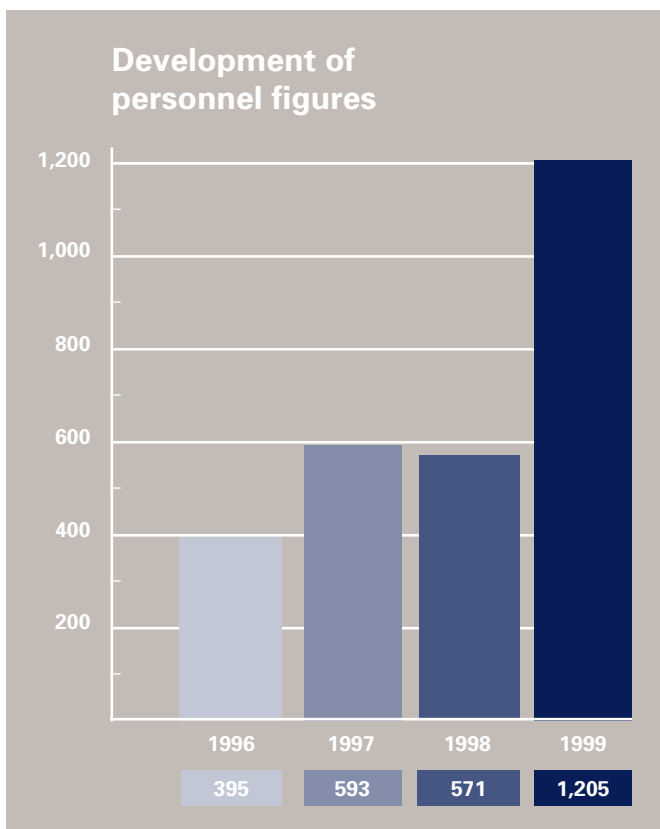
Success by Motivation

One of the major principles in MAXDATA's corporate philosophy is that "each individual is both an integral part of the whole and also an independent unit in which the whole is simultaneously reflected."

We give our employees as much flexibility as possible therefore – with this freedom obviously being combined with duties and obligations. MAXDATA employees are set clear, ambitious and quantifiable objectives, thereby enabling each one to review the success or lack of success of his work. This creates a positive incentive to perform in the right direction. Our lean operating structure with flat hierarchies attributes much importance on entrepreneurial thinking. After all, our customers are only provided with optimal solutions by persons who are able and also motivated to make decisions on their own responsibility.

Based on a partnership-like relationship between the company and its employees, we are jointly directing our attention to the its success and our objective of always being even better. Customers are in the foreground of our thoughts and actions this respect. This attitude is rigorously implemented in everyday work at MAXDATA.

Employee training and development is a major prerequisite for the further growth of our company. MAXDATA creates an operating environment which offers interesting development opportunities for our present employees. MAXDATA is also an attractive employer for potential new employees.

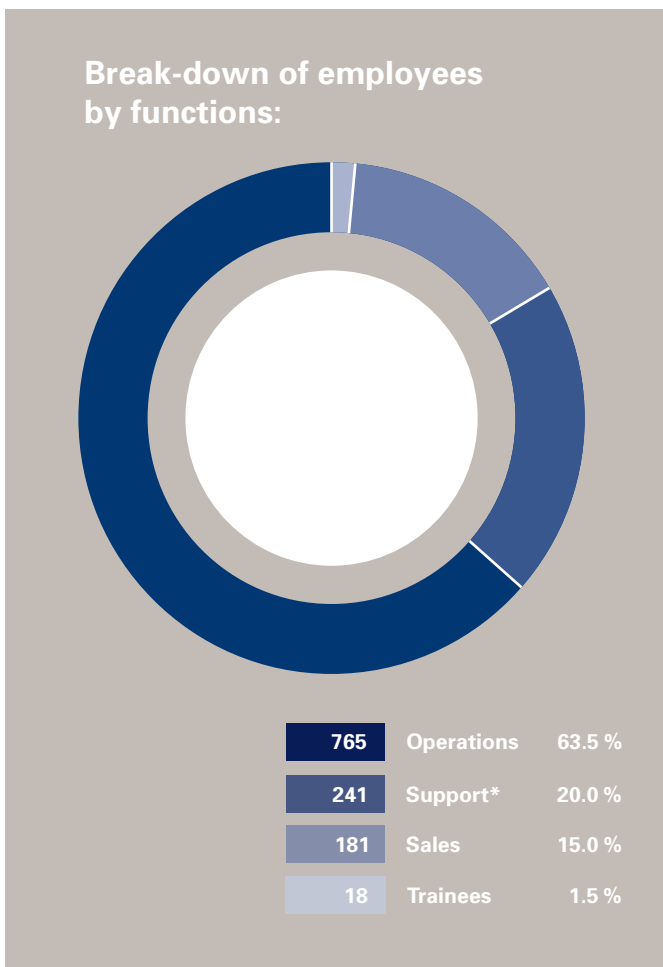


[Employees]

Employee development commences with training. MAXDATA increased the number of trainees to 35 (equivalent to 18 full-time employees) in the last financial year. MAXDATA offers a qualified occupational entry to an increasing number of trainees in five occupational sectors, namely wholesale and export commercialists, forwarding commercialists, IT system electronic engineers, office information electronic engineers and specialists for the warehousing industry. MAXDATA also established five additional training positions in the autumn of 1999 as part of the training initiative of the Minister President for North-Rhine Westphalia, W. Clement.

The partnership-like relationship between the company and its employees means that employees not only contribute to the success of the company but directly participate in this success as well. A comprehensive employee participation scheme was commenced as part of the stock exchange flotation therefore. Shares were reserved out of the total placement for a prior allocation to employees. There are also additional options rights for the acquisition of further shares. An increase in the entrepreneurial actions of each individual is expected by MAXDATA as a result of the direct participation of employees.

At this juncture, the Management Board would like to thank all employees for their excellent work and for the interest shown in constructive collaboration.



* Purchasing, EDP, organization, finance, personnel and facilities.



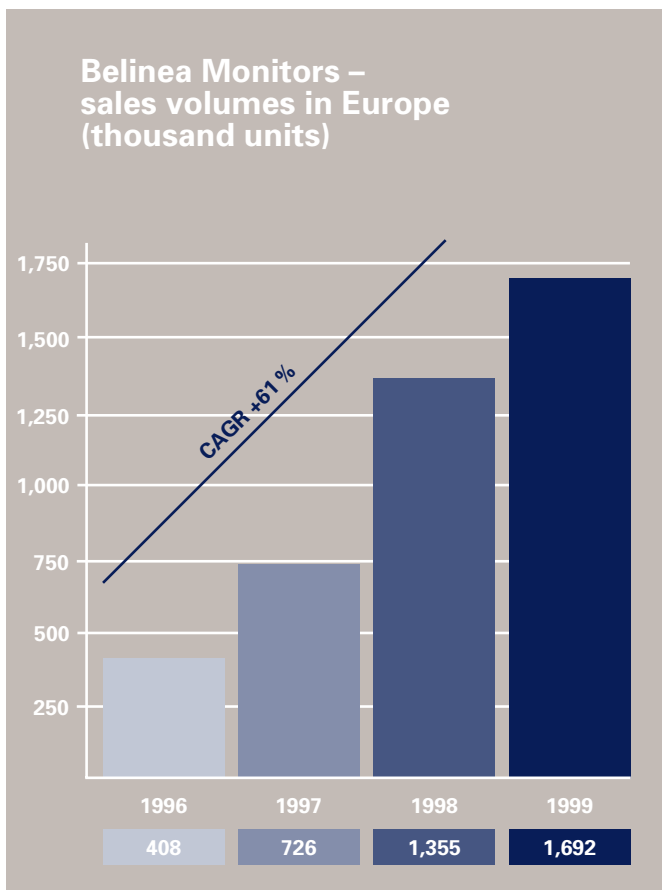
[Strong Brand Names]

MAXDATA

Belinea Monitors

MAXDATA has established an excellent name for itself on the monitor market in the last few years. The Belinea brand name stands for absolutely top class quality in the medium to high-end segment of the market, together with technically high-class products with an excellent price-performance ratio. This high quality is also reflected in the 3-year warranty which MAXDATA provides on all Belinea monitors (instead of six months as prescribed by law). A high-quality monitor generation in the lower price segment was also introduced onto the market in the spring of 2000 under the MONXX brand name. This new brand will offer the possibility of an economic entry with a high quality as an alternative to "no name" products. MAXDATA has a presence on the monitor market with two brands therefore – with Belinea in the high-quality sector which is already the market leader in Europe and recently with MONXX in the more economical monitor sector which is capable of expansion.

Belinea





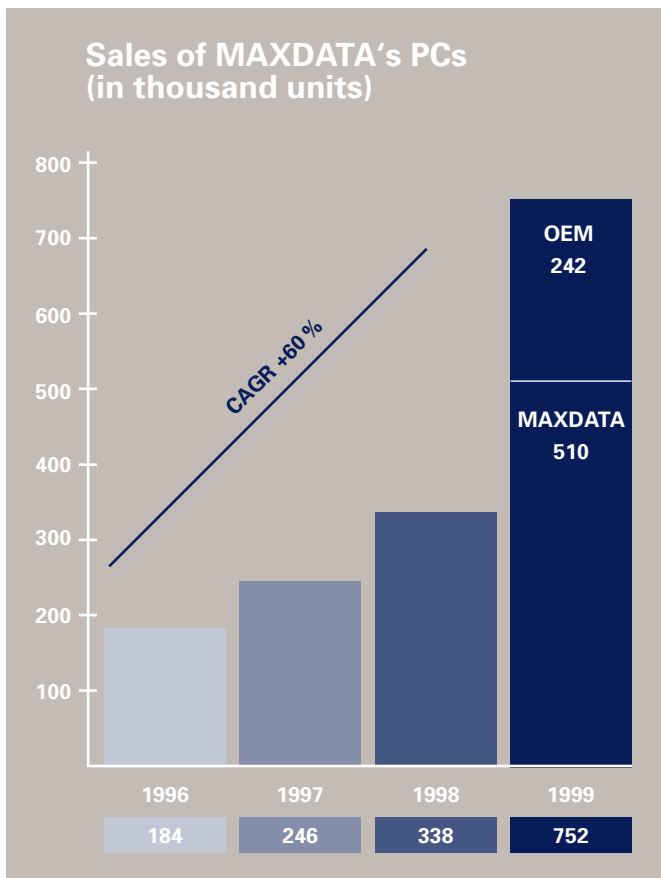
[Strong Brand Names]

MAXDATA

MAXDATA Personal Computers

MAXDATA has also been using its market and industry knowledge since 1999 to establish a brand of its own and under its own name on the computer market. The company has succeeded in acquiring significant market shares since the introduction of the MAXDATA brand which stands for a high technical standard, exceptional quality (the 3-year warranty also applies in this case) and an excellent price-performance ratio. With its computers produced in accordance with individual requirements, MAXDATA is ranked third under German manufacturers and is one of the Top Ten in Europe.

The aim of the multi-brand strategy is to be even more independent of sales value and volume fluctuations and to acquire a position on additional market segments. This includes an extension of the product range under the individual brand names. The extension of target groups over new markets and products places MAXDATA's economic basis on a broad foundation and is enabling significant growth rates to be achieved in new markets. MAXDATA will also achieve its ambitious corporate objectives in the coming years therefore.



[The MAXDATA Business Model]

The MAXDATA business model is unique in comparison with the other large suppliers of PC systems. Belinea monitors and MAXDATA computers are sold exclusively on an indirect basis. This means that the products only reach the relevant ultimate customers through more than 4,500 value-added resellers, small and medium-sized system houses, corporate re-sellers and selected distributors just in Germany alone. A high market penetration is thereby ensured, on the one hand, and, on the other, MAXDATA has an extended network of local sellers and service providers who are able to assume advisory, selling and service functions with an area-wide coverage. Extensive after-sales solutions are also guaranteed through MAXDATA.

Broad Target Market

The wide range of dealers who co-operate with MAXDATA and sell our products also permits the company to have a presence in various customer segments and target markets. The so-called “small office” and “home-office” sector also forms part of a target group in just the same way as small and medium-sized companies, administrations and – not least as a result of the co-operation with partners such as m + s Elektronik AG and GE CompuNet AG – the top 500 large companies.

Online-Built-to-Order-Technology

MAXDATA is only able to cover the whole sales market by means of extreme flexibility in adapting products to customer requirements and by means of high production speeds. The Online-Built-to-Order-Technology enables partners in the PC sector to order individually configured computers and to receive them within a short period of time. Partners order PCs through the Internet as required. The order is electronically transmitted direct to the MAXDATA production unit in Würselen. The computer systems are produced and despatched there based on individual specifications. Computers ordered by partners are normally produced and delivered within 5 days. The subsequent flexible logistic system ensures that a customer-oriented and timely delivery is effected. MAXDATA has very low storage costs therefore – a major competitive advantage in a market with a rapid erosion of margins. In view of the fact that production is only directed to actual requirements, MAXDATA is able to operate with an optimal cost management. This flexibility is supported by the flexible working operating time model geared to this management system.

Extreme Flexibility

MAXDATA has an excellent insight into the development of the market and customer requirements as a result of the Online-built-to-Order-Technology and its extensive sales network. The company is therefore able to adapt its product range within a very short period of time and to react to current developments. In co-operation with its partners, MAXDATA is therefore offering both a local service and also financing models in

[The MAXDATA Business Model]

E-Business as a Growth Sector

the 2000 financial year. The product portfolio in the server, LCD monitor and lower price monitor sectors is being extended under the MONXX tradename as an economic alternative to „no-name“ products. A new major customer segment was established in the last financial year with the Top 500 Large Customers; this segment is being actively expanded in the current year and will continue to be expanded in the coming years. In this way, and with the advancing internationalization of markets, MAXDATA still sees good possibilities for achieving a high growth rate with an excellent level of profitability.

E-business will also be significantly expanded in the current year. MAXDATA has already accumulated valuable experience in the e-business sector through its Online-built-to-Order-Production and its processing sequences (ordering, production and delivery) have gained in flexibility and speed as a result. The company is now offering a gratuitous Internet Shop for MAXDATA sales partners which enables MAXDATA products to be sold through the Internet. More than 2,000 shops were already in operation at the year-end. MAXDATA is expanding its e-business strategy even further with the companies acquired at the beginning of the 2000 financial year – PANSITE and PANVISION. With its PANPOINT product, PANSITE develops and sells the only Internet and Intranet editorial system on a monthly rental basis which also supports WAP services for Internet communications carried out by handy telephones.

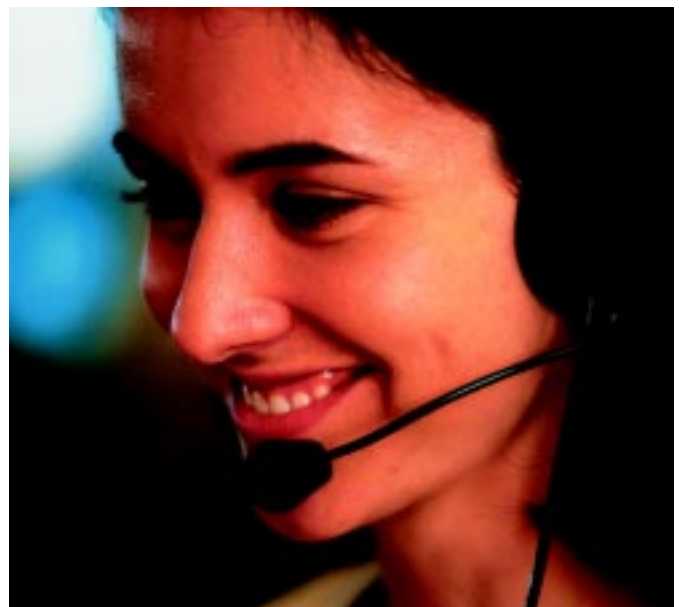
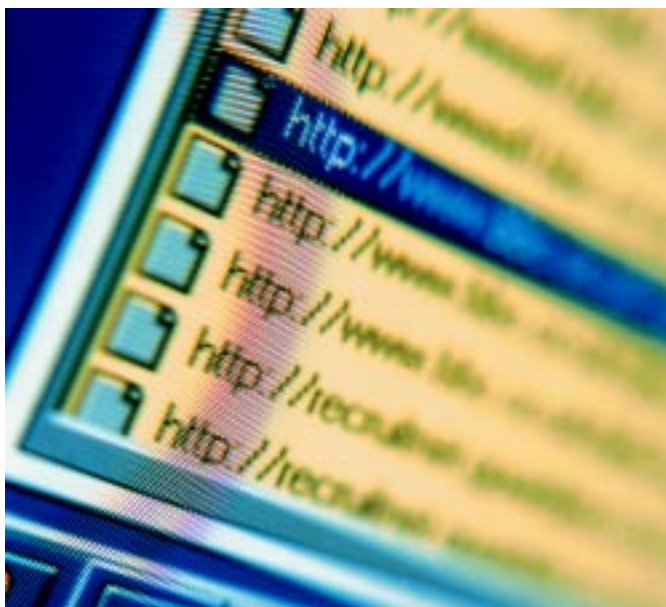


Hosting as a Service

Up to now, access to this technology has only been had by large companies which are able to make significant investments in the installation and maintenance of corresponding hardware and software systems. With this concept, MAXDATA is offering completely new possibilities which permit access to this technology to be had by a broader business target group. The extensive PANPOINT range also provides a web-hosting service. The high-end technology required for web-hosting is made available by MAXDATA with a server farm in its own computer center. All PANPOINT customers are therefore able to establish their Homepage through PANPOINT and to administer the relevant data volumes there. The MAXDATA subsidiary PANVISION also assumes the conception and creation of web pages.

Business-To-Business-Portal

The aim of MAXDATA's e-business strategy is to build up an IT-topic portal in the Internet in the 2000/2001 financial years and also to connect sales partners to it internationally. MAXDATA will assume the fitting and maintenance of the shops for its partners which are directly connected with MAXDATA through the Online-built-to-Order-Technology. MAXDATA hopes to achieve quick relevant market shares in the E-business sector as a result of the resulting multiplication effect. Direct marketing in conjunction with the development of sophisticated customer profiles will make it possible to establish data bases for innovative offers specifically designed for this customer segment. Additional business opportunities will be opened by the IT topic portal in conjunction with new partners therefore. The aim is to provide "medium-sized companies" with innovative services specially tailor-made to these customer clients.



[Group Structure]

MAXDATA has developed from a German computer and monitor manufacturer to an internationally oriented Group since its establishment in 1987. There are now five national companies outside Germany which are securing and expanding the company's market leadership for brand monitors in Western Europe and with which MAXDATA is now one of the Top Ten computer manufacturers throughout Europe. Today's business is concentrated in Germany but the ratio of business conducted abroad is increasing at a steady rate. It advanced from 7 to 21 percent from 1996 to 1999 and it is estimated that international sales will generate 50 percent of Group sales in 2005.

The Factory Concept

Marl is the logistic and organizational center of the MAXDATA Group. The company which has concentrated on Germany up to now is being systematically reorganized. The aim is to achieve a balance between central market co-ordination and decentralized responsibility. MAXDATA is also changing over to the new Factory Concept.



Customer orders are received in the national companies and are transmitted to the factory electronically. The factory is directly and categorically responsible for the physical flow of goods into the international target markets. An organizationally pooled and integrated goods management system is currently being built up and is continually refined. The goods management system is to be unified for the whole of Europe during the course of the 2000 financial year. MAXDATA is increasing the duties of the responsible persons in the national companies in Austria, Switzerland, Great Britain, the Netherlands and France in this process in order to establish independent and strong distribution structures there.

Highly Efficient and Flexible

For MAXDATA, this gives rise to a much more efficient value-added chain, with less complexity in the internal organizational structures. Flexibility is being increased at the same time as well as the speed of deliveries. Warehouse costs are being significantly reduced and goods turnover ratios have increased. MAXDATA is also achieving an improved quality control as a result of the restructuring. This is also being directly extended to manufacturers in Asia through the new subsidiary ASIG Quality Services GmbH which was acquired in the beginning of 2000. The orientation towards individual customer requirements and high production and delivery speeds are bring additional competitive advantages combined with the high quality standard. The independence of the national companies is also designed to ensure that sales are directed towards cultural, regional and country-specific criteria and that flexibility is also achieved in the sales function which the factory concept has already made possible for production.

A New “Service AG”



MAXDATA is already offering a wide range of different services in the after-sales sector. Call center services, more than 100,000 repairs in highly-efficient repair centers, on-the-spot assignments and the whole processing of all complaints to preliminary suppliers are being executed with extreme professionalism. In order to extend these services even further, it is intended to make to the service sector independent under the umbrella of a new AG and to develop it further.





Quality with a Seal

One of the main factors contributing to MAXDATA's success is the high quality of our products. Extensive measures such as quality assurance ensure that this high level is maintained as well. Outgoing goods and our worldwide production units are being continually controlled by engineers "on the spot", thereby ensuring a permanently high quality in buying, production and service functions. Direct feedback to production from our own service function also enables possible weaknesses to be subject to speedy identification and rectification.

MAXDATA's quality consciousness is also reflected in numerous certifications. The MAXDATA company is certified under DIN ISO 9001 and this certification is also a prerequisite for all our suppliers. The MAXDATA Built-to-Order-PC-Systems and all serial models are PC98 certified. This certification ensures a perfect interplay between the individual components for current and future operating systems. The fact that MAXDATA PC systems can be applied in all network environments with no problems is guaranteed by the Novell certification. The high quality claim also applies for our Belinea monitors of course. In addition to the TÜV/GS sign for tested security, all Belinea monitors also bear the TÜV (Technical Control Board) seal for tested ergonomics. Almost the whole Belinea range is also certified in accordance with the strict specifications of the Swedish TCO 99 and TCO 95 standards. Further details on these criteria are to be found in the "Environment" section of this Annual Report.

[Quality, Service and Logistics]

Logistic Advantage

Another key factor of our success – and the success of our partners – is the company’s efficient logistic system. After all, speed means a minimization of risks and a competitive advantage. Our optimized logistic processes ensure high levels of availability and low costs in this connection. The strong and efficient logistic systems in our central warehouse in Marl, and with component buying and production in Würselen, are major factors for the MAXDATA Built-to-Order concept.

Service with no “Ifs and Buts”

For an IT company such as MAXDATA, an excellent service is the best possibility of differentiating itself from competitors. MAXDATA therefore places extreme importance in a comprehensive service concept which provides our customers with speedy and reliable assistance with technical problems and our sales partners with comprehensive support in its operational activities.

Our customers are able to rely on the high quality of our products in full. If a technical problem nonetheless arises, our warranty features ensure speedy assistance and appropriate remedies.

3-year bring-in warranty for all MAXDATA PCs, server systems, Belinea monitors and almost all MAXDATA notebooks. With this warranty, MAXDATA is well above the statutory requirements of six months.

Warranty exchange service during the whole warranty period for all Belinea monitors. Customers do not have to wait for their equipment to be repaired therefore but a replacement is placed at their disposal immediately.

Advance-exchange concept: With MAXDATA PCs and notebooks, we replace all defective components in advance within 30 days of the invoice date. A complete replacement unit is also provided in the case of notebooks in order to ensure mobility.

On-the-spot-service-concept: This service is optional for MAXDATA PCs and notebooks but with server systems we offer this service for 1 years as a standard with the possibility of extending it at the appropriate point of time.

Our sales partners also benefit from the comprehensive warranty features as a result the high level of customer satisfaction and the resulting customer loyalty. Speedy execution is ensured in view of the fact that MAXDATA carries out all repairs in its own repair center. This is also ensured by our call center where all incoming calls are received and passed on for a speedy solution.

The support of our sales partners is not just limited to “after-sales servicing”. It begins before and during the opening up of new business contacts and provides extensive help and assistance with selling activities.

MAXDATA project support provides our customers and sales partners with professional help with tender offers and project calculations. We give competent advice on the selection of tender components and calculating the appropriate bid price. We also co-ordinate and monitor timetables and deadlines. Extensive **marketing support** is also made available to all MAXDATA sales partners. This includes numerous marketing possibilities for advertising, trade fairs and product presentations.

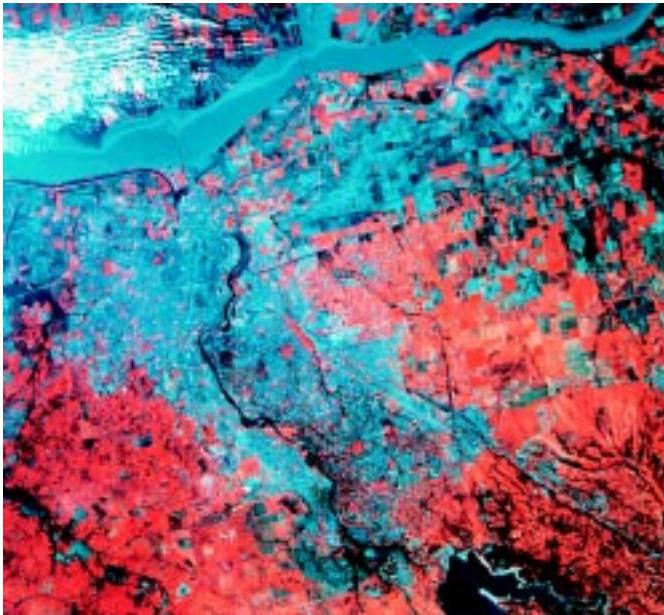
MAXDATA financial service provides our sales partners with financial services as support during the sales process. The first services are attractive leasing offers developed in co-operation with the well-known firm GRENKE LEASING. The range of financial services offered is to be extended in future as the present range has been very positively accepted by our customers.

The excellent quality of our products, strong and efficient logistics and comprehensive services – these are three major features which also ensure the future success of MAXDATA in its core business and in comparison with competitors.



Computers as Protectors of the Environment

The expression “environment” is frequently associated with various concepts and notions. For many people, it is synonymous with “nature”. They limit the expression to the animal and plant world and forget in the process that the environment is everything in the final count which surrounds us and that we ourselves are also an integral part of the environment.



Based on this erroneous concept, technology is often misunderstood as a contradiction of the environment because it does not have a natural origin but is created by people. At the same time, it is completely forgotten that the use of modern IT technology brings considerable benefits for nature and the environment.

Computers ensure that knowledge and information is gained from trade fair and analytical data which keep damages and pollution at bay from our environment and ourselves.

Analytical procedures enable information to be achieved on the most efficient exploitation of nutrient and protective materials in precisely calculated doses. As much as we need but as little as possible.

Planning, simulations and growth analyses can all be carried out. Wind power and solar energy plants are designed on computers, for example, and their economic efficiency has also been calculated with their assistance. Computer systems make a major contribution to protecting environmentally friendly energies and preserving our energy resources.

[The Environment]

Environmental Protection

Environmental protection is an express integral part of MAXDATA's corporate philosophy. The company, its employees and partners actively preserve even the smallest benefits for the environment wherever and whenever possible.

With the development of our products, we pay attention to long service lives, recyclable designs, re-usage possibilities and environmentally-friendly recycling.

For MAXDATA, it goes without saying that the packaging materials used for our products can be returned free of charge and are then re-introduced into the normal cycle of materials – fully in compliance with the packaging return regulation. The present concept of an European-wide removal of used equipment as part of the electrical equipment regulation is currently in the test phase. It will probably be implemented by the end of 2000 together with the ISO 14001 certification and the EMAS registration.



[The Environment]

MAXDATA

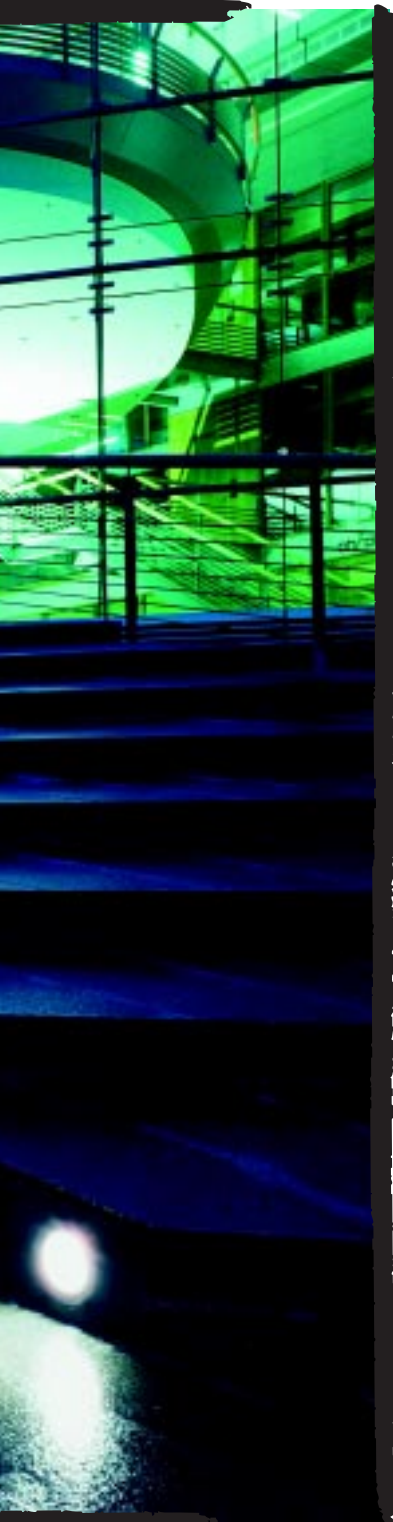


Our commitment to the environment is also documented by various test marks and symbols. For example, almost all MAXDATA's PC systems, servers and notebooks bear the sign of the „Blue Angel“, one of the strictest environmental seals.

Our Belinea monitors also satisfy and exceed existing environmental requirements. Cartons and operating manuals are made of recycling material. Casings are made of special plastics which release no toxic gases and which are not mixed with other types of materials. All monitors are fitted with the EPA and VESA DPMS energy saving functions for reducing power consumption. Belinea offers a broad range of monitors which are certified according to TCO 95 and TCO 99. The specifications of these Swedish standards also include the energy consumption of monitors in addition to the environmentally-friendly recycling of used equipment. Belinea monitors also bear the Energy/GEA Logo designating a lower power consumption in the off-mode.

Ecology and economy do not have to be contradictions. MAXDATA will do everything possible in future to implement what is ecologically meaningful and economically feasible.





Beginning of a New Era

The world is changing and requirements placed on companies are changing at the same time, especially as far as information technology is concerned. Product life cycles are shorter, speeds are faster, storage capacities are greater and software more flexible. MAXDATA has established itself in the top group of European manufacturers in just a few years. Double-figure growth rates, innovative products and new ideas and strategies have been and still are MAXDATA's trademark. Today, we are one of the leading manufacturers of monitors and computers. MAXDATA will become an e-business full-service provider tomorrow and the day-after-tomorrow.

The starting position is excellent. The existing computer business forms a strong platform for new activities in the future. Sales in excess of DM 2 billion and above-average earnings create flexibility for the future: MAXDATA now has

an ultramodern factory in Würselen: this factory assembles IT products according to customers' requirements – individual, flexible and economical;

a European-wide sales network: experts in six countries are in continuous dialogue with customers – multi-cultural, communicative and competent;

a perfect logistic system: to every location in Europe within 48 hours – unproblematic, transparent and quick;

a sophisticated service range: service technicians work directly "on the spot" – qualified, specialized and customer-oriented;

future-oriented E-business: for current exchanges of information and speedy ordering – Internet-based, global and trend-setting.

[Outlook]

This solid basis is the foundation for new ideas. MAXDATA has built up intense customer relationships with a high potential of trust and confidence in the last few years. These customers are receptive to the development of business relationships. Unlike newcomers, we are building our future on a solid foundation. Rapid implementation is guaranteed as far as both quantity and quality are concerned.

This new strategy will revolutionize the company: the Management Board, managers and employees are assuming an active role in national and international IT business. MAXDATA will become an IT Center in which all major services and performances are “docked” through the e-business: from Online-built-to-Order, online sales, web-hosting and content management through to software, telecommunications, financing, service, repairs or call centers. The “new” MAXDATA will be a “revolution” in the positive sense. A multidimensional service will be created from the former one-dimensional business. Everything from one source, competent in conjunction with procedures from the first to the last working stage. Ordering online, production as required, delivery within a few hours or days, installation with experts of our service partners on the spot – and that means service at all times. All-round service; complete, economical and future-oriented.

[Outlook]

MAXDATA

Medium-sized companies in particular require partners who provide solutions from A to Z. The MAXDATA of the future has all the prerequisites to meet this standard. The company has been operating on the German and European market for more than ten years, has excellent specialists in every division, has excellent contacts with suppliers, maintains excellent relationships with the specialist trade and has intense and trustworthy partnerships with medium-sized companies and top products. The restructuring will be an ongoing process on this basis. MAXDATA has now been gradually conquering new business sectors for some time. The Online-built-to-Order-Technology and the online sales system which is now already being used by more than 2,000 dealers through Internet shops document this continuous development process. The acquisition of PANSITE and the holding in the full-service Internet agency PANVISION are making a contribution to establishing a business-to-business topic portal for the IT service sector in the Internet which can be used by our sales partners and their business customers to communicate directly with the company. Attention will continue to be focussed on after-sale services: call centers, repair centers and on-the-spot services form a service package which is designed to set standards in future. The company is changing from being a pure product manufacturer to an IT solution provider for business customers. The new MAXDATA is the way pointing to the future.



[Executive Bodies of the Group]

The Management Board

Holger Lampatz (born in 1958)

Founder and Chairman of the Management Board. Responsible for international strategy, sales, marketing, buying and product management for monitors.

Armin von Buttler (born in 1961)

Responsible for finance, controlling, investor relationships, services, logistics, EDP and personnel.

Joachim Gut (born in 1962)

Responsible for Built-to-Order production, product management for the MAXDATA computer and component buying.

The Supervisory Board

Siegfried Kaske

Blieskastel

Chairman

Chairman of the Management

Board of

DIVACO Beteiligungs AG

Claas Kleyboldt

Cologne

Chairman of the Supervisory

Board of

AXA Colonia Konzern AG

Dr. Heinrich Böhmer

Dreieich

Deputy Chairman

Managing Director of DRV

Dr. Böhmer GmbH

Hans Reischl

Cologne

Chairman of the Management

Board REWE Zentral AG

Uwe Klein

Heusenstamm, Attorney

Corporate Attorney of DIVACO

Beteiligungs AG & Co. KG

Klaus Wiegandt

Seeheim-Malchen

Chairman of the Supervisory

Board of DIVACO Beteiligungs AG

[Consolidated Financial Statements]

Assets

		1999 TDM	1998 TDM
Fixed assets			
Intangible assets	[3]		
Franchises, trademarks, patents, licenses and similar rights and licenses to such rights		4,285	2,612
Advances paid on intangible assets		0	149
		4,285	2,762
Tangible fixed assets	[4]		
Land, leasehold rights and buildings, including buildings on non-owned land		80,279	35,917
Technical equipment, plant and machinery		807	0
Other equipment, factory and office equipment		12,694	10,011
Advance payments and constructions in progress		63	892
		93,843	46,820
		98,128	49,582
Current assets			
Inventories	[5]		
Raw materials and supplies		53,005	0
Finished goods and merchandise		148,365	104,078
Advance payments		4,943	0
		206,313	104,078
Accounts receivable and other assets	[6]		
Accounts receivable, trade		183,719	142,534
Other assets, including deferred taxes TDM 9,171 (1998: TDM 0)		63,416	10,064
		247,134	152,597
Marketable securities	[7]		
Miscellaneous securities		27,788	0
Net financial assets – Peacock		0	34,632
Checks, cash on hand and cash in banks	[8]	130,175	19,759
		611,410	311,067
Deferred charges and prepaid expenses	[9]	1,541	791
		711,079	361,440

Note: The above amounts are calculated exactly and then rounded off to the nearest TDM (= thousand DM).

Consolidated Balance Sheet

MAXDATA

at December 31, 1999

Equity and Liabilities

		1999	1998
		TDM	TDM
Equity capital			
Subscribed capital	[10]	56,719	3,211
Capital reserve	[11]	284,886	30,789
Consolidated retained earnings		79,370	65,663
Cumulative exchange rate differences		367	47
		<u>421,342</u>	<u>99,710</u>
Provisions			
Tax provisions – including deferred taxes of TDM 4,269 (1998: TDM 0)	[12]	9,085	33,150
Other provisions	[13]	92,903	53,582
		<u>101,988</u>	<u>86,732</u>
Liabilities			
	[14]		
Liabilities to banks		25,293	12,038
Accounts payable, trade		141,472	104,659
Liabilities arising from the acceptance of drawn bills and the issue of own-bills		0	11,000
Accounts due to affiliated companies		0	40,162
Other liabilities		18,669	6,369
		<u>185,434</u>	<u>174,228</u>
Deferred items			
	[15]	2,315	770
		<u>711,079</u>	<u>361,440</u>

Consolidated Profit and Loss Account

MAXDATA

		1999 TDM	1998 TDM
Revenues	[17]	2,182,013	1,674,008
Increase/decrease in finished goods and work in process	[18]	19,432	-8,017
Other operating income	[19]	82,038	25,588
Cost of materials			
Cost of raw materials, supplies and merchandise		-1,922,051	-1,447,324
Cost of purchased services		-21,340	-10,622
Personnel expenses			
Wages and salaries		-77,538	-41,032
Social security, pensions and other benefit costs		-14,835	-6,943
Depreciation and amortization of intangible assets and tangible fixed assets		-13,224	-7,242
Other operating income	[20]	-131,426	-81,025
thereof: miscellaneous taxes: TDM 120 (1998: TDM 144)			
Income from investments	[21]	1,390	0
Interest and similar income	[21]	3,404	7,644
Write-down of financial assets and marketable securities	[21]	-156	0
Interest and similar expenses	[21]	-5,019	-12,140
Gross operating profit		102,687	92,894
Taxes on income	[22]	-18,136	-43,005
Operating profit		84,552	49,889
Extraordinary income and expenses	[23]	0	12,010
after taxes on income			
TDM 0 (1998: TDM -11,246)			
Consolidated net income		84,552	61,900
Consolidated income brought forward		9,516	3,763
Capital increase from internal resources		-14,698	0
Consolidated retained earnings		79,370	65,663
Earnings per share			
(Basic earnings per share)	[24]		
Consolidated net income for the year		84,552	61,900
Number of shares (1999: weighted average; 1998 fictitious)	[Shares]	26,821,918	24,000,000
Earnings per share (Basic earnings per share)	[DM/share]	3.15	2.58
For information:			
Number of shares (1999: after capital increase, 1998: fictitious)	[Shares]	29,000,000	29,000,000
Earnings per share (1999 and 1998: shares after capital increase)	[DM/share]	2.92	2.13

Consolidated Statement of Changes in Equity Capital

MAXDATA

	Subscribed Capital TDM	Capital Reserve TDM	Consolidated Retained Earnings TDM	Cumulative Currency Differences TDM	Total TDM
January 1, 1998	3,211	30,789	32,321	229	66,549
Dividend	0	0	-28,557	0	-28,557
Change in cumulative exchange rate differences	0	0	0	-181	-181
Consolidated net income for the year	0	0	61,900	0	61,900
December 31, 1998/ January 1, 1999	3,211	30,789	65,663	47	99,710
Dividend	0	0	-56,147	0	-56,147
Capital increase from internal resources	43,729	-29,031	-14,698	0	0
Capital increase from issue of 5,000,000 shares	9,779	293,375	0	0	303,154
Issue costs, net	0	-10,247	0	0	-10,247
Change in cumulative exchange rate differences	0	0	0	319	319
Consolidated net income for the year	0	0	84,552	0	84,552
December 31, 1999	<u>56,719</u>	<u>284,886</u>	<u>79,370</u>	<u>367</u>	<u>421,342</u>

[Consolidated Financial Statements]

Acquisition or Manufacturing Cost

	01.01.99 TDM	Additions TDM	Disposals TDM	Transfers TDM	31.12.99 TDM
Intangible assets					
Franchises, trademarks, patents, licenses and similar rights and licenses to such rights	5,915	2,484	-1,644	1,484	8,239
Advances paid on intangible assets	149	1,357	-114	-1,392	0
	6,064	3,840	-1,758	92	8,239
Tangible fixed assets					
Land, leasehold rights and buildings, including buildings on non-owned land	39,803	48,541	-1,606	313	87,051
Technical equipment	0	1,035	0	0	1,035
Other equipment, factory and office equipment	22,363	9,017	-1,527	430	30,283
Advance payments and constructions in progress	892	120	-114	-835	63
	63,058	58,712	-3,247	-92	118,431
	69,123	62,553	-5,005	0	126,670

**Consolidated Development of
Fixed Assets in 1999**

MAXDATA

Cumulative Depreciation

Net Book Values

01.01.99	Additions	Releases	Transfers	31.12.99	31.12.99	31.12.98
TDM	TDM	TDM	TDM	TDM	TDM	TDM
3,303	2,236	-1,584	0	3,954	4,285	2,612
0	0	0	0	0	0	149
3,303	2,236	-1,584	0	3,954	4,285	2,762
3,886	4,492	-1,606	0	6,773	80,279	35,917
0	227	0	0	227	807	0
12,352	6,268	-1,032	0	17,588	12,694	10,011
0	0	0	0	0	63	892
16,238	10,988	-2,638	0	24,588	93,843	46,820
19,541	13,224	-4,222	0	28,542	98,128	49,582

Consolidated Cash-Flow Statement

MAXDATA

	1999	1998
	TDM	TDM
Income/expenditure re business activities		
Net income for the year	84,552	61,900
Adjustment for transition of the annual financial statements to income/expenditure		
Depreciation of intangible and tangible fixed assets	13,224	7,242
	<u>97,776</u>	<u>69,142</u>
Decrease/increase in assets and increase/decrease in liabilities		
Inventories	-24,807	-23,858
Accounts receivable, trade	-41,185	-30,245
Other assets	-53,352	3,724
Tax provisions	-24,065	20,734
Other provisions	28,393	38,670
Accounts payable, trade	36,813	53,400
Bill liabilities	-11,000	6,000
Other liabilities	12,300	1,036
Other items, net	794	490
	<u>-76,109</u>	<u>69,951</u>
Net income from business activities	<u>21,667</u>	<u>139,093</u>
Cash-flow from investment activities		
Purchase of computer production in Würselen		
Factory site and buildings	-45,000	0
Other assets	-66,500	0
	<u>-111,500</u>	<u>0</u>
Change in net financial assets of Peacock	34,632	-18,524
Investments in intangible assets	-3,840	-1,543
Fixed asset investments	-13,711	-19,388
Fixed asset disposals	783	708
Net expenditure on investments	<u>-93,636</u>	<u>-38,747</u>
Cash-flow from financial activities		
Inflow of funds from the stock market flotation	292,907	0
Compensation of cash pooling under former association	-40,162	-71,397
Increase/decrease in bank liabilities	13,255	-353
Dividends	-56,147	-28,557
Investment in securities	-27,788	0
Net income from financial activities	<u>182,065</u>	<u>-100,307</u>
Increase in liquid assets	<u>110,096</u>	<u>39</u>
Change in conversion rate adjustment	320	-181
Liquid assets at beginning of year	<u>19,759</u>	<u>19,901</u>
Liquid assets at end of year	<u><u>130,175</u></u>	<u><u>19,759</u></u>
Liquid assets as shown in the balance sheet	<u><u>130,175</u></u>	<u><u>19,759</u></u>

Notes on the 1999 Consolidated Financial Statements]

A. Structure and Business Activities of the Group

The MAXDATA Group was restructured from March to May 1999 in the light of the stock market flotation and in order to establish a clear structure for the Group. In this connection, the shares previously held by MAXDATA Computer GmbH (now: MAXDATA Computer GmbH & CO. KG) in the subsidiary companies were transferred to MAXDATA International GmbH (previously: PEACOCK Systeme GmbH) in exchange for new shares in this company at book values with effect from January 1, 1999. In addition, the 100 % holding of MAXDATA Computer GmbH in MAXDATA Systeme GmbH which includes the production acquired from VOBIS Microcomputer Aktiengesellschaft (now: CBA Computer Handels- und Beteiligungs GmbH, Würselen) ("VOBIS") with economic effect from January 1, 1999, and the holding in MAXDATA International GmbH which holds the foreign investments, was transferred to MAXDATA AG at book values with economic effect from January 1, 1999. MAXDATA Computer GmbH was also converted into a limited partnership (KG) at its book values and a profit and loss transfer agreement was concluded between MAXDATA AG on the one hand and MAXDATA Immobilien Marl GmbH, Marl, and MAXDATA Immobilien Würselen GmbH, Marl, on the other. The Group's real estate holdings were also partially restructured by the sale of the real estate holding in MAXDATA Computer GmbH to MAXDATA Immobilien Marl GmbH, a 100 % subsidiary of MAXDATA AG.

Notes on the Consolidated Financial Statements

By means of a transfer agreement dated May 11, 1989, MAXDATA Computer GmbH acquired the shares in Triple Trian Beteiligungs-GmbH & CO. KG and its unlimited partner Triple Trian Beteiligungs-Verwaltungs GmbH from Mr. Holger Lampatz at their cost value, thereby discontinuing a trustee relationship. The activity of the Triple Trian companies has been limited to the acquisition of a patent application up to now.

The parent company was incorporated on March 15, 1994 under the name of Holger Lampatz GmbH & Co. KG, Marl, with a limited partnership capital of DM 100,000 and was entered in the Commercial Register of the Marl Local Court under HRA 1726. The last personally liable partner with a capital share of DM 1,000 which it held on trust for MFG Microcomputer-Fertigung GmbH ("MFG") was Holger Lampatz Verwaltungs-GmbH (now: MAXDATA Verwaltungs-GmbH), Marl, entered in the Commercial Register of the Marl Local Court under HRB 3162. The last limited partners of Holger Lampatz GmbH & Co. KG were MFG with a limited partner share of DM 73,900 and Mr. Holger Lampatz with a limited partner share of DM 25,100. The company was converted into a public limited company under the name of MAXDATA AG by means of a unanimous resolution of the partners' meeting on May 11, 1999. The company's domicile remained unchanged in Marl. The conversion changing the legal form of the company was entered in the Commercial Register of the Marl Local Court on May 17, 1999 under HRB 3558.

Notes on the Consolidated Financial Statements

MAXDATA

Up to March 1999, Holger Lampatz GmbH & Co. KG was mainly concerned with renting and leasing properties to its former sister company MAXDATA Computer GmbH (now: MAXDATA Computer GmbH & CO. KG). The investment ratios in MAXDATA Computer GmbH corresponded with the investment ratios in the company at that time. As part of a restructuring of the MAXDATA Group, VOBIS contributed its holding in Holger Lampatz GmbH & Co. KG, Holger Lampatz Verwaltungs-GmbH and MAXDATA Computer GmbH into MFG by way of a capital increase through contributions in kind under commercial and tax law at a value ranging between the corresponding book values and the market values (interim value) with economic effect as from January 1, 1999. MFG and Mr. Holger Lampatz thereafter transferred all their shares in the former MAXDATA Computer GmbH and Holger Lampatz Verwaltungs-GmbH to the company on May 11, 1999 for a commercial value of DM 50,050,000 with economic effect as from January 1, 1999 prior to the change in the legal form. The contributions of the shareholder partners were placed in a fiduciary reserve. This contribution was made at the respective book values in accordance with taxation law.

The partners' meeting of Holger Lampatz GmbH & Co. KG on May 11, 1999 unanimously resolved the form-changing conversion of the partnership into a public limited company, with a simultaneous change of name to MAXDATA AG. The share capital of the company was fixed at Euro 24 million. At the extraordinary shareholders' meeting of the parent company in May 27, 1999, it was resolved that the share capital of the parent company should be increased by Euro 5 million from Euro 24 million to Euro 29 million in cash by issuing 5 million shares with a full profit-sharing entitlement with effect from the 1999 financial year. The execution of the capital increase was entered in the Commercial Register of the Marl Local Court on June 1, 1999.

Notes on the Consolidated Financial Statements

MAXDATA Systeme GmbH acquired the assets and certain liabilities of the „Production“ division from VOBIS with economic effect as from January 1, 1999 consisting of the production division of PCs, buying (components), logistics and allocated EDP activities in Würselen. MAXDATA Immobilien Würselen GmbH also acquired the share in MAXDATA Grundstücks-Vermietungsgesellschaft mbH & Co. OHG, Marl, held by VOBIS, and MAXDATA Immobilien Marl GmbH acquired the share in MAXDATA Grundstücks-Vermietungsgesellschaft mbH & Co. OHG, Marl, held by Cetera Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf, at a market value determined by an independent valuer. MAXDATA Grundstücks-Vermietungsgesellschaft mbH & Co. OHG is the owner of the real estate in Würselen which is the production location of MAXDATA.

In accordance with the Articles of Incorporation, the object of the company is to hold and manage holdings in companies and to manage companies which particularly deal with production and trade with computers and trade with computer peripheral appliances of all kinds, including the performance of all related services. The management of the companies also includes the establishment, optimization and further development of their organization, management and investment structure, especially the incorporation, acquisition and sale of other companies, company groups and company holdings and participations in

other undertakings. The purpose of the parent company is also the acquisition and rental of developed or undeveloped real estate. The parent company is entitled to carry out measures and acts which are connected with the object of the company or which seem appropriate. It may also operate in the aforesaid areas of activity itself.

Notes on the Consolidated Financial Statements

MAXDATA

The business activities of the subsidiaries mainly relate to production and trade with computers and the sale of computer peripherals of all kinds, including all related services.

The MAXDATA Group sold exclusively to retailers in its 1999 financial year.

B. General Disclosures and Explanatory Comments in the Consolidated Financial Statements

Consolidation

Bases and Methods

The annual financial statements at December 31, 1999 have been prepared in accordance with § 292 a of the German Commercial Code (HGB) based on the regulations of the guidelines of the International Accounting Standards Committee (IASC), London, in force on the closing date. They comply with the guidelines of the European Union on group reporting and, as prior year figures, show the unaudited "as-if" consolidated annual financial statements used for the purpose of the sales prospectus in May 1999 likewise in accordance with International Accounting Standards (IAS).

Consolidated companies

[1] All direct and indirect subsidiaries of the parent company are included in the consolidated financial statements of MAXDATA AG in accordance with the principles of the IASC (IAS 27); IAS 27 corresponds in these cases with §§ 294 to 296 of the German Commercial Code. The following domestic and international companies have been consolidated in 1999 in addition to the parent company MAXDATA AG in compliance with the regulations on full consolidation.

Investments

MAXDATA

Company	% Shareholding	Currency	Subscribed Capital in Thousand
MAXDATA Computer GmbH & Co. KG, Marl	100	DEM	3,061
MAXDATA Verwaltungs-GmbH, Marl	100	EUR	26
MAXDATA Systeme GmbH, Würselen	100	DEM	50
MAXDATA Immobilien Marl GmbH, Marl	100	EUR	25
MAXDATA Immobilien Würselen GmbH, Marl	100	EUR	25
MAXDATA Grundstücks-Vermietungsgesellschaft mbH & Co. OHG, Marl	100 ¹⁾	DEM	–
Triple Trian Beteiligungs-Verwaltungs GmbH, Marl	100 ¹⁾	DEM	50
Triple Trian Beteiligungs-GmbH & Co. KG, Marl	100 ¹⁾	DEM	1,000
MAXDATA International GmbH, Marl	100	DEM	500
MAXDATA Computer GmbH, Vienna, Austria	100 ¹⁾	ATS	500
MAXDATA Computer AG, Baar, Switzerland	100 ¹⁾	CHF	100
MAXDATA UK Ltd., Wokingham, Great Britain	100 ¹⁾	GBP	1
MAXDATA Benelux B.V., Amsterdam, Netherlands	100 ¹⁾	NLG	40
MAXDATA SARL, Evry, France	100 ¹⁾	EUR	25

¹⁾ indirect holding

Notes on the Consolidated Financial Statements

MAXDATA

[2] Consolidation methods

The capital has been consolidated on the book value method in line with IAS 22. The acquisition costs of the investments are set off against the pro-rata book value of the relevant equity capital on the acquisition date. The acquired assets and liabilities are stated at their current market value on the acquisition date. Any remaining differences are shown as goodwill if they are material in value.

If subsidiary companies cease to belong to the group of companies consolidated, they are de-consolidated accordingly.

Inter-group profits, losses, sales, costs and profits are eliminated, as well as accounts receivable and payable between consolidated companies. In the case of consolidation adjustments with an effect on net income, the appropriate income taxes are taken into account and deferred taxes are deducted accordingly.

[3] Explanatory comments on the consolidated balance sheet

Intangible assets acquired for a consideration are capitalized at their acquisition cost and are written off on a straight-line basis over their estimated useful lives of 3 to 8 years. No goodwill is shown in the capital consolidation taking materiality factors into account. Internally-produced intangible assets are not capitalized. The development of intangible assets is shown in the fixed assets summary (Annex to the Notes).

[4] Tangible fixed assets

are valued at acquisition or production cost in accordance with IAS 16, reduced by standard depreciation. Depreciation is mainly applied on the straight-line method. Buildings are written off up to 25 years and plant, equipment and machinery from 3 to 20 years. Additions to moveable fixed assets in the first half of the financial year are depreciated at the full depreciation rates for the year and those acquired in the second half at half the depreciation rates for the year. Accelerated depreciation is also applied to the lower attributable value in question in accordance with IAS 16. If the reason for accelerated depreciation ceases to be valid, corresponding incremental values are applied. The development of tangible assets during the financial year is shown in the fixed assets summary (Annex to the Notes) based on the individual balance sheet items.

Notes on the Consolidated Financial Statements

[5] Inventories are stated at cost in accordance with IAS 2 or at manufacturing cost or at their lower attributable value on the closing date. Acquisition and manufacturing costs are determined by the weighted average method supported by a lower value test on the balance sheet date.

Manufacturing costs for work in process and finished goods include direct material costs, direct manufacturing costs and a reasonable share of material, manufacturing and administration overheads. In the case of inventory items stored for a long period of time, reasonable write-downs are made for obsolescence risks attributable to the storage period.

[6] Receivables and other assets are stated at their nominal value. Identifiable risks are taken into account by means of reasonable value adjustments in the case of accounts receivable. Receivables and other assets on December 31, 1999 were all due within one year. Receivables denominated in foreign currencies are valued at the bid rate on the balance sheet date, with any exchange gains or losses being credited or debited to net income.

[7] Securities are stated at their stock market value on the balance sheet date, with any price gains or losses being credited or debited to net income.

[8] Liquid assets are stated at their nominal value. Liquid assets in foreign currencies are converted on the balance sheet date.

[9] Deferred charges and prepaid expenses include expenses incurred prior to the balance sheet date but which relate to the following financial year.

[10] The subscribed capital of the parent company, MAXDATA AG, amounted to DM 56,719,070 on the balance sheet date (Euro 29,000,000). It consists of 29,000,000 no-par shares with a theoretical value per share of Euro 1.

Notes on the Consolidated Financial Statements

MAXDATA

The Annual General Meeting of MAXDATA AG on May 27, 1999 empowered the Management Board to increase the share capital of MAXDATA AG with the approval of the Supervisory Board by making one or more issues of new shares for contributions in kind or for cash but up to a maximum of Euro 14,500,000. The statutory subscription right of the shareholders is precluded with a capital increase by way of contributions in kind. With a capital increase for cash, the Management Board is empowered to preclude the subscription right for shareholders with the approval of the Supervisory Board.

At the Annual General Meeting of MAXDATA AG on May 27, 1999, it was resolved to effect a conditional increase in the share capital of MAXDATA AG of up to Euro 480,000 (**conditional capital I**) by issuing up to 480,000 new shares made out to bearer. This conditional capital increase is designed to grant subscription rights to employees, members of the Management Board/Board of Directors of MAXDATA AG, its subsidiaries and also companies affiliated with MAXDATA AG in Switzerland, Austria, Great Britain and the Netherlands within the meaning of § 15 ff. of the German Joint Stock Corporation Act (AktG) in accordance with the empowerment resolution passed by the Annual General Meeting on May 27, 1999. The conditional capital increase is only to be effected to the extent that the persons entitled to subscribe for the option rights make use of their subscription right within the scope of the employees participation program. The new shares participate in the profits of the company from the beginning of the financial year in which they originate by the exercise of option rights.

The option rights within the scope of the employee participation program may only be exercised on the prerequisite that the market (stock exchange) price of the MAXDATA share has increased by an average of at least 1 percentage point based on the issue price, i.e. by an average of 12 percentage points p.a. based on the issue price. This means that the market price must have increased by 36 percentage points compared with the issue price in the case of the exercise of an option of the first tranche of 30 % of the option rights on the earliest possible date (June 9, 2002). If the options cannot be exercised within the waiting period (3 years as from the 1st date of stock exchange trading) because the required value increases in the shares has not been achieved, the options may be exercised in the subsequent period within the expiry period (10 years after the 1st day of stock exchange trading) if the market price of the share increased by a monthly average of at least 1 percentage point. If the market price of the MAXDATA share fails to achieve the necessary price increase of 12 percentage points p.a. on the first possible exercise dates, the options may be exercised on the date on which the average market price of the MAXDATA share reaches the updated market price on the last 30 days of stock exchange trading. The market price in the aforesaid sense is the average market price of the MAXDATA share on the last 30 days of stock exchange trading prior to the date following the first day of stock exchange trading at yearly intervals calculated on the basis of the official closing rate quoted on the Frankfurt Stock Exchange. If the necessary market price increase is achieved, the options which are exercisable in this way may be exercised up to the end of the expiry period even if the market price falls again at a later date.

Notes on the Consolidated Financial Statements

The Annual General Meeting of MAXDATA AG on May 27, 1999 also resolved to effect a conditional increase the share capital of MAXDATA AG by up to Euro 10,000,000 (**conditional capital B**) by issuing up to 10,000,000 new shares made out to bearer. This conditional capital increase is only to be carried out on the basis of the authorizing resolution passed in the Annual General Meeting of May 27, 1999 if

- a) the holders or creditors or conversion rights or warrants which are connected with the convertible and warrant-linked bonds to be issued by the company or its direct or indirect subsidiaries by April 30, 2004 make use of their conversion or option rights, or if
- b) holders or creditors of convertible bonds to be issued by the company or its direct or indirect subsidiaries by April 30, 2004 and who are obliged to exercise their conversions perform their existing conversion obligations.

The new shares participate in the profits of the company from the beginning of the financial year in which they are created by the exercise of conversion or option rights or by the performance of conversion obligations. The Management Board is empowered to stipulate the further relevant details for executing the conditional capital increase with the approval of the Supervisory Board.

[11] The **capital reserve** in accordance with IAS 32 amounts to DM 284,885,609.49 on the balance sheet date. Withdrawals from and allocations to the capital reserve are as follows:

	DM
Balance at January 1, 1999	30,788,800.00
Capital increase from internal resources	-29,031,025.86
Premium on the issue of 5,000,000 new shares	293,374,500.00
Issue costs, net	-10,246,664.64
	284,885,609.49

[12] The **tax provision** relates to corporation and trade tax. Deferred tax provisions have been calculated in accordance with IAS 12. Applying the „asset/liability“ method, deferred taxes are calculated on the basis of the tax laws and tax rates applicable in the respective financial years in which taxes are to be paid for the so-called „temporary differences“.

[13] **Other provisions** are made for identifiable risks and contingent liabilities. They are stated at the relevant amounts required based on a reasonable commercial appraisal if it is estimated that future claims will be made on the company.

Notes on the Consolidated Financial Statements

MAXDATA

The composition and maturity of **other provisions** are as follows:

	31.12.1999 TDM	31.12.1998 TDM
Outstanding invoices for goods	50,769	31,477
Warranty obligations	21,230	13,537
Outstanding invoices for services	5,211	888
Profit-sharing bonuses	2,945	1,987
Consultancy and litigation costs	2,886	329
Outstanding vacation entitlements, including social security	2,177	988
Miscellaneous	7,685	4,376
	92,903	53,582

– thereof items with a maturity of more than one year: TDM 21,230

(1998: TDM 13,537)

Notes on the Consolidated Financial Statements

[14] Liabilities are stated at their settlement amount.

Liabilities denominated in foreign currencies are valued at the offering price on the balance sheet date, with any resulting exchange rate gains or losses being credited or debited to net income.

Liabilities are made up of the following items:

Liabilities	thereof with an outstanding maturity				thereof secured by lien or similar rights	
	Balance 31.12.99 TDM	Up to one year TDM	Between 1-5 years TDM	More than 5 years TDM	TDM	Type of Security
Liabilities to banks	25,293 (12,038)	14,306 (434)	4,701 (4,167)	6,286 (7,436)	11,390 (11,982)	Land charge
Accounts payable, trade	141,472 (104,659)	141,472 (104,659)	0 (0)	0 (0)	0 (0)	
Liabilities from the acceptance of drawn bills and issue of own bills	0 (11,000)	0 (11,000)	0 (0)	0 (0)	0 (0)	
Liabilities to affiliated companies	0 (40,162)	0 (40,162)	0 (0)	0 (0)	0 (0)	
Other liabilities	18,669 (6,369)	18,669 (6,369)	0 (0)	0 (0)	0 (0)	
– including taxation	14,588 (4,586)	14,588 (4,586)	0 (0)	0 (0)	0 (0)	
– including social security	2,393 (1,013)	2,393 (1,013)	0 (0)	0 (0)	0 (0)	
	185,434 (174,228)	174,447 (162,625)	4,701 (4,167)	6,286 (7,436)	11,390 (11,982)	

Prior year figures are
stated in brackets

Note: The individual amounts are calculated exactly and then rounded off to the nearest TDM

Notes on the Consolidated Financial Statements

MAXDATA

[15] Deferred items mainly include the deferral of income from „cover documents“ in connection with extended warranty services.

[16] MAXDATA assumed VOBIS's **production** with effect from January 1, 1999. Operating assets and inventories were taken over by MAXDATA for DM 146.3 million, including land and buildings. At the same time, MAXDATA received a subsidy of DM 34.8 million for the restructuring of production activities on account of the affiliation relationship which continued for a transitional period and on account of the obligations and commitments assumed by MAXDATA.

Based on the knowledge and information available up to the final preparation of the annual financial statements at December 31, 1999, the assets taken over from VOBIS were not valued at DM 146.3 million but at their acquisition cost of DM 122.2 million. The difference of DM 24.1 million was set off against the subsidy. A reserve was formed in the outstanding subsidy amount of DM 10.7 million which covers the costs arising from the retention of the affiliation relationship and the risks arising from the accounting and valuation of the assets taken over.

Notes on the Consolidated Financial Statements

The subsidy of DM 34.8 million was therefore used as follows:

	DM m
Write-down of tangible fixed assets and intangible assets taken over	23.9
Write-down of inventories taken over	0.2
Creation of a provision for risks in connection with the retention of the affiliation relationship and inventory clearing	10.7
	34.8

In the consolidated profit and loss account for the 1999 financial year, other operating income includes the utilization of the risk provision in connection with the retention of the affiliation relationship and inventory clearing and the net income effect from writing down inventories by DM 0.2 million which resulted in a lower cost of materials. This in-

come of DM 10.9 million compares with additional expenses and margins on the sale of PC's which did not cover the relevant costs. As a result of the write-down of DM 23.9 million on the tangible fixed assets and intangible assets taken over on January 1, 1999, depreciation of approximately DM 5,300,000 does not have to be shown in the profit and loss account with an average outstanding useful life of 4.5 years p.a. This depreciation charge which would have otherwise been incurred compares with corresponding restructuring costs of DM 6,400,000 resulting from the adaptation of production to the requirements of MAXDATA.

These restructuring costs are allocated to the following cost types:

	TDM
Consultancy costs	5,900
Personnel costs	300
Other costs	200
	6,400

Notes on the Consolidated Financial Statements

MAXDATA

Explanatory Comments on the Profit and Loss Account

The consolidated profit and loss account has been drawn up on the cost summary method. The MAXDATA Group operates in the IT hardware sector. Despite the differences in performance procedures, the Management of the MAXDATA Group does not regard the individual product groups and geographical markets as separate segments with materially different risks and opportunities in view of the fact that the markets and product groups develop with a close dependency on each other. The management of the Group should not be structured on the basis of product groups or geographical markets therefore. Different management responsibilities are only functional with the result that there is no segment reporting. All that follows below is a summary of revenues by product groups and regions therefore:

[17] Revenues by product groups are summarized as follows:

	1999	TDM	%	1998	TDM	%
Monitors	684,422		31	806,306		48
Computers	1,300,590		60	718,429		43
Others	197,001		9	149,273		9
	<u>2,182,013</u>		<u>100</u>	<u>1,674,008</u>		<u>100</u>

The increase mainly results from additional OEM deliveries (approximately DM 300 million). This includes additional revenues as a result of the computer production acquired on January 1, 1999 and the downturn in revenues with OEM monitors. **Revenues by region** show the following position:

	1999	TDM	%	1998	TDM	%
Domestic	1,722,997		79	1,372,922		82
Europe	459,015		21	301,086		18
	<u>2,182,013</u>		<u>100</u>	<u>1,674,008</u>		<u>100</u>

Notes on the Consolidated Financial Statements

[18] Computer production was transferred to the former affiliated company VOBIS in the 1st quarter of 1998 for strategic reasons. This gave rise to a **reduction** of DM 8,017,000 in finished goods **inventories** and work in process in the 1998 financial year. Computer production in Würselen was acquired by VOBIS with effect from January 1, 1999, with the result that the MAXDATA Group has been producing computers itself again since the 1999 financial year. This gave rise to an **increase** of DM 19,432,000 in finished goods **inventories** and work in process as at December 31, 1999 therefore.

[19] **Other operating income** is made up of the following items:

	1999	TDM	1998	TDM
Advertising allowances	12,448		8,922	
Income from recharged warranty repairs	14,894		8,053	
Exchange rate gains	24,803		654	
Other income	29,893		7,959	
	<u>82,038</u>		<u>25,588</u>	

[20] **Other operating expenses** consist of the following:

	1999	TDM	1998	TDM
Rent, costs of premises, repairs, maintenance	-11,645		-4,065	
Advertising costs	-28,751		-24,259	
Transport costs (delivery of goods)	-16,851		-15,396	
Fees	-11,956		-2,125	
Exchange rate losses	-21,389		-1,859	
Other costs	-40,834		-33,321	
	<u>-131,426</u>		<u>-81,025</u>	

Notes on the Consolidated Financial Statements

MAXDATA

[21] Net financial items include the following:

	1999	TDM	1998	TDM
Financial income				
Income from other securities	1,390		0	
Interest income – Peacock	0		6,759	
Interest and other income	3,404		876	
Other financial income	0		9	
	<u>4,794</u>		<u>7,644</u>	
Financial expenses				
Write-down of financial investments and securities	-156		0	
Interest expense – Peacock	0		-6,759	
Interest and similar expenses	-4,780		-5,318	
Other financial expenses	-238		-63	
	<u>-5,174</u>		<u>-12,140</u>	
	<u>-380</u>		<u>-4,496</u>	

[22] Taxes on income are summarized as follows:

	1999	TDM	1998	TDM
Corporation tax and solidarity surcharge	2,051		-23,201	
Trade tax	-17,039		-19,804	
Deferred taxes	-3,148		0	
	<u>-18,136</u>		<u>-43,005</u>	

In accordance with IAS 12, deferred taxes result from accounting and valuation differences between the German Commercial Code and IAS and between the tax balance sheet and the consolidated balance sheet, mainly originating from the tax effects of the restructuring carried out in 1999.

Notes on the Consolidated Financial Statements

Deferred taxes are analyzed as follows:

	<u>1999</u>	<u>TDM</u>
Accounting and valuation differences between the German Commercial Code the IAS	4,269	
Accounting and valuation differences between the tax balance sheet and the consolidated balance sheet	<u>-1,121</u>	
	<u>3,148</u>	

The accounting and valuation differences between the tax balance sheet and the consolidated balance sheet include deferred tax assets of DM 5,000,000 resulting from the future use of tax loss-carry-forwards in accordance with IAS 12 originating from the restructuring carried out in 1999.

The deferred tax expenses based on the valuations with time differences between the German Commercial Code and IAS and between the tax balance sheet and the consolidated balance sheet are mainly of a short-term nature.

The actual tax expense has developed as follows based on the gross operating profit (before income taxes and extraordinary profits and losses)

	<u>1999 %</u>	<u>1998 %</u>
Effective tax rate	<u>17.7</u>	<u>46.3</u>

The actual tax expense of DM 18,136,000 in 1999 is approximately DM 25,500,000 lower than the anticipated tax expense of DM 43,642,000 which would have arisen if a weighted anticipated average tax rate had been applied on the pre-tax results of the Group. This average tax rate is calculated on the basis of the anticipated tax rates of the individual group companies and has been determined at approximately 42.5 % in 1999 (1998: 46.3 %). The reasons for the difference between the anticipated and the actual tax expense in the Group is mainly depreciation which is only tax-effective and which results from the additional capital established for tax purposes as a result of the legal restructuring carried out in 1999 and its depreciation in the supplementary tax balance sheet of MAXDATA Computer GmbH & Co. KG (with an effect of approximately DM 16,100,000) and the corporation tax imputation credit arising from the change in the legal form of MAXDATA Computer GmbH & Co. KG from a GmbH (a private limited company) into a KG (a limited partnership) (with an effect of approximately DM 9,400,000).

Notes on the Consolidated Financial Statements

MAXDATA

[23] Extraordinary income

	1999 TDM	1998 TDM
Income from the sale of investments	0	21,189
Insurance benefits – fire damage	0	1,967
less income taxes	0	-11,246
	<u>0</u>	<u>12,010</u>

[24] Earnings per share

The earnings per share shown at the foot of the consolidated profit and loss account have been calculated for 1999 in accordance with IAS 33 based on 26,821,918 shares (basic earning per share). The number of shares is determined as follows on an average weighted daily basis:

	Basic Earnings Per Share
Number of shares at January 1, 1998 (fictitious)	24,000,000
Issue on June 9, 1999	5,000,000
Weighted average	<u>26,821,918</u>

The basic earnings per share is therefore calculated at DM 3.15. Taking the total number of shares issued on the balance sheet date into account (29,000,000), the earnings per share is DM 2.92.

The earnings per share for the 1998 financial year were calculated on the basis of the “as-if” consolidated financial statements at December 31, 1998 with a fictitious number of shares issued (24 million). This is a fictitious calculation therefore. Taking 29,000,000 shares into account, the earnings per share amounted to DM 2.13.

In view of the fact that the stock options under the employee participation program could not be exercised on the balance sheet date, it was not possible to calculate the so-called “diluted earnings per share” in accordance with IAS 33.

Notes on the Consolidated Financial Statements

[25] Notes on the consolidated cash flow statement

The consolidated cash flow statement shows how the Group's liquid assets have changed during the course of the year as a result of the source and application of funds. In compliance with IAS 7, a differentiation is made between cash flows from operational, investment and financing activities. The amounts shown by foreign subsidiaries are basically converted at annual average rates. Deviating from this, liquid assets are shown in the balance sheet at the closing date rate. The effect of exchange rate changes on liquid assets is shown separately. Interest of DM 5,019,000 was paid during the 1999 financial year and income tax amounting to DM 52,416,000. The flow of funds from ordinary trading activities have been calculated on the indirect method. "Liquid assets" includes cash on hand, checks and cash in banks as shown in the consolidated financial statements. The cash-flow statement supplements the transition to liquid assets as shown in the consolidated balance sheet.

Additional disclosures

[26] Contingent liabilities

Contingent liabilities in accordance with § 251 of the German Commercial Code amount to DM 150,000 for warranties and guarantees issued.

[27] Other financial commitments

Total future financial commitments amount to DM 12,347,000 (1998: DM 7,407,000).

Notes on the Consolidated Financial Statements

MAXDATA

[28] Financial instruments

The portfolio of original financial instruments (receivables, securities, liabilities and liquid assets) is shown in the balance sheet. Original financial instruments are valued at their respective market values with a prior application of IAS 39. There are no significant differences between the relevant book values and market values. There are no risks of any significance as far as the original financial instruments of the MAXDATA Group were concerned. These basically include creditworthiness and default risks and currency and interest rate risks.

The MAXDATA Group utilizes short-term options as derivative financial instruments in order to reduce market risks arising from exchange rate fluctuations in connection with its purchase of goods in US Dollars. Interest swaps are also used as derivative financial instruments in order to reduce market risks arising from interest changes. Derivative financial instruments are likewise valued at their respective market values with a prior application of IAS 39. There were no financial instruments on the balance sheet date which were used for trading or speculation purposes.

[29] Average number of employees

The number of employees working for the MAXDATA Group on average throughout the year was as follows:

	1999	1998
Support	259	127
Sales	181	138
Operations	765	306
	<u>1,205</u>	<u>571</u>

[30] Remuneration of executive bodies

The total remuneration of the Management Board of the Group amounted to DM 4,852,000 in the 1999 financial year (1998: DM 5,357,000), including DM 2,371,000 to Mr. Holger Lampatz (1998: DM 2,027,000). The remuneration of the members of the Supervisory Board amounted to DM 266,000 in the 1999 financial year.

Notes on the Consolidated Financial Statements

C. Summary of the main accounting, valuation and a consolidation principles based on International Accounting Standards (IAS) deviating from German law

1. General

According to § 292 a of the German Commercial Code, the consolidated financial statements of MAXDATA AG at December 31, 1999 have been drawn up as exonerating consolidated financial statements in line with the International Accounting Standards (IAS).

The provisions of the German Commercial Code differ from the IAS in a number of important features. The main differences which could be relevant for appraising the net asset, financial and earnings position of the Group are shown below. According to the German Commercial Code, all balance sheet and profit and loss account figures have to be shown in the form and sequence as set out in § 266 and 275 of the German Commercial Code. IAS do not provide for a detailed presentation of the balance sheet and profit and loss account. On the contrary, the layout and classification as per the IAS should comply with the basic principles of clarity, a well-arranged presentation, presentation consistency and comparability and also the principle of substance over form and the principle of materiality. In view of the fact that these criteria are likewise met by the presentation and classification regulations in § 266 and 275 of the German Commercial Code, the presentation of the consolidated balance sheet and the consolidated profit and loss account mainly comply with the presentation regulations contained in the German Commercial Code.

2. Inventory valuation

According to § 253, para. 3 (2) of the German Commercial Code, inventories are to be stated at the lower of their acquisition/production cost or their attributable value. If no stock exchange or market price can be determined, the attributable value is to be based on a loss-free valuation taking account of the relevant sales value and replacement/production costs. The attributable value based on the replacement/production cost is to be determined on the closing date if the buying market is relevant for inventories therefore. On the other hand, the sales value is to be applied if the sales market is relevant. According to IAS, inventories are to be valued at the lower of their acquisition/production cost and their net sale proceeds, however. If the net sale proceeds are higher than the replacement costs without the customary profit margin but lower than the relevant acquisition/production costs, the lower values does not have to be applied but the value arising from the net sale proceeds without the customary profit margin (modified lower of cost or market value). The difference arising from this valuation compared with the valuation in accordance with the German Commercial Code is DM 305,000.

Notes on the Consolidated Financial Statements

MAXDATA

3. Foreign currency receivables

According to the IAS, foreign currency receivables have to be converted at the bid price on the invoice date or the lower rate on the closing date. In accordance with IAS 21, the conversion of foreign currency receivables is made at the bid rate on the closing date. Unrealized profits and losses arising from price fluctuations have to be debited or credited to net income therefore. The difference arising from the different valuation of foreign currency receivables on the balance sheet date amounted to DM 1,349,000.

4. Marketable securities

According to § 253, para. 3 of the German Commercial Code, marketable securities are basically to be stated at their acquisition cost. Appropriate write-downs have to be made if the stock exchange or market value is lower on the closing date. According to IAS 39, saleable investments always have to be valued at the current market value on the closing date, however. Unrealized profits arising from price fluctuations on the balance sheet date have to be credited to net income therefore. The difference arising from the different valuation of marketable securities on the balance sheet date amounted to DM 1,165,000.

5. Equity capital

According to § 272, para. 2 (1) of the German Commercial Code the premium received over and above the par value in the case of an issue of shares, or the premium over and above the calculated value if no par value is available, is to be shown as a capital reserve. According to IAS 32, the net costs (i.e. after taking account of tax effects) in connection with the placement of shares on a stock exchange have to be shown as a reduction of the premium from the issue of shares. According to the German Commercial Code, the costs of the stock market flotation (DM 18,297,000) are to be treated extraordinary expenses. The net costs of the placement of shares amounted to DM 10,247,000 and have been deducted from the share issue premium in accordance with IAS 32.

6. Foreign currency liabilities

According to § 253, para. 1 of the German Commercial Code, liabilities are to be stated at their settlement amount. Foreign currency liabilities are basically to be converted at the rate which was relevant on the first booking date therefore (the asking price). If the price is higher on the closing date, this higher value has to be applied for conversion purposes based on the higher value principle. On the other hand, foreign currency liabilities are to be converted at the asking price on the closing date according to IAS 21. Unrealized profits arising from price fluctuations on the balance sheet date have to be credited to net income therefore. The difference arising from the different valuation of foreign currency liabilities on the balance sheet date amounted to DM 183,000.

Notes on the Consolidated Financial Statements

7. Deferred taxes attributable to accounting/valuation differences

According to IAS 12, taxes are to be deferred for temporary differences arising from varying accounting and/or valuation methods with regard to book values in accordance with the IAS and the corresponding balance sheet values if these valuation or accounting differences cancel each other out over a period of time and if this has an effect on the assessment basis for income tax purposes. The accrual of deferred taxes is carried out by using the so-called balance sheet-oriented liability method according to which the valuation is carried out at the tax rate applicable in the year in which the relevant deferrals are reversed. Tax rate changes are already taken into account in the year of the legislative change. In accordance with the recommendation of the Main Technical Committee of the Institut der Wirtschaftsprüfer e.V. (*The Institute of German Chartered Accountants*), the distribution charge has been applied for determining the tax rate in view of the split corporation tax rate in Germany. According to the regulations in IAS 12, deferred taxes of DM 3,148,000 are included in the income tax charge at December 31, 1999 therefore.

8. Extraordinary profits and losses

According to § 275 in conjunction with § 277, para. 4 of the German Commercial Code, extraordinary profits and losses are shown before income and other taxes. According to the IAS, extraordinary profits and losses are to be shown separately, net, i.e. after taking tax effects into account. Reference is also made to our explanatory comments under C5 "Equity Capital" with regard to the costs of the stock market flotation. The difference between the extraordinary profits and losses according to the German Commercial Code and the IAS is shown as follows:

HGB Extraordinary Profits/Losses 31.12.1999 TDM	IAS Extraordinary Profits/Losses 31.12.1999 TDM	Difference TDM
-18,297	0	18,297

Notes on the Consolidated Financial Statements

MAXDATA

The extraordinary profits and losses in accordance with the German Commercial Code relate to the costs of the stock market flotation which, in accordance with IAS 32, have to be to be deducted from the share issue premium as net costs (i.e. after taking account of taxation effects).

Marl, January 2000

MAXDATA AG

– The Management Board –

Holger Lampatz

Armin von Buttlar

Joachim Gut

[Audit Report]

“We have audited the consolidated financial statements of MAXDATA AG consisting of the balance sheet, profit and loss account, statement of equity capital changes, cash-flow statement and Notes for the financial year from January 1, to December 31, 1999. The preparation and contents of the consolidated financial statements are the responsibility of the company’s Management Board. It is our duty to issue an opinion on whether the consolidated financial statements comply with the International Accounting Standards (IAS).

We carried out our audit of the consolidated financial statements in accordance with German audit regulations and in compliance with the German principles for orderly and proper audits of year-end financial statements established by the Institut der Wirtschaftsprüfer (IDW) (Institute of German Chartered Accountants). Based on the aforesaid, the audit has to be planned and executed in such a way that it can be assessed with reasonable certainty whether the consolidated financial statements are devoid of major incorrect statements. The knowledge of the business activities and the economic and legal environment of the company are taken into account when determining the scope and type of audit procedures, and also the expectations of possible errors. Proof of the valuations and details contained in the consolidated financial statements are appraised as part of our audit on the basis of random tests. Our audit also includes an appraisal of accounting principles applied, the main estimates and assumptions made by the Management Board and an appraisal of the overall presentation of the consolidated financial statements. We are of the opinion that our audit constitutes an adequately secure basis for our appraisal.

We are of the opinion that the consolidated financial statements present a true and fair view of the net asset, financial and earnings position of the Group and the flow of payments during the financial year in compliance with IAS.

Our audit, which included the Group Management Report issued by the Management Board for the financial year from January 1 to December 31, 1999, resulted in no objections being made. In our opinion, the Group Management Report projects a true and fair view of the position of the Group as a whole and shows the risks of future developments. We are also of the opinion that the consolidated financial statements and the consolidated Management Report for the financial year from January 1 to December 31, 1999 satisfy the prerequisites for an exemption of the company from preparing consolidated financial statements based on German law. We have carried out the audit of the compliance of the Group’s reporting and disclosures with the 7th EC Directive on the basis of the interpretation of the Directive by the Contact Committee for Reporting and Disclosure Directive of the European Commission required for the exemption from the Group reporting and disclosures under commercial law.”

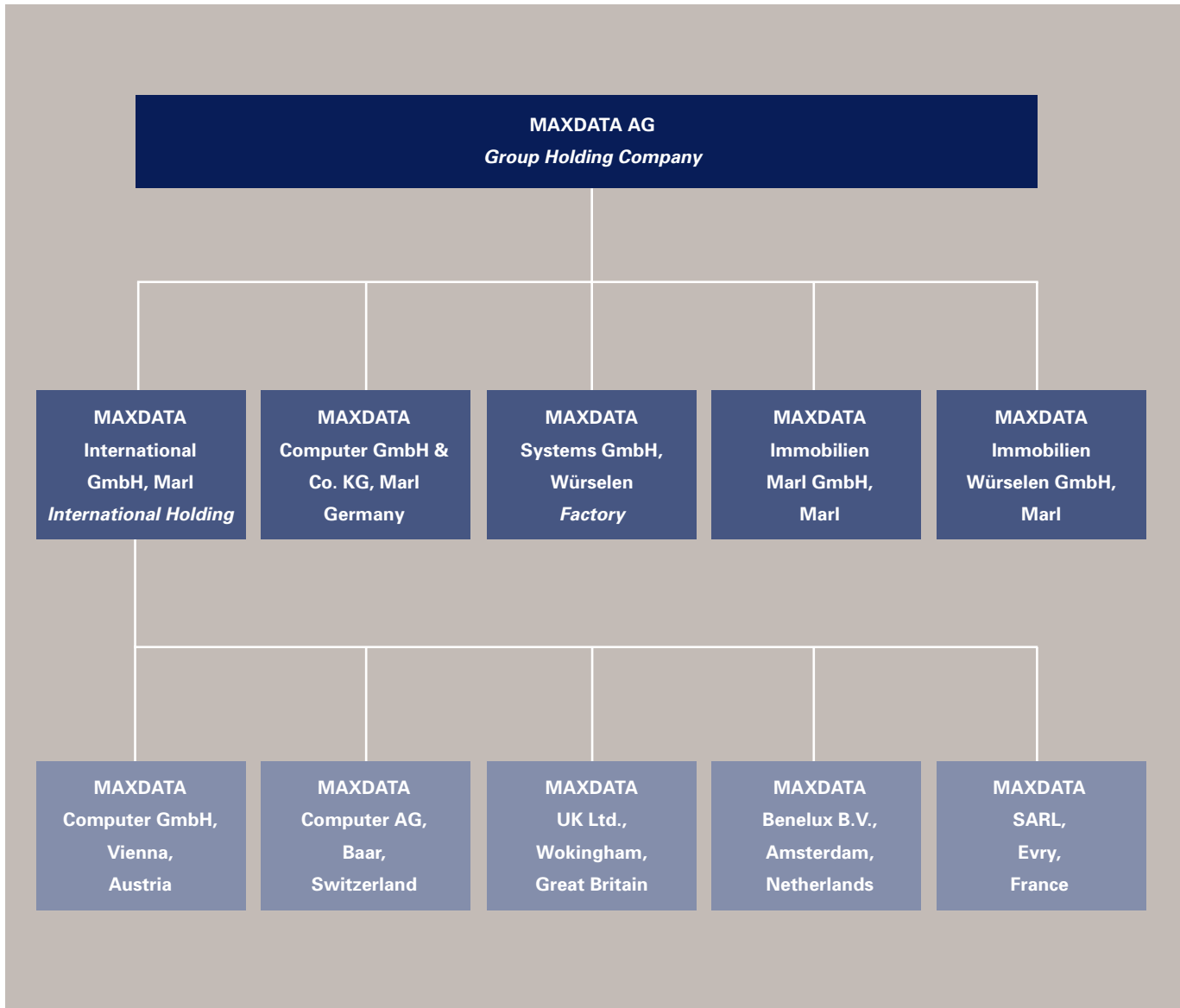
ARTHUR ANDERSEN
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft mbH

signed: Hentschel
Wirtschaftsprüfer

signed: Siebenthaler
Wirtschaftsprüfer

Hanover, February 1, 2000

[Group Organization]



[Glossary]

Share option

A contractually agreed right to purchase or sell a specified number of shares within a certain period at an agreed price. A share purchase option enables the option holder to purchase a share at a favourable rate if a certain price development is achieved in the future (purchase right).

Built-to-order technology (BTO)

A designation for a customer/order-related production of PC systems. The individual components are only collated within the factory after the order has been placed by the customer.

Business-to-business

Sales to commercial customers. The main area of activity of MAXDATA sales partners and the main sales sector of MAXDATA and Belinea products.

Cash-flow

Calculated as the net income for the year plus depreciation.

Dividend

The profit distribution per share paid by the AG. The dividend is recommended by the Management Board and Supervisory Board and is resolved by the shareholders at the Annual General Meeting.

EBIT (Earnings before interest and tax)

A key figure used in the USA showing the profit before tax and interest.

E-business

A general term for business transactions in the Internet such as ordering and paying for goods or services, direct marketing by E-mail and security solutions with business transactions.

Extranet

An Intranet extending beyond the company's location, through which branch operations or business partners outside the company's location may communicate with the company's headquarters.

Internet

A world-wide association of computer networks with which thousands of computers are connected which communicate with each other via the Internet protocol TCP/IP and in which a large amount of information and entertainment is offered. The major platform is the WorldWideWeb (WWW).

Internet Editorial System

A program which can be used for editorially processing the contents of Internet, Intranet and Extranet pages. The high costs for updating the Web Page are no longer necessary with an editorial system.

Internet shop-in-shop-system

An online shop which MAXDATA makes available to its sales partners free of charge. This can be fully integrated into the Web Page of the partner. Third party goods can also be maintained in the Internet shop-in-shop system, with the result that the partner is able to integrate his good there. The partner can operate E-business without having to build up an infrastructure for operating a shop.

Intranet

A small Internet: a small, self-contained (corporate) network which is based on Internet technology and which can be used by a certain group of users.

[Glossary]



IPO (Initial Public Offering)

The first stock exchange listing of the shares of a public company not hitherto quoted on a stock exchange. With IPO's, a differentiation must be made between the issue of new shares in the form of a capital increase (primary offering) and the sale of existing shares by the present shareholders (secondary offering).

PER (Price-Earnings Ratio)

The share price divided by the profit per share.

Market capitalization

The market capitalization is the valuation of a public limited company on the stock exchange and is calculated by multiplying the current price by the number of shares.

OEM (Original Equipment Manufacturer)

A manufacturer of PC systems which buys products or components of other manufacturers and sells them under its own name unmodified (i.e. in the original) or integrates them into its own products.

Online-built-to-order-production

A further development of the built-to-order technology by MAXDATA. Orders are recorded on-line, are automatically transferred to the goods management systems and are immediately fed into the production system.

Portal

"Entrance door"

A web-site whose provider tries to use to service as many users as possible as an entry into the Internet. This is achieved by integrating service offers such as search machines or gratuitous E-mail accounts.

Providers

A "supplier" or "deliverer"

Each organization or every firm which offers connections to the Internet or parts thereof.

WAP:

(Wireless Application Protocol) equivalent to a "protocol of wireless applications"

A standard protocol which, on the one hand, specifies the communication of mobile terminals with each other and, on the other, communication with fixed installed terminals. The latter is, inter alia, designed to simplify Internet access to mobile terminals which are fitted with micro-browsers. Members of the WAP consortium include firms such as Nokia, Ericsson, Sony, Philips and IBM.

WAP Handy

A name for Internet-capable mobile telephones with a large display and micro-browser which support the transmission standard.

Web Hosting

The provision of services by an Internet server, such as a storage place and E-mail accounts, e.g. for the installation of a Web site.

[Finance Calendar]

Quarterly Report for 2000	May 10, 2000
Annual General Meeting	May 24, 2000
Half-yearly Report for 2000	August 16, 2000
9-Monthly Report for 2000	November 8, 2000

[Contact]

MAXDATA

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information on MAXDATA are also available in the Internet:

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English Language Translation of the Annual Report

The information in this Annual Report has been translated (although it is not a literal translation) from the German Annual Report. Under these circumstances the German version and interpretation shall govern and prevail.

MAXDATA