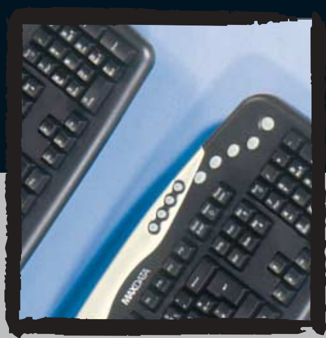

[Annual Report]

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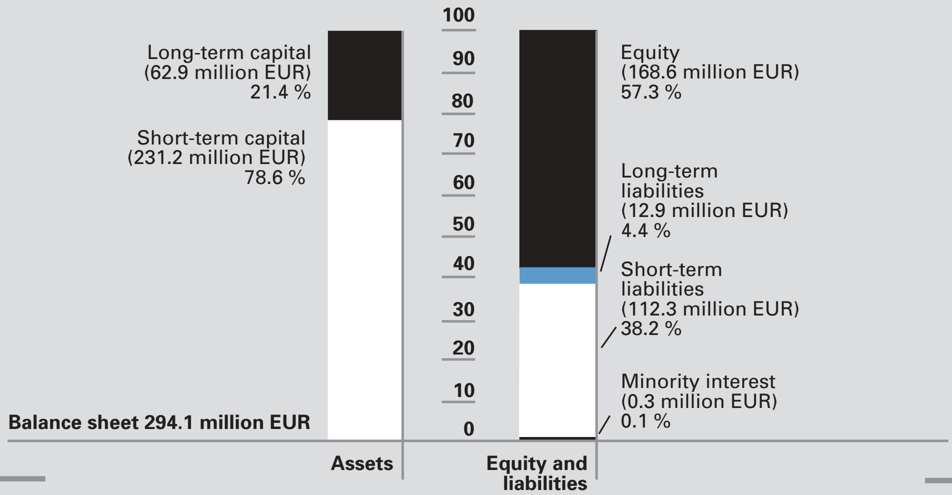
[Balance Sheet Structure 2003]

Balance Sheet Structure in %



[Summary of Financial Data]

All figures as per IFRS in million EUR	Change* 2003 / 2002	2003	2002	2001
Profit situation				
Total turnover	**3.1%**	**654.9**	**635.1**	**751.7**
Cost of materials / inventory changes	2.9%	–556.5	–541.0	–636.0
Gross profit margin		15.0%	14.8%	15.4%
Personnel expenses	10.6%	–56.7	–51.2	–52.3
Depreciation and amortization	2.5%	–10.0	–9.8	–9.1
Other operating income and expenditure, net	87.1%	–46.7	–25.0	–38.2
Operative results (EBIT)	**–285.1%**	**–15.0**	**8.1**	**16.1**
Financial results, taxes, loss/profit attributable to other shareholders	15.3%	–5.7	–5.0	–4.7
Consolidated net loss/profit for the year	**–762.4%**	**–20.7**	**3.1**	**11.4**
Assets and capital				
Long-term capital	–18.3%	62.9	77.0	79.8
Short-term capital	–18.6%	231.2	283.9	269.6
Equity	–14.0%	168.6	196.2	207.1
Long-term liabilities	0.5%	12.9	12.8	13.2
Short-term liabilities	–25.9%	112.3	151.7	128.9
Minority interest	14.9%	0.3	0.2	0.2
Balance sheet total	–18.5%	294.1	360.9	349.4
Financing				
Cash flow from business activities	–180.4%	–34.7	43.2	62.5
Cash flow from investment activities	163.8%	16.5	–25.9	–13.8
Cash flow from financing activities	56.7%	–7.2	–16.6	–3.7
Earnings per share in EUR	**–762.4%**	**–0.74**	**0.11**	**0.41**
EBT	–272.6%	–14.,4	8.3	17.1
Return on sales (before taxes)		–2.2%	1.3%	2,3%
Equity capital ratio		57.3%	54.4%	59.3%
Employees	6.0%	1,225	1,156	1,222
Share price (high/low) in EUR		6.00 / 2.60	7.45 / 2.08	11.00 / 3.10

* The percentage values for the changes have been calculated from the precise (not rounded) figures.

[MAXDATA Milestones]

The path to becoming one of the leading IT groups in Europe

1987 Holger Lampatz founded MAXDATA Computer GmbH. The company sells monitors and graphic cards.

1990 Starting production of personal computers.

1991 Introducing their own brand “Belinea” for monitors.

1992 The product range is expanded by adding notebooks.

1994 For the first time MAXDATA is the market leader for monitors in Germany.

1995 MAXDATA begins its international sales support activities by founding the first foreign sales company in Austria.

1996 The Swiss foreign sales company starts operations.

1997 Sales companies are founded in Great Britain and in the Netherlands. Turnover in the tenth year of business now runs at 593 million EUR.

1999 Restructuring of the MAXDATA group with the MAXDATA AG as the group holding. The company becomes a corporation listed on the stock exchange. The sales company in France is founded.

2000 The group restructuring is completed. MAXDATA ceases the production for foreign brands (OEM business).

2001 A group wide system change to SAP R/3 tightens processes and accelerates the lead times in built-to-order (BTO) production.

2002 Sales companies in Spain and Poland are founded.

2003 The MAXDATA share is admitted to the “Prime Standard”. MAXDATA expands its international sales support activities even further: A new sales company in Italy begins operation.

2004 Employment pact ensures competitiveness: The employees agree extending the working hours to 41 hours a week for the same salary and are forgoing two vacation days.

[Report for the 2003 Business Year]

The company, founded in 1987, is among the leading international IT manufacturers recording turnover of 655 million EUR. With its Belinea brand, the company is in Germany the market leader in the monitor business. For desktops, servers and notebooks the "Prime Standard" ranked MAXDATA AG is among each of the top ten.

The company, employing 1,225 staff members, focuses on the corporate customer market using the Belinea and MAXDATA brand. The company sells Europe wide using 10,000 selected specialized dealers and system resellers. 38 percent of turnover is from abroad. The company goal is to increase this share by 2005 to about 50 percent, while simultaneously increasing domestic turnover.

[Editorial]

To our shareholders, employees and friends of the company

Ladies and Gentlemen,

Numbers speak for themselves. In MAXDATA AG's case these figures amount to an unpleasant situation: For the first time in our company history our operating result was in the negative. However, it is remarkable that our active business operation has demonstrated sales successes and market earnings. The number of units sold for monitors, servers and notebooks has shown a significant growth in the two digits. Our turnover growth of a good 3 percent clearly exceeded the market.

There are good reasons for this contradictory position. The extraordinary weak dollar and thus resulting price deterioration need to be mentioned here as well as the increased logistics costs and warranty services following the growth of product quantity. Last but not least, provisions of over 8 million EUR were posted. These provisions were necessary to ensure warranty services in consequence of financial uncertainties of two suppliers. Furthermore, one-time expenditures were recorded during the reporting period. These expenditures were used to partially restructure MAXDATA and for efforts to increase efficiency.

Allow me to emphasize this point. This point proves that the economic depression can certainly provide some fresh air – provided that one can see the opportunities arising from this crisis. We are always open for changes which promise a benefit. This is not only valid for the top levels of the company but also for all our employees. Proof of that can be found in our efforts to increase efficiency. In addition to a group restructuring, establishing synergies and reducing costs, our employees have agreed to extend their working hours to 41 hours a week and to forgo two vacation days, all without any extra pay or compensation. This way MAXDATA is more flexible and productive and is able to realize its extraordinary growth opportunities. I am especially proud of this employment pact. It stands for courage and resolution and demonstrates that unbureaucratic reforms are possible in this country, amicably and for the well-being of all.

Now that we have realigned MAXDATA in many ways, I confidentially look forward to a significant positive growth. A particularly large portion of this growth will be our expansion in Europe. As seen by the increased portion of foreign turnover, our eight branches are on the right path. Our internationalization is developing according to schedule and will continue to contribute to our future advancement. We are expecting, for the current business year, an EBIT of 4 to 7 million EUR and a turnover of 680 to 710 million EUR.

It is clear that despite a comparably weak year, MAXDATA is a high-performance company with a firm footing. Our high equity ratio, our strong brands, our loyal co-operation with a close network of qualified partner companies and, last but not least, our motivated and capable employees are our guarantee for the high potential of the company – a potential that can justify your trust even during the cyclical, more turbulent periods.

Yours,
Holger Lampatz

Chairman of the Management Board MAXDATA AG


MAXDATA.
Competent Solutions
by 10.000 Partners –
Europe wide.

[The Management Board]

Holger Lampatz, CEO
As Chairman of the Management Board, he is responsible for purchasing and Sales & Marketing. He founded MAXDATA Computer GmbH in 1987. Born in 1958, Lampatz was the managing partner up to the conversion of the company into a public stock corporation.

Thomas Stiegler, CFO
Born in 1957, Thomas Stiegler is responsible for finance and accounts, financial controlling, risk management, IT, personnel, legal department and investor relations. Stiegler joined the top management of the MAXDATA group in 1999, and has been a member of the Management Board of MAXDATA AG since the beginning of 2001.

A Dialog with the Board

MAXDATA posted a net loss for the first time in its history. Holger Lampatz, the Chairman of the Management Board and Thomas Stiegler, Chief Financial Officer, depict the reasons for this negative development. Both board members further explain in detail why they continue to see significant opportunities to fulfill the long-term forecast published the previous year. According to forecasts, MAXDATA is aiming at doubling turnover by 2007 and achieving a profit of 32 million EUR.

A dialog with the Board:
Thomas Stiegler and Holger Lampatz

Overall the company sold in 2003 more Belinea monitors and MAXDATA PC systems than in 2002. However, the company's profits still caved...

Holger Lampatz: The result is primarily due to two circumstances. On the one hand, two Asian suppliers were not able to fulfill the contractually agreed warranty services on the goods supplied to us, which resulted in possible recourses on the guarantees. For this reason, we made provisions and created reserves for this period, of 8.2 million EUR, to cover us in the event our customers make warranty claims as defined in our 36-month product guarantee. On the other hand, our profit is influenced by additional launching costs incurred in the course of increasing efficiency. All company areas not directly associated with production were centered at the Marl location and we further tightened processes. This structural cost optimization opens up chances to improve our profitability with increasing sales volume in the future.

And where do strains from operational business come in?

Holger Lampatz: The rapid decline of average prices resulting from an extremely weak dollar was the major factor in operational business. Hence we could not achieve positive results in spite of the decided increase in units sold.

Did the strong pressure on the market result in ruinous price wars within your business sector?

Holger Lampatz: No. To us, it does not make any sense to position our products in the market by means of slashing prices, thus compromising the image we took pains to create for many years. MAXDATA is not a cheap brand. On the contrary, MAXDATA portrays the best quality at an attractive price and is very competitive. We actually increased our gross profit margin in 2003 by 0.2 percentage points, to 15 percent. This shows that we are correctly aligning our pricing. However, as our number of units increased, so did our expenses for production, logistics and warranty services. We have hence adopted means of costs optimization in order to lessen the absolute turnover and gross profit decline by product, caused by the price deterioration.

In 2004 it is not expected to see an end to the price deterioration and the weak dollar. How are you planning on managing this trend?

Thomas Stiegler: There is only one recipe for struggling against price deterioration, a weak market and a weak dollar; and this recipe is called optimizing your cost structures. As Holger Lampatz already briefly mentioned, we successfully did exactly that. At the end of last year we began implementing our program, called "Check-up". Its purpose is to increase efficiency. Processes were strengthened, parts varieties were lowered, costs reduced and productivity was significantly increased. For this purpose we have certainly also taken a hold of unconventional initiatives. As part of this pro-

[The Management Board]

gram we signed an employment pact with our staff members in Germany. Based on this pact, the employees work 41 hours a week and will forego two vacation days a year from January 2004. Lowering personnel costs is an important lever in this program. After all, these costs represent over half of the manufacturing costs. Using the “Check-up“ program, we established the prerequisite of improving our competitive position on a long-term basis on an operative level.

Are you still on the correct path using your partner based sales concept and focusing on the business customer?

Holger Lampatz: Our core business is to provide solutions for the business customers. To create, parallel to this core business, a new product portfolio, develop a second sales structure and a new marketing for private consumers would only dilute the professional image of our brand.

The international MAXDATA sales department is in operation.

Thus, our growth potential cannot be the consumer market. MAXDATA’s growth drivers are high-performance products tailored specifically to the demands of business customers. Our closed-meshed partner net can exactly fulfill their requirements. The international MAXDATA sales department is in operation. We completed founding sales companies in new regional markets. We are now working on continuously expanding our shares in these markets and this will show clearly in the course of this year.

And you are continuing with the two-brand-strategy?

Holger Lampatz: That is beyond all questions. The two brands, Belinea for monitors and MAXDATA for desktops, servers and notebooks are multiplying our success. We are able to supply monitors to companies that use desktops from our competitors. Equally, companies will order our MAXDATA computer systems while working with monitors supplied by our competitors. Often Belinea is the door opener for MAXDATA and vice versa.

Taking a look at your sales structures will show a significant increase in TFT displays. Can you compensate for the general sales decline of the CRT monitors in the market, today and tomorrow?

Thomas Stiegler: With certainty. CRT monitors are a declining market. MAXDATA had recognized this market trend quickly, as one of the first suppliers of flat screen monitors and was able to adjust the product range accordingly. Even in this dynamically growing market we have ranked, practically right from the start, unchallenged, in first place in the German-speaking sector. Flat screen displays are the market of the future. In all the popular customs groups we have a rounded product portfolio available; specifically tailored to our customers. Based on this foundation we have the best qualifications of continuing our sales growth in this important market. This is typical of MAXDATA: to realize trends and directly implement measures.

Sales of your desktop systems are almost stagnating at barely 2.8 percent for the second year. How are you planning to defend or even expand your market shares in the future?

Holger Lampatz:
We do not defend, we attack! This is how we managed to increase the sale of notebooks by more then 67 percent in 2003. Mobile systems are increasingly taking market shares from the classic desktops. In the future, notebooks will continue to be one of the most important growth drivers of MAXDATA. With the support of our sales partners we are heavily concentrating on this topic. Looking at our market position you can note that we are also advancing in the stationary desktop systems segment. By now almost every tenth PC sold by specialist dealers in the German business customer market is a MAXDATA PC. According to GfK investigations, our market share in Germany in 2003 increased from 6.9 to 9.4 percent. We have thus established ourselves third behind Fujitsu-Siemens and HP and in front of IBM, Dell and Apple.

> **"We do not defend, we attack!"**

In the past few years you have continuously internationalized sales but are still producing in Germany. By doing this are you not creating significant disadvantages in regards to costs and delivery times?

Holger Lampatz: By no means. In Europe we are also among the best for delivery times. However, more important is the adherence

"Made in Germany has a lot to offer."

to delivery dates. With delivery rates and pricing, we are among the foremost suppliers. Our dealers have to be able to rely on us in order to keep the delivery schedules agreed upon. Central production in comparison to a local production network offers significant synergies that we utilize to the fullest. Add to this, the aspect of quality and productivity. Especially here, "made in Germany" has a lot to offer. Specifically I mean the education and training and qualification of the employees. Furthermore, with our central production location in Würselen near Aachen we are conveniently located in the heart of our European markets. With our employment pact, we will also be able to competitively produce internationally at our location in Germany.

The MAXDATA shares increased significantly during the year 2003 in comparison to the previous year, despite the figures being little satisfactory. How can you explain this trend?

Thomas Stiegler: It is extremely difficult to make a truly reliable statement about doubling our market value. The positive mood on the stock market in the 3rd quarter 2003 has surely contributed to the share price trend. However, it also signifies the trust of the investor. With an equity ratio of 57.3 percent, MAXDATA is a stable, sound and tenacious company in any cyclical environment. We can add to this the fact that our commitment to increase efficiency has found high regard among the public. It is possible that investors honored this commitment. The same is applicable to the significant increase of the unit numbers. In the monitors division we were growing by 31.3 percent, with servers, by 35.1 percent and with notebooks, by 67.4 percent.

Why would you buy MAXDATA shares today?

Thomas Stiegler: I will be happy to list reasons that speak in favor of our company. MAXDATA is a very solid value, based on the high equity ratio, exceptional market access and loyal customer base. We have been following a sound strategy for almost 17 years. This strategy has proven to be of value. In 2003 we switched gears to increase growth. Our processes were tightened. We are producing more efficiently. Internationalization has been completed and financed. The international sales structure is in place. Now the path is free to repeat the MAXDATA success story achieved in Germany also abroad. How fast we will grow there will be seen by the continuous increase of the proportion of our foreign turnover to total turnover. This is nearly 40 percent already. All of this combined lays the best foundation to move upward again in the years to come.

> "Our path is open to repeat our domestic success story abroad."

Let us talk about your forecast. Which economic conditions do you expect and how are you planning on providing more dynamics into company growth in the present business year, so that your profit situation will also turn to the positive again?

Thomas Stiegler: We expect significant impulses from the economic cycle for the IT market also in this year. Therefore, we are assuming gross domestic growth of about 1.9 percent within the euro zone. This is not exactly very much. The situation in Germany is similar. There seem to be no indications for noteworthy increases in IT investments. Furthermore, there will not be any profound changes in the euro exchange rate. We expect the exchange rate to be this year between 1.10 and 1.30 dollar. With the prices the bottom has not yet been reached. On average they will decline even further. However, despite these unfavorable economic conditions, we are convinced that 2004 will be profitable again. In the previous year we earned market shares and expect to repeat this in the current year. We have not exhausted our potential by far, especially in the major sector of projects with area-wide roll-out logistic. In the previous year we heavily invested in system resellers operating statewide. And we promoted the development of our national sales companies abroad. They will now be able to grow without further investments. Our goal for the year 2004 is an EBIT of 4 to 7 million EUR and a turnover of 680 to 710 million EUR.

In your long-term forecast to 2007 are you equally encouraged to double total turnover and quadruple EBIT?

Holger Lampatz: We are not deviating from this goal. However, this does not mean that we may not have another negative quarter on our path to reaching this goal. Thus, it is still our aim to reach turnover of 1.3 billion EUR in 2007 and increase our EBIT at the same time to 32 million EUR. And we want to reach this realistic if ambitious aim.

In closing, one more question: If you had a free wish for the 2004 business year, what would you decide on?

Holger Lampatz: Life is not a musical request program and I therefore proceed practically. We are convinced to have done everything in 2003 to transform the increase in unit numbers into a profitable result. We have cultivated our growth areas – international markets and the key account business in particular. We have established new organizations and new structures. What remains is to put them into action aggressively by sales and marketing activities. But since you are asking for my wishes: I should really wish for more optimism and less lamentation in Germany.

MAXDATA.
Quality Based on Creed.

MAXDATA, one of the Largest IT Manufacturers in Europe

MAXDATA AG, founded in 1987 by Holger Lampatz, chairman of the Management Board, is among the leading hardware manufacturers in Europe, recording turnover of 655 million EUR. In Germany, MAXDATA is ranked number 1 for flat screens (TFT displays). In the desktop, notebook and server segment, the company has gained a good position in Europe. Growth impulses originate predominantly from the product categories flat screens, servers and notebooks.

Germany is the largest market

Germany with turnover shares of about 62 percent is the largest market of the company operating Europe wide. During the course of the company's internationalization that is solely occurring by growing on its own without additional purchases, the foreign business is increasingly gaining in importance. Thus the foreign shares – while growing domestically at the same time – will increase to 50 percent by 2005. In the business year 2003 MAXDATA increased its turnover from abroad from 33 to 38 percent, thus being on target in terms of its international expansion. The company sells its products abroad using eight foreign sales companies. Their offices are in Austria and Switzerland, in the Netherlands, in Great Britain and France, as well as in Spain, Italy and Poland.

REAL HARD WARE: safe, durable, reliable

MAXDATA focuses – using the slogan "REAL HARD WARE" – exclusively on manufacturing market-ready and efficient products with functional design. In the foreground are data security, durability and reliability. The customer profits from a favorable price/performance ratio, because the company does not burden the customer's IT budgets with superfluous product features while still supplying the best quality. MAXDATA products are characterized by the high compatibility with the corporate customer's existing IT structures and systems.

Crucial to our success, besides our 1,225 highly efficient and motivated staff members, are three factors that MAXDATA thanks its sole positioning in the market.

- Consistent focus on the business customer
- Indirect sales via a dense and loyal partner net
- The two-brand-strategy: "Belinea" for monitors and "MAXDATA" for desktops, notebooks and servers

The focus on the business segment ensures a lean company and cost structure.

Strategy: Clear focus on the business clientele

MAXDATA's largest target group is companies of all industries and any size. Added to this are authorities, associations and other institutions. No other IT manufacturer focuses on this market with the same consistency. MAXDATA's focus on the corporate customer segment ensures a lean company and cost structure. Therefore, the company is focusing its image of a strong MAXDATA brand on a specific customer segment, with the entire company and sales structure being tailored around this customer segment needs.

Sales: Presence by a dense and loyal partner network

The second column of the company's success is the powerful sales structure. Throughout Europe, this sales structure consists of 10,000 IT dealers and system houses. In Germany alone the company cooperates with 6,000 partners. As a MAXDATA sales partner they place the products on the market and as a service partner they ensure high IT availability to the customer. The service spectrum extends from first class consulting and implementation of the hardware to system upgrades and up to maintenance and repair services. This service spectrum is further enhanced through individual requirement analysis and a diversified range of consulting products answering all questions relating to information technology.

Business is local

With its close meshed sales network, MAXDATA is positioning itself in the immediate vicinity of its customers coming from all industry sectors. MAXDATA links the advantages of an on-site personal expert consultant with the product availability of an international high-performance IT group. Adjacent to the dealer network, MAXDATA provides a nationwide service offer that expands and rounds off the support of partner companies. This particularly applies to the processing of repair contracts and the exchange of components. MAXDATA ensures an area wide, fast service that is close to the customer, with the help of its partners. This partner-supported sales and service system guarantees an ideal cost management that is significantly superior to the development and maintenance of a cost intensive internal sales force.

MAXDATA and Belinea: Two strong brands

The MAXDATA product portfolio consists of the two brands, Belinea and MAXDATA. Under the label Belinea, the group produces and sells high quality CRT tube monitors (Cathode Ray Tube) and TFT flat screen monitors (Thin Film Transistor). The MAXDATA brand represents first-class server technology, PC systems and notebooks. The company can utilize market potentials more effectively with its two-brand strategy than it could if it were to use standard marketing. The two-brand strategy allows, for example MAXDATA's sales partners to also supply companies with Belinea monitors if they use PC systems from other manufacturers, and vice versa.

This strategy contributed to the fact that MAXDATA was able to make above average use of the general trend to replace CRT monitors with TFT displays.

MAXDATA production "made in Germany": Flexibility as a core competence

MAXDATA's modern production in Würselen near Aachen sets the standards for highly efficient IT production. Even in the event of high demand fluctuations – possibly resulting from large contracts or innovation driven contract advances – the company always guarantees a short delivery time with the highest delivery reliability. The deciding factor here is the flexible work time model. Annual work time accounts – the time frame extends from three to six workdays a week – guarantee the employ-

MAXDATA ensures an area wide, fast service that is close to the customer, with the help of its partners.

ment of the staff members according to the state of the contract. The company can adapt its production capacity to seasonal demands or cyclical fluctuation of demands without incurring additional costs and with the same level of quality. MAXDATA can do without temporary workers and foreign production during peak periods, thanks to this requirement dependent work time model. Thus, the company guarantees the best production quality by its own qualified employees, which more than meets the current certification standards.

Individuality as a standard: Tailor-made production for a ready-made price

By customer demand MAXDATA produces tailor-made desktops, notebooks and servers. A large portion of the products are produced only after receiving the contract – based on the customer requirements (built-to-order). Because of this production system, MAXDATA profits from incurring only minor warehousing costs, since a capital intensive storage of finished products is mostly avoided. The company passes this advantage on to their customers.

MAXDATA guarantees highest availability, delivery speed and delivery reliability.

Logistics: With tightened processes in the fast lane

Combined, MAXDATA delivered in 2003 around 1.5 million monitors, desktops, notebooks and servers. Due to this high transport volume the company is enjoying highest priority from its logistics partners. Europe wide, customers receive their systems within five business days after receipt of contract. MAXDATA delivers the so-called select products, tailored notebook and desktop systems that are coordinated with focus on the regional market requirements, within only 24 hours and that at no additional charge.

All suppliers are obligated to provide MAXDATA with high component availability. These binding and long-term supplier relationships are especially important during periods the market suffers from temporary delivery bottlenecks of the components. MAXDATA guarantees highest availability, delivery speed and delivery reliability. Not only do the customers profit from these advantages, but also MAXDATA's reseller partners. Since they do not order until a concrete contract is in place, the company minimizes warehouse stock and capital lockup. This is how the MAXDATA sales plan creates the requirements for increasing the financial range of the partners; an aspect that especially today is gaining in importance, due to increasing requirements for loan and capital procurement.

Service: Highest IT availability

Even a product portfolio, tailor made and offered at attractive prices, is not enough to develop the top position on the IT market. Equally important are the high service quality and comprehensive warranty services.

Right from the start, the customer proximity and individuality mark the partner supported MAXDATA service concept. Competent MAXDATA specialists back-up the trade resellers who support the customers as a direct contact. In this way, the MAXDATA service incorporates all areas to provide competent service to the customers. Beginning with consulting services to determine material requirements, and a smooth system implementation through reliable service maintenance, MAXDATA's service extends up to a fast and efficient repair service. In terms of warranty service, MAXDATA goes beyond the legally required warranty obligation and offers as a standard warranty, a 36-month guaranty for almost all of its products. This warranty service can be expanded by further tiered guarantee and services packages, depending on individual safety requirements. All services that serve the highest possible IT availability, thus also serve for the satisfaction of MAXDATA's corporate customers.

Conclusion: Solid base for further growth

This business model – which is unique in its stringent alignment, has made MAXDATA into one of the largest hardware manufacturers on the European IT market. In all facets, the business principles implemented centrally, are all coordinated with each other and promote each other. Concentrating on the corporate customer, selling exclusively through expert and system resellers, and to service the market in principle with two different brands, has proven itself to MAXDATA during the periods of market growth, as well as for the European IT industry, during the extraordinarily difficult last three years. The business model forms the basis to earn further market shares domestically and abroad and to expand the well placed market position.

MAXDATA.
Product Individuality Sees no Boundaries.

MAXDATA

[Focus on Efficiency]

The "Check-up" Program: The Will to Grow

The past business year did not give us much reason to celebrate. However, it was a period of courageous and significant adjustments. These have put MAXDATA into a good position to grow further and have positive earnings again.

Profitable economic conditions cannot be discussed away: They all affect the market participants in the same way. Especially in the European IT industry, the weak demand and the drastically falling average prices caused trouble on a broader front in the past business year. Even MAXDATA could not avoid this upset.

Decline in profit despite increased sales

The strong price deterioration prohibits the significantly increasing sales numbers of the group – a gain in sold number of units of approximately 31 percent for monitors, 35 percent for servers and 67 percent for notebooks – to turn the turnover and gross profit into a positive yield. Additionally, the larger sales quantities, increased expenditures in the form of increased production and logistics costs, as well as necessary guaranty reserves, placed a burden on the operating profit.

Conclusion: Even though MAXDATA sold more products in 2003, the turnover remained almost constant because of the fallen average prices and the price pressure from competitors. Increased expenditures and necessary provisions resulted, in this instance, in a negative operating result.

The truth is: A company can influence a weak economy and the exchange rate trend as little as threatening non-payments. But it is also true: That there are measures a company can take to release itself from the tight grip of such growth restraint.

The accumulation of measures MAXDATA had collected in the previous business year to consistently implement the actual

[Focus on Efficiency]

growth potential, carries the name “Check-up”. Its goal: to lower the operative costs and increase business efficiency in a manner that the group’s power not only comes into its own with strong product sales but also in the form of being in the black.

Employment pact improves costs situation

The core of this program to increase efficiency is an exciting employment pact. The alliance between company management and the staff, represented by the works council, triggered a broad media echo. In November 2003 the group’s management and its employees agreed to a declaration that would mean for the staff members employed in Germany, an increased workweek to 41 hours and 2 days reduction of the annual vacation, without applicable salary compensation. The decision is an example of the pragmatic problem solving authority exhibited by the company and its employees.

The important contribution of this pact for improving profitability becomes particularly significant if one considers that over half of the group’s operative costs are personnel costs.

Thanks to the newly negotiated working hours and vacation day regulation, MAXDATA is now able to significantly cut the production costs per unit. This implies the chance for growth due to the benefit of a constant costs situation. By expanding the resources and increasing the entrepreneurial elbowroom, MAXDATA is in the position to generate additional future business and thus generate further profit-oriented growth.

The employment pact does not only loosen the company’s growth blocks but also ensures the high quality production “made in Germany”.

The employment pact ensures the high quality production “made in Germany”.

Thanks to the platform strategy the company was able to lower the parts variety.

The company must be competitive internationally to keep Germany as the production location, including its superior qualified specialized staff. Introducing the 41-hour workweek contributes to the fact that MAXDATA's cost gap in comparison to locations with lower wages and payroll fringe costs will narrow.

Tight structures – positive prospects

“Check-up” plans further structural improvements, in addition to this accord. This improvement includes particularly shifting all activities not directly associated with the manufacturing process, from our production location Würselen to the MAXDATA headquarters in Marl. This focus reduces costs, tightens processes and allows MAXDATA to use valuable synergies.

Additionally, the company is able to lower the parts variety. The decided development of the platform strategy is expressed for example in the newly designed, pre-configured product line, summarized as “MAX Select”.

MAXDATA is significantly strengthened by these deciding and long-term improvement processes. Thus, the company has the best prerequisites available to achieve the forecasted turnover growths and to transfer these into profitable results. Precisely: “Check-up” will bring MAXDATA AG closer to its goal of increasing its turnover to about 1.3 billion EUR by 2007 and to achieve a profit of 32 million EUR.

Internal reforms of the “Check-up” program are understood of not being efforts to decrease costs by way of the well-known “red pencil” policy, but rather as individual and creative approaches of an aimed expansion of efficiency as well as an improvement of our competitive position. The initial steps have been completed and further steps will follow in the future, even if the success of the introduced efforts cannot yet be seen in the 2003 business year income figures. Management and employees have already proven their willingness to even travel alleged unpopular paths. With clear goals in mind: further strengthening of competitiveness, international business expansion and continuous improvement of profitability.

MAXDATA.
Flexible IT Solutions.

MAXDATA

[Investor Relations and Corporate Governance]

A Sound and Transparent Policy

On 1 January 2003 MAXDATA has joined the Prime Standard. The company shares stand out for its good performance. Its rate increased from 2.75 EUR at the beginning of the year to 5.80 EUR on 30 December 2003. A deciding factor was among others the good mood on the overall market in the 3rd quarter and the good position of the company, recording an equity ratio of 57.3 percent.

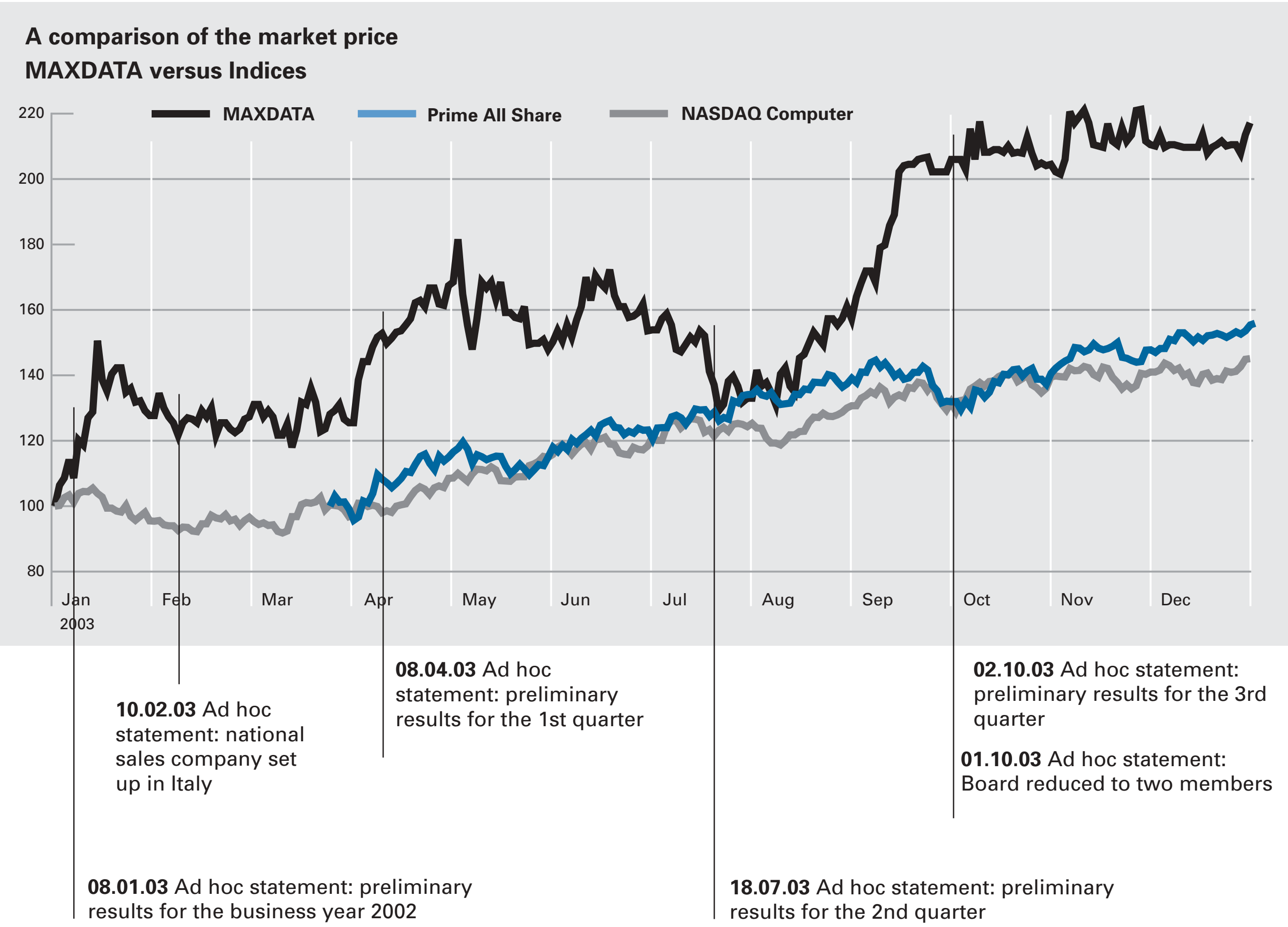
Stock market trends

The downswing of national and international stock markets ended in the second half of 2003. After the uncertainties of the “Iraq War” no longer put a strain on the stock exchanges and the first positive signs of an economic revival were seen, the trust of the investors slowly returned.

The DAX reflected this upward trend by quoting from 37 percent to barely below 4,000 points.

The American NASDAQ Computer Index, which lists companies comparable to MAXDATA, grew from 1,346.93 to 2,009.88 points at year end. This corresponds to an increase of 49 percent. At the same time the Prime All Share Index grew from 998.02 points (status 24.03.2003, begin

Share portrait 2003	
ISIN Code	DE 000 658 130 9
Stock market Code number	658 130
Year of foundation	1987
Recommended dividend (euro)	0.00
Earnings per share (euro)	–0.74
Price/earnings ratio (on 30 Dec.)	–7.8
Highest price (euro)	6.00
Lowest price (euro)	2.60
Closing price (euro)	5.80
Number of shares	29 Mio.



of determination) to 1,471.20 points at year-end (47 percent increase in value).

Development of the MAXDATA share

The MAXDATA share is listed under Prime Standard of the Frankfurt Stock Exchange as of 1 January 2003.

Overall, IT shares that ranked low on the investors' interest, profited from the positive trend on the stock markets. MAXDATA share was also included in this trend. The appreciation from 118.7 percent in an annual comparison between 2002 and 2003 must be emphasized in this context. After a closing price in 2002 of 2.65 EUR, the share was traded at the end of the business year at a rate of 5.80 EUR. Thus the MAXDATA share performed significantly better in comparing the NASDAQ Computer and Prime All Share Index even if it could not continue on this level in the recent development and was listed at 4.07 EUR on 27. February 2004.

The MAXDATA share is moderately valued from the company's point of view, based on a rate of 5.80 EUR and a book value (equity capital/number of shares). of 5.81 EUR per share at year end.

Shares of the Executive Bodies	Number of options	Number of shares 31.12.2003	31.12.2002	Change 2003/2002
Management Board				
Holger Lampatz, CEO	-	6,054,000	6,054,000	-
Thomas Stiegler, CFO	3,000	637	637	-
Supervisory Board				
Siegfried Kaske	-	-	-	-
Dr. Heinrich Böhmer	-	97,119	97,119	
Claas Kleyboldt	-	8,258	8,258	-
Hans Reischl	-	-	-	-
Bernhard Scholtes	-	-	-	-
Klaus Wiegandt	-	-	-	-

Stock exchange turnover and market capitalization

A total of 3.7 million MAXDATA shares were traded at the Frankfurt stock exchange and the Xetra Trading during the reporting year. 2.8 million shares were traded the previous year. The company attributes this to an increased interest in the MAXDATA share.

At the 2003 year-end, market capitalization was recorded at 168.2 million EUR. In comparison to the previous year this is an increase of 118.7 percent (previous year: 76.9 million EUR).

Shareholder structure

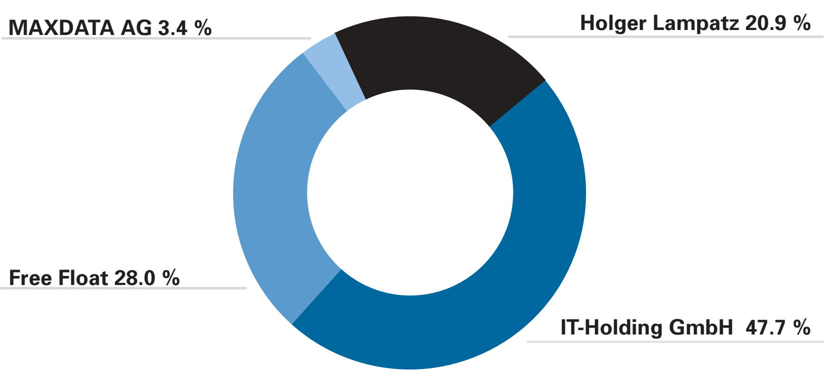
The shareholder structure has not changed in comparison to the previous year.

MAXDATA's largest shareholder is, as previously, the IT Holding GmbH that is part of the DIVACO group. They are 47.7 percent shareholder. 28 percent of MAXDATA shares are widely held shares. According to the company, the shares freely traded are distributed onto numerous individual deposits. For calling in the last shareholders' annual meeting, approximately 37,000 notices were sent, via the banks, to our shareholders, in accordance with Article 125 of the AktG (Aktiengesetz = German Stock Companies Act).

Corporate Governance

The term Corporate Governance means to manage and control the company with responsibility and with an aim for long-term added value. The most important

Shareholder structure of MAXDATA AG in %



aspects of good Corporate Governance for MAXDATA AG are the efficient cooperation between the Management Board and the Supervisory Board, respecting shareholder interests and openness and transparency in terms of company communication.

Notification in accordance with Code number 4.2.3

Board member compensation is comprised of the basic annual salary plus a percentage of the profits. Goals for profit sharing for the following year are set together annually, with the board members of MAXDATA AG. This assessment, carried out by the Supervisory Board's Personnel Committee is based on quantitative and qualitative criteria. Ascertaining whether a goal has been reached, as well as the amount of the profit sharing is done along with and based on the determination of annual profit or loss. Payout is made along with the normal salary payment in the same month that the annual company profit or loss is determined.

In connection with the share option plan from 1999, board member Thomas Stiegler received 3,000 options. Currently, up to 65 percent of the first and second tranches could be exercised, due to existing waiting periods. Since the price of MAXDATA shares underlying the options plan does not currently create enhancement of value, the share options are not valuated in the sense of the German Corporate Governance Codex (here: Section 4.2.3 Para. 3 Sentence 2).

The Management Board and the Supervisory Board view the Corporate Governance Code as an important effort to increase trust for the investors, employees, business partners and the general population. Therefore, MAXDATA AG explicitly complies with the contents reported in the Code number 3.10, with the following exceptions:

Contrary to what has been recommended in the Code, the chair and membership in the MAXDATA AG committees will not be remunerated separately. A regulation for remuneration to the Chair and membership in the committees would currently not be appropriate, since the most important tasks are administered jointly with the Supervisory Board.

MAXDATA has always been known for disseminating information early.

Members of the Supervisory Board are currently not receiving statutory performance based remuneration. Each Supervisory Board member receives a set remuneration in the amount of 30,000 EUR. The chairman of the Supervisory Board receives twice this amount and the representative of the chairman receives one and a half time this amount.

MAXDATA invites the dialog with its shareholders to ensure an open exchange of information.

Shareholders' annual general meeting

MAXDATA AG's shareholders' annual general meeting was held on 7 May 2003 in Dortmund. With about 400 shareholders it was considered well attended. The attending shareholders and shareholder proxies represented 75.34 percent of the voting capital. Among the agenda items to be voted on was the election of the new Supervisory Board and the decision on authorizing the acquisition of own shares.

As per shareholder wishes and for purposes of informing shareholders even earlier about the 2003 annual financial statements, MAXDATA decided to date this years shareholders' general meeting on 21 April 2004. Now MAXDATA is one of the first companies to hold its general shareholders' meeting in 2004.

Communications policy

MAXDATA has always been known for disseminating information early. Shortly after each quarter end, the company publishes the first sound estimate on the business development of the past three months.

The company is interested in an open exchange of information with its shareholders. Inquiries are processed by telephone or email as soon as possible. Interested parties can contact MAXDATA at any time via email ir@maxdata.de or by telephone 02365 / 952-2122. Furthermore, shareholders can request individual product catalogs that provide a broad summary of the product range.

Dividend policy

MAXDATA AG will not be distributing dividends in this reporting year, since the company recorded a net loss. In the previous year the dividend distribution was 0.25 EUR per entitled share.

MAXDATA.
The Principle – Speed.

Group Management Report for the Business Year 2003

Economy, market and competition

The business year 2003 was an extremely difficult year for MAXDATA. The optimistic forecast made by leading economic institutes on the development of the global economy suffered a lasting upset.

The global economy grew by 2.5 percent in 2003. As always, the US set the deciding momentum in terms of consumer growth. The US achieved a gross domestic product increase, in real terms, of 3.1 percent. The cyclical development in the euro sector was significantly lower, showing a real gross domestic product increase of only 0.5 percent. The result had decreased by even 0.4 percentage points more in comparison to the previous year.

The German economy was even weaker. The gross domestic product declined for the first time since 1993, by 0.1 percent in comparison to the previous year. The weak economy in the euro sector and especially in Germany was the reason for the extended decline in investment activities.

The IT industry was also affected by this cyclical development. Worldwide, slight growth was seen for the first time after a two year low. After a 0.8 percent loss in 2002, the western European IT market grew by 1 percent to reach a cautious level. However, Germany's computer hardware sector had to absorb another 5 percent reduction of the market volume in comparison to the previous year.

Thus, the IT industry is once again among the cyclical losers. In addition to sinking IT budgets and missing investments, difficult foreign finance opportunities based on tightened equity guidelines of the credit services sector, especially for medium sized companies, added to this overall decline. Based on these cyclical economic conditions, many companies are putting a hold on their investment planning in the IT sector. These companies continue to operate their technologically aged, but still working, computer hardware.

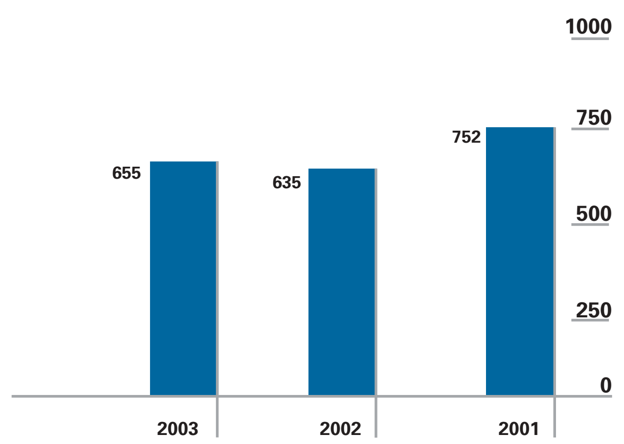
Development of turnover and sales volume

In an environment of unstoppable falling prices, only a slight turnover increase to now 654.9 million EUR (previous year: 635.1 million EUR) could be achieved with significantly increasing sales numbers. The business area monitors recorded a 31.3 percent, servers a 35.1 percent and notebooks a 67.4 percent significant increase of the number of units sold.

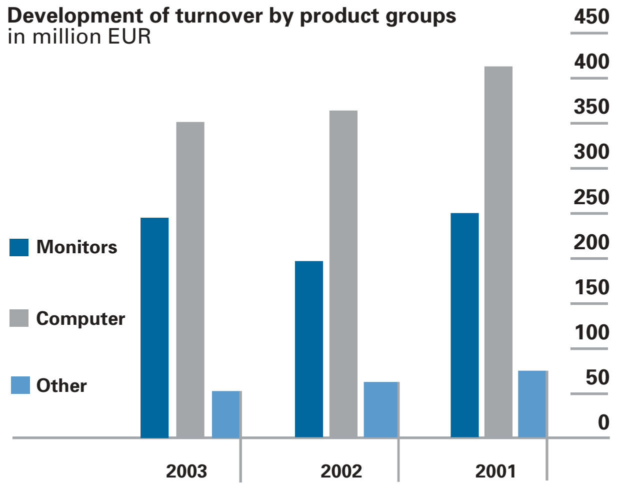
As expected, foreign turnover was increased in 2003 to a 38.2 percent share of total turnover (previous year: 33.0 percent) or 250.2 million EUR (previous year: 209.3 million EUR). Domestic turnover declined accordingly to 61.8 percent (previous year: 67.0 percent) or 404.7 million EUR (previous year: 425.8 million EUR).

Another sales company was founded in Italy in 2003. Now MAXDATA is represented in eight European markets outside of Germany. MAXDATA sells Belinea monitors and MAXDATA PC sys-

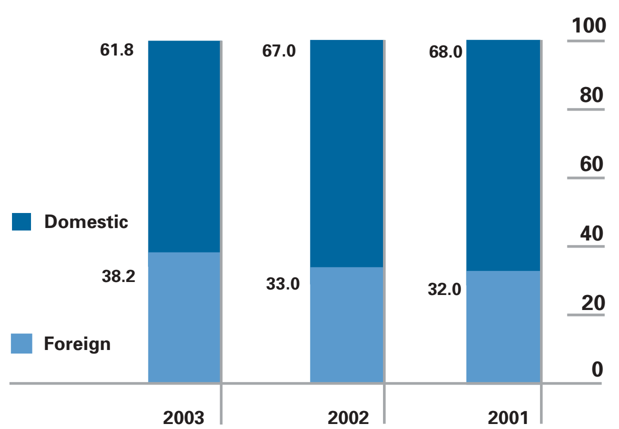
Development of turnover in million Euro



Development of turnover by product groups
in million EUR



Development of turnover domestic/foreign in %



Sold units	2003	2002	Change
CRT-monitors	342,217	474,647	–28 %
TFT-flat screens	675,019	299,884	125 %
Belinea Monitors	**1,017,236**	**774,531**	**31 %**
Desktop systems	363,700	353,937	3 %
Notebooks	74,432	44,462	67 %
MAXDATA PC systems	**438,132**	**398,399**	**10 %**
MAXDATA server systems	**10,445**	**7,730**	**35 %**

tems using distribution partners in 14 other European countries, focusing on North and East Europe.

In its strategic core business, MAXDATA sells its own brand of PC systems, notebooks, servers (MAXDATA) and monitors (Belinea). Of the total hardware turnover, 53.1 percent are attributed to MAXDATA Computer systems (PC desktops, notebooks and servers), the Belinea monitor business contributed 37.3 percent and other products (peripheral devices, software and services) 9.6 percent.

Profit situation

Despite consistent cost reduction and other counter efforts, the only slight turnover increase in the business year led to a negative EBIT of 15.0 million EUR for the first time (previous year: +8.1 million EUR). Efforts to increase efficiency in production and logistics, as well as a slight increase of the gross profit margin could not compensate for the cost effects resulting from sales increases. However, the deciding factor for the pronounced EBIT decline was mostly the creation of a 8.2 million EUR reserve, which had become necessary in view of warranty obligations. The prospects of success to take action on prior vendors can not be estimated at this time. Furthermore, already in this business year expenses were created to settle these obligations that could not be forwarded to the originator.

On a positive note, the improvement of a legal position, during the business year, involving disputable receivables and liabilities towards suppliers resulted in the company being able to close a liability item in the total amount of 4.3 million EUR.

The three new foreign sales companies located in Italy, Poland and Spain developed according to the scope of the planning. Forecasts were partially exceeded, even though in total, a positive profit contribution had not yet been recorded. However, two of the three companies are expected to cross the threshold into profitability in 2004.

The gross profit margin across all product groups increased in 2003 to 15.0 percent after 14.8 percent in 2002. Despite the competitors' aggressive price policy, this improvement resulted on the one hand from positive currency effects and, on the other hand, from the focused business model as a partner of the European specialized trade.

Thus, the consolidated net loss was recorded at 20.7 million EUR after the financial statements recorded a consolidated net income of 3.1 million EUR in the previous year. Overall, an operating loss of –0.74 EUR per share was noted, after recording a profit of 0.11 EUR per share in 2002.

Financial situation

As previously, the equity ratio is at a high level at 57.3 percent (previous year: 54.4 percent). The equity ratio increased by 2.9 percentage points, despite the 2003 first time loss situation.

In addition to the high equity ratio, which let MAXDATA achieve high financial independence, MAXDATA's strong balance sheet was further demonstrated in the 299 percent ratio, equity to long-term fixed assets (previous year: 313 percent).

Cash flow from current operating activities declined to –35 million EUR (previous year: +43 million EUR). At the end of the business year, the funds balance was at 61 million EUR. MAXDATA had additionally a portfolio of fixed interest securities of 4 million EUR.

Investments

In the business year 2003 MAXDATA invested 4 million EUR. These investments were mostly replacement purchases for production and IT infrastructures.

Employees

The efforts of the employees combined are the foundation of MAXDATA's productivity. Therefore, MAXDATA highly values efficient personnel management in all areas – from recruitment to personnel development. For this reason, MAXDATA emphasizes that the team idea is never disregarded, that the employees are motivated and are employed in accordance with their aptitude and talent.

In the business year 2003 the average number of employees working in the MAXDATA group increased to 1,225 (previous year: 1,156).

It was the responsibility of personnel management to implement a future-oriented personnel strategy, including recruitment, as part of the progressive internationalization of the MAXDATA group. The focus here was the strategic redirection of the product management and purchasing areas.

In 2003 MAXDATA once again made consistent use of new media for general recruitment purposes. Almost two thirds of all new hirees were found using online applications. MAXDATA also attended training trade shows, college and chamber of commerce and industry events, and actively participated holding lectures and presentations, to achieve the applicable exterior effect and to find new employees for the group. Regarding selecting personnel, MAXDATA follows the strategy to not only consider technical know-how, but to also place a particular high value on social skills such as teamwork.

In 2003 MAXDATA offered a broadly diversified spectrum of professional training. In the course of internationalizing the MAXDATA group, the opportunity now exists to have training crossing over Germany, by cooperating with foreign subsidiaries of MAXDATA.

Consistent efforts were implemented in the employee and management development area to maintain MAXDATA group's ability to compete. Here, the focus was to develop the management force in the production and logistics areas. German courses were offered to ideally integrate foreign employees and to promote the second language.

MAXDATA is expecting a positive effect from the decision, mutually agreed upon with the employees in the 4th quarter, to increase the weekly hours of work and to shorten annual vacation time. This will result in higher productivity at the same costs.

MAXDATA AG reduces the Management Board to two members

The chairman of the Management Board, Holger Lampatz, assumed Jürgen Peter's area of responsibility in Sales & Marketing, after, in an amicable arrangement with the Supervisory Board, Jürgen Peter resigned on 30 September 2003 from his seat on the Management Board.

Shareholder's annual general meeting 2003

The resolution of the shareholder's annual general meeting of 7 May 2003 authorizes MAXDATA AG to repurchase the MAXDATA shares up to a calculated capital value of EUR 2.9 million. Overall, the company had repurchased a total of 1.0 million own shares. However, during the reporting period no own shares were repurchased through MAXDATA.

In accordance with the Management Board and the Supervisory Board suggestions, it was decided at the shareholders' annual general meeting to make dividend payments in the amount of 0.25 EUR for each share entitled to dividends for the expired business year 2002. This equalled a distribution volume of 7 million EUR.

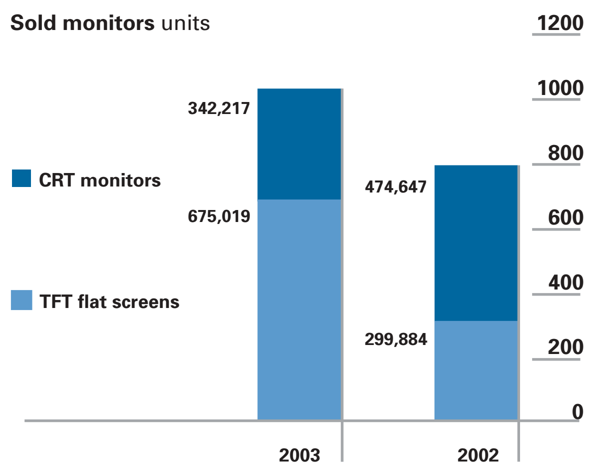
Operating result of MAXDATA AG

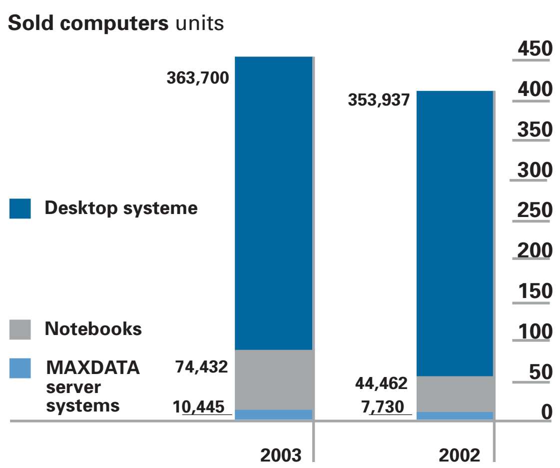
MAXDATA AG's individual financial statements, prepared according to commercial law, reported for the first time in the 2003 business year, a net loss of 23.9 million EUR. Together with the profit brought forward of 3.7 million EUR and the allocation to reserves for own shares due to the required appreciation of own shares to an amount of 3.1 million EUR, the company recorded an accumulated loss for the year of 23.3 million EUR.

Risk management

The risk management system introduced several years ago was further developed during the reporting year, and adjusted to the changing requirements. In doing so, the auditors analyze and test the systems for early risk detection in accordance with Article 317 Para. 4 HGB (Handelsgesetzbuch = German Commercial Code). In a co-operation between the Management Board and the Supervisory Board, based on Corporate Governance and the Compliance Statement of 18 March 2003, risks will be identified using suitable instruments and measures will be determined to minimize and avoid these risks.

By using this sophisticated, continuously updated risk management system, risks will be determined, documented and assessed within the affected business areas. Thus risks become transparent on the one hand, and on the other hand, the foundation has been created to recognize and use resulting opportunities.





In this, MAXDATA places the highest value on maintaining a consistently high quality level. Using continuous and verifiable processes, MAXDATA counteracts the risk of lacking transparencies in decision responsibilities. In this connection, communication between the company areas, adjusted to the current factors, is added to this importance.

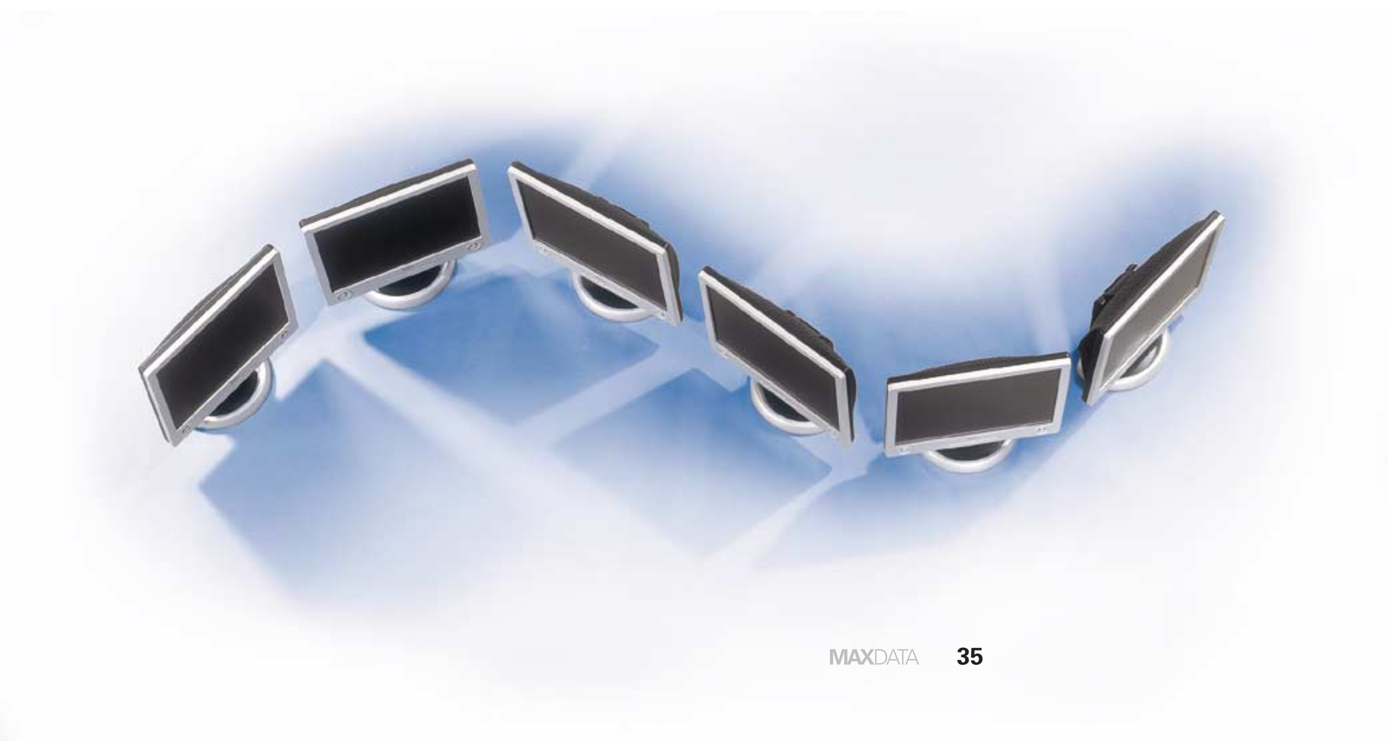
Risks of the business model

MAXDATA has purposely set a focus and made priorities visible, by its strategy to focus on corporate customers, the two-brand strategy and focusing on indirect sales structures. The success of this adjustment is monitored regularly. By observing market developments, the company ensures that necessary adjustments are made in a timely manner. According to MAXDATA estimates, opportunities of this type have consistently outweighed the risks.

Supplier risks/ procurement risks

The company is substantially dependent on suppliers for the procurement of components and preliminary products. Including third parties creates risks such as lacking quality, unexpected delivery problems or unexpected price increases. Additionally, unwanted dependencies can arise from the worldwide relationships to suppliers. The MAXDATA group purchases predominantly on the Asian market.

With the help of a supplier controlling, currently under development, MAXDATA will further optimize its supplier relationships and will forward procurement advantages growing from these relationship to its customers. Using carefully selected suppliers, MAXDATA has a series of long-term supplier relationships that are always supplemented by new relationships, to ensure a balanced supplier portfolio. A thorough and experienced product management team preserves MAXDATA's access to relevant technology. The team balances trends found in the procurement market with the wishes and demands of the corporate customers.



Quality risks

The company follows a strict zero-error philosophy, pursues an intense quality assurance according to DIN EN ISO 9001:2000 within the scope of the existing quality management and applies special test procedures before delivering the products to the customer. This way the company achieves high customer satisfaction. Despite all efforts made early on to ensure quality, it is possible that electronic products have long-term effects that do not show up until after the end user has installed and used the product.

If product risks do appear, these can lead to cost intensive and time consuming product modifications or may result in vast guaranty efforts that can disrupt the customer relationship. These risks can especially occur in series production errors, which can have negative effects on the capital, financial and profit situation of the company.

The company makes all efforts to shift these quality and warranty risks to their prior vendors. However, this may not be possible in all cases based on existing economic and legal general conditions, thus leaving the risks with the company.

Currency risks

MAXDATA faces currency risks because costs of sales are mostly billed to the company in US dollar whereas the company mostly bills sales in euro. These currency risks are limited by using a coordinated currency hedge strategy. MAXDATA is further confronted with exchange rate fluctuations in the Switzerland, Great Britain and Poland markets. MAXDATA faces these risks using hedge transactions adjusted to the averages volumes and terms; standard instruments are used, mostly currency swaps for the purchase or sale of foreign currency.

Price change risks and portfolio risks

In the fast paced IT sector, it is highly important to keep inventories low and inventory turnover ratios high. This task receives an additional blow by the constant price drop of the preliminary and end products. MAXDATA strives to keep depreciation at a minimum, by applying an active inventory management, permanent controls of the inventories and a branch-wide recognized built-to-order-system at the production location in Würselen.

Accounts receivable risks

Increasing insolvency payments in Germany and Europe increase the importance of having a reasonable limit of the payment default risk. MAXDATA is successfully managing its account receivables by continuously improving the credit limit system, and by using a monitored approval and control process. This is supplemented by having for many years a close and trustworthy cooperation with bad debt insurance companies. These efforts keep the accounts receivable failure rate consistently low.

Information technology risks

In the last few years the importance of the constant availability of hardware and software for processing company transactions, has increased even further. This availability is subject to potential risks by external and internal influences. MAXDATA meets this fact by constantly monitoring and adjusting the networks and systems to the changing needs.

Special events after the closing of the business year

After the business year ended, no special events occurred that would significantly change the statements made in the 2003 consolidated financial statements for the MAXDATA group.

Outlook

Leading economic research institutes forecast a strong recovery for the 2004 world economy and expect a growth of 3.3 percent. However, the high and further increasing service deficit in the US hides a risk to the world economy which could result in a significant devaluation of the dollar.

According to expert information, the gross domestic product is expected to grow in the euro sector by 1.9 percent. Germany is expecting a growth of the gross domestic product at an almost equal level (2.0 percent). This cyclical development could be accommodated by strong domestic demand in the first half year and by increased foreign demand in the second half of the year.

Market research institutes see the development of the worldwide IT expenses in 2004 far more positive. Accordingly, they are expecting a growth of 5.4 percent. The computer hardware area will have particular importance, since more and more companies' IT budget have been used to implement new technologies. In the information technology sector, a growth of 3.1 percent is forecasted for the western European market. However, the telecommunication segment will increase more. Thus it is expected that information technology will have a growth of 2.2 percent in West Europe.

However, MAXDATA's important area "Computer Hardware" in Germany will remain unaffected by this overall positive market development. After a 5.0 percent decline in 2003, the market volume will again need to absorb a decline of 2.0 percent.

Despite these domestic, difficult general conditions, the Management Board sees significant potential from the expansion of the key account market segment that started in the last business year and the continued advancement of its market position in Europe.

Overall, the MAXDATA group is striving to reach a turnover level of 680 to 710 million EUR and an EBIT of about 4 to 7 million EUR for the 2004 business year.

Marl, January 2004

Holger Lampatz   Thomas Stiegler

MAXDATA.
Dynamic
Technology
in Action.

[Consolidated Financial Statements]

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Consolidated Financial Statements

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Consolidated Balance Sheet as of 31 December 2003

Assets	Notes	2003 KEUR	2002 KEUR
Long-term capital			
Intangible assets	[4]		
Trademarks, licenses and software		5,201	7,210
Goodwill		1,251	1,455
Payments on account		0	41
		6,452	**8,706**
Property, plant and equipment	[5]		
Land and buildings		40,431	42,396
Machinery and equipment		649	916
Other equipment, furniture and fixtures		8,087	8,764
Construction in progress and payments on account		638	1,665
		49,805	**53,741**
Long-term financial assets	[6]		
Investments in associates		204	200
		204	**200**
Deferred taxes	[21]	**6,432**	**14,341**
		62,893	**76,988**
Short-term capital			
Inventories	[7]		
Raw materials and supplies		31,038	28,929
Work in progress		50	59
Finished goods and purchased goods		38,351	38,330
Payments on account		143	140
		69,582	**67,458**
Receivables and other assets			
Trade receivables	[8]	76,688	59,498
- thereof due from associates KEUR 3 (2002: KEUR 46)			
Other assets	[9]	11,694	10,906
Current tax assets		6,134	995
		94,516	**71,399**
Marketable securities	[10]	4,427	24,905
Cash and cash equivalents		61,328	118,825
Prepaid expenses		1,346	1,303
		231,199	**283,890**
		294,092	**360,878**

Equity and liabilities	Notes	2003 KEUR	2002 KEUR
Equity			
Subscribed capital	[11]	29,000	29,000
Capital reserve	[12]	145,660	145,660
Currency translation adjustment		434	243
Consolidated accumulated deficit/retained earnings	[12]	–6,463	21,275
		168,631	**196,178**
Minority interest		**259**	**226**
Long-term liabilities			
Long-term debt, less the current portion	[13]	0	1,678
Other provisions, less the current portion	[15]	10,052	4,730
Deferred income, less the current portion	[17]	2,825	2,155
Deferred taxes	[21]	0	4,248
		12,877	**12,811**
Short-term liabilities			
Short-term debt and current portion of long-term debt	[13]	1,678	32,378
Trade accounts payable		71,448	88,182
Tax provisions	[14]	1,607	3,898
Other current provisions	[15]	17,824	11,334
Other current liabilities	[16]	16,324	12,889
Current portion of deferred income	[17]	3,444	2,982
		112,325	**151,663**
		294,092	**360,878**

[Consolidated Financial Statements]

Consolidated Income Statement

	Notes	2003 KEUR	2002 KEUR
Turnover	[18]	654,850	635,062
Increase in finished goods and work in progress		181	941
Other operating income	[19]	36,754	33,198
Cost of materials			
Cost of raw materials and supplies and of purchased goods		–551,772	–539,290
Cost of purchased services		–4,906	–2,661
Personnel expenses			
Wages and salaries		–47,096	–43,038
Social security contributions and other pension cost		–9,559	–8,188
Depreciation and amortization of tangible and intangible assets		–9,999	–9,752
Other operating expenses	[20]	–83,457	–58,166
Loss/profit from ordinary operations		**–15,004**	**8,106**
Income from investments and other long-term financial assets		582	637
Interest earnings		2,406	3,318
Write-off of financial assets and marketable securities		–785	–1,970
Other investment expenditure / income		–161	–1,201
Interest expenditures		–1,605	–645
Result from associates		159	100
Loss/profit before tax		**–14,408**	**8,345**
Income taxes	[21]	–6,213	–5,082
Loss/profit after tax		**–20,621**	**3,263**
Minority interest		–117	–132
Consolidated net loss/profit for the year		**–20,738**	**3,131**
Undiluted earnings per share	[22]		
Consolidated net loss/profit for the year	[EUR]	–20,738,267.63	3,130,876.45
Shares (weighted average for the fiscal year)	[Shares]	28,000,000	28,000,000
Loss/earnings per share (in euro)		**–0.74**	**0.11**
Diluted earnings per share			
Consolidated net loss/profit for the year	[EUR]	–20,738,267.63	3,130,876.45
Shares (weighted average for the fiscal year)	[Shares]	28,000,000	28,000,000
Loss/earnings per share (in euro)		**–0.74**	**0.11**

Consolidated Cash Flow Statement

	2003 KEUR	2002 KEUR
Loss/profit for the year, before deduction of loss/profit attributable to other shareholders, income taxes, interest and investment expenditure/income	–15,004	8,106
Depreciation and amortization of tangible and intangible assets	9,999	9,752
Increase/decrease from remeasurement to fair value	9,524	–4,197
Profit from disposal of long-term assets	–36	–30
Increase/decrease in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	–25,135	17,728
Decrease/increase in trade payables and other liabilities that cannot be allocated to investing or financing activities	–12,411	15,907
Interest payments received	2,828	3,898
Interest paid	–1,956	–2,372
Income taxes	–2,553	–5,562
Cash flow from operating activities	**–34,744**	**43,230**
Cash received from disposal of property, plant and equipment/intangible assets	353	251
Cash paid for investments in property, plant and equipment/intangible assets	–3,884	–5,274
Cash received from disposal of marketable securities	56,819	27,750
Payments for investment in marketable securities as current assets	–36,776	–48,621
Cash flow from investing activities	**16,512**	**–25,894**
Expenditure for paying off debts	–87	–2,453
Dividends	–7,000	–14,000
Distributions to minority shareholders	–84	–114
Cash flow from financing activities	**–7,171**	**–16,567**
Change in cash and cash equivalents	**-25,403**	**769**
Change in currency translation adjustment	197	–32
Cash and cash equivalents at beginning of business year	86,534	85,797
Cash and cash equivalents at end of business year	**61,328**	**86,534**
Composition of cash and cash equivalents at end of business year		
Cash on hand and bank balances	61,328	118,825
Bank liabilities due on demand	0	–32,291
Composition of cash and cash equivalents at end of business year	**61,328**	**86,534**

[Consolidated Financial Statements]

Consolidated Statement of Changes in Equity

	Subscribed capital KEUR	Capital reserve KEUR	Currency translation adjustment KEUR	Consolidated retained earnings KEUR	Total KEUR
Balance as of 1 January 2002	**29,000**	**145,660**	**275**	**32,144**	**207,079**
Change in currency translation adjustment	0	0	–32	0	–32
Dividends	0	0	0	–14,000	–14,000
Consolidated net profit	0	0	0	3,131	3,131
Balance as of 31 December 2002 / 1 January 2003	**29,000**	**145,660**	**243**	**21,275**	**196,178**
Change in currency translation adjustment	0	0	191	0	191
Dividends	0	0	0	–7,000	–7,000
Consolidated net loss	0	0	0	–20,738	–20,738
Balance as of 31 December 2003	**29,000**	**145,660**	**434**	**–6,463**	**168,631**

[Consolidated Financial Statements]

Notes to the consolidated financial statements for business year 2003

[1] General

MAXDATA AG (MAXDATA) was founded after a reorganization of Holger Lampatz GmbH & Co. KG, Marl, by resolution of the shareholders' meeting on 11 May 1999. The MAXDATA Group (hereinafter – the Group) is involved in manufacturing and distributing computer systems and monitors which are assembled by the Group or selected subcontractors in accordance with the Group's own specifications and quality standards. The Group sells computers under its own trademark "MAXDATA" and monitors under its own trademark "Belinea".

Other computer peripherals are distributed in order to complete the Group's product range. The average number of employees in the Group was 1,225 in 2003 and 1,156 in 2002.

The registered office address of the Group is Elbestrasse 16, Marl, Germany.

MAXDATA is registered in the commercial register of Gelsenkirchen under the number B 5552. MAXDATA is a public listed company in the "Prime Standard" segment of the regulated market in Frankfurt.

[2] Summary of significant accounting policies

The principal accounting policies adopted in preparing the consolidated financial statements of the Group are as follows:

General

The consolidated financial statements are prepared in accordance with the standards formulated by the International Accounting Standards Board (IFRS). The accounting standards used are in compliance with the European Union's accounting directives pertaining to consolidated financial statements. The requirements of Article 292a of the German Commercial Code (HGB) are observed.

After being prepared, the consolidated financial statements were released for disclosure by the management board on 30 January 2004.

The income statement has been prepared according to the cost summary method. The accompanying financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets and financial assets or liabilities held for trading all of which are measured at fair value after initial recognition.

Purchases or sales of financial assets are primarily accounted for using the trade date method.

Reporting currency

The consolidated financial statements are prepared in thousands of euro (KEUR) unless stated otherwise.

Principles of consolidation

The consolidated financial statements of the Group include MAXDATA AG and the companies that it controls. This control is normally evidenced when MAXDATA AG owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities.

The equity and net income attributable to minority interests are shown separately in the balance sheets and income statements, respectively.

The purchase method of accounting is used for acquired businesses. Companies acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal.

The cost of acquisition is allocated applying the benchmark treatment of IAS 22.32.

Intercompany balances and transactions, including unrealized profits and losses are generally eliminated in full.

Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances. Reference is made to note 29 with regard to consolidated entities.

Investments in associated companies (generally holdings of between 20% to 50% in a company's equity) where a significant influence is exercised by MAXDATA AG or one of its subsidiaries are accounted for using the equity method.

Investments in associates are reviewed when there is an indication that the asset has been impaired or the impairment losses recognized in previous years no longer exist.

Financial instruments

The financial assets and financial liabilities carried in the balance sheet include certain long-term financial assets in accordance with IAS 32 and IAS 39, trade and other accounts receivable and payable, investments and marketable securities, cash and cash equivalents, long-term/short-term debt, as well as certain other assets and payables based on contractual arrangements.

When a financial asset or financial liability is recognized initially, it is measured at cost, which represents the fair value of the consideration given (in the case of an asset) or received (in the case of a liability) for it. Recognition generally takes place on the trade date. Measurement after initial recognition is different for the various categories of financial assets and financial liabilities. The accounting policies on subsequent measurement of these items are disclosed in the respective accounting policies found in this note. Gains and losses arising from changes in the fair value of those available-for-sale financial assets that are measured at fair value subsequent to initial recognition are included in net profit or loss for the period.

The Group operates internationally, and is therefore subject to significant exposure to market risks from changes in foreign exchange rates. The Group uses derivative financial instruments to mitigate those risks. Derivative financial instruments are generally valued at the attributable fair value (IAS 39). Valuation is performed by banks using the discounted cash flow method. Options are valued using the option price model.

The criteria for hedge accounting pursuant to IAS 39 have not been met in business year 2003. For this reason all gains and losses from these derivative financial instruments are recognized in net income. Disclosure of the nature of financial instruments and their significant terms and conditions that could affect the amount, timing and certainty of future cash flow is presented in the notes to the financial statements, when applicable.

Intangible assets

Intangible assets are measured initially at cost.

Intangible assets are recognized if it is probable that future economic benefits attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. The amortization period and the amortization method are reviewed annually at each financial year-end.

(a) Trademarks and licenses
Amounts paid for trademarks and licenses are capitalized and then amortized on a straight-line basis over the expected periods of benefit.

The expected useful lives of industrial rights and licenses vary from 3 to 8 years.

(b) Software
The cost of acquisition of new software is capitalized and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortized on a straight-line basis over 3 to 4 years.

Costs incurred in order to restore or maintain the future economic benefits that an enterprise can expect from the originally assessed standard of performance of existing software systems are recognized as an expense when the restoration or maintenance work is carried out.

(c) Goodwill
The excess of the cost of an acquisition over the respective Group company's interest in the fair value of the net identifiable assets acquired as at the date of the exchange transaction is recorded as goodwill and recognized as an asset in the balance sheet. Goodwill is carried at cost less accumulated amortization and accumulated impairment losses.

Goodwill is amortized on a straight-line basis over its useful life. In the income statement the amortization of goodwill is included in the depreciation of property, plant and equipment and the amortization of intangible assets.

The amortization period for goodwill is determined on its expected useful life and ranges between 10 and 15 years. The unamortized balances are reviewed at each balance sheet date to assess the probability of continuing future benefits. If there is an indication that goodwill may be impaired, the recoverable amount is determined for the cash-generating unit to which the goodwill belongs. If the carrying amount is more than the recoverable amount, an impairment loss is recognized.

Property, plant and equipment
Property, plant and equipment, including investment properties and buildings, are stated at cost less accumulated depreciation and accumulated impairment losses.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of property, plant and equipment comprises its purchase price including customs duties and non-refundable acquisition taxes, as well as any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Cost of production comprises the cost of goods and services consumed in producing the asset, or to expand or improve it significantly beyond its original state. These include not only the expenses directly allocable to the asset but also an appropriate portion of unavoidable overheads.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Estimated useful lives	
Buildings	25 years
Technical equipment and machines	3 to 15 years
Other equipment, furniture and fixtures	3 to 20 years

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Assets under construction are allocated to property, plant and equipment and are reported at purchase cost or the respective cost of production. Assets under construction are not depreciated until such time as the relevant assets are completed and put into operational use.

Impairment of assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in income on property, plant and equipment and intangible assets that are carried at historical cost. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

Impairment losses recognized in previous years are reversed when there is an indication that the impairment losses no longer apply or have decreased in scope. The reversal is recorded in income.

Long-term investments

Investments in associates are accounted for under the equity method pursuant to IAS 28.

Inventories

Inventories, including finished goods and work-in-process, are valued at the lower of cost and net realizable value, after provision for obsolete items. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Inventory purchases are recognized at net prices. Inventories are thus measured net of any discounts offered. Discounts which are not availed of are recorded as interest expenses on the date they lapse. Cost is determined primarily on the basis of weighted average cost. For finished goods, cost includes an appropriate allocation of fixed and variable overheads. Inventory which cannot be sold is written off in full.

Receivables and other assets

After initial recognition, receivables and other financial assets that have a fixed maturity are measured at amortized cost using the effective interest rate method, after provision for doubtful accounts. Short-term receivables and other financial assets with no fixed interest rate are measured at the amount originally invoiced or face value provided the effect of inflation is not material. Those receivables and other financial assets that do not have a fixed maturity are measured at cost. All receivables and other financial assets are subject to an impairment test.

Other assets not covered by IAS 39 are measured at cost. They are also subject to an impairment test.

Marketable securities

The marketable securities all relate to available-for-sale financial assets. They are measured at their fair value at balance sheet date. Related gains and losses are recorded in income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits as well as short-term highly liquid investments and money market funds that can be readily converted to known amounts of cash, with original terms of three or less months, and which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents also comprise current account payables as these are an integral component of the cash available to the Group.

Prepaid expenses

Prepaid expenses are initially measured at their nominal value und subsequently expensed in relation to the services received.

Equity

Capital reserves result from premiums paid in connection with cash capital increases after deducting the costs incurred for raising capital (net of tax). They can be used to offset net losses or to fund capital increases.

Own shares represent shares in the parent which are held by the parent itself. They are presented in the balance sheet and the statement of changes in shareholders' equity as a deduction from retained earnings. The acquisition of own shares is presented in the financial statements as a change in equity. No gain or loss is recognized in the income statement on the sale, issue, or cancellation of own shares. The consideration received on such transactions is presented in the financial statements as a change in equity.

Currency translation adjustments are intended to reflect of translation differences arising on consolidation of financial statements of foreign entities.

Other Provisions

A provision is recognized when, and only when an enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an out-flow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where inflation is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. In cases where no reliable estimate can be made, no provision is recognized but a contingent liability disclosed.

Liabilities

After initial recognition, all financial liabilities, other than derivatives that are liabilities, are measured at amortized cost. Derivatives that are liabilities are measured at fair value subsequent to initial recognition.

Trade payables are recognized using the "net method". This results in initial measurement of the liability net of any cash discounts offered. If cash discounts lapse they are charged to interest expenses and trade payables are increased accordingly.

Deferred income

Deferred income is recognized for consideration received before the balance sheet date representing revenues or other income for a specified period after the balance sheet date. Deferred income is measured at the amortized nominal amount of the consideration received. Deferred income is initially measured at the nominal value of the consideration received. Subsequently, it is released as sales or other income over the period during which the service is performed.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognized net of sales taxes and discounts when delivery has taken place and transfer of significant risks and rewards of ownership has been completed. Service revenues are recognized over the period during which the service is performed.

Interest

Interest is recognized on a time proportion basis that reflects the effective yield on the asset.

Foreign currencies

Foreign currency transactions are recorded in the reporting currency by translating any amounts denominated in foreign currency using the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Exchange rate differences arising from the settlement of monetary items or valuation on closing date at rates different from those at which they were initially recorded during the periods are recognized in the income statement in the period in which they arise.

Foreign entities

Some of the foreign consolidated subsidiaries are regarded as foreign entities since they are financially, economically and organizationally autonomous. Their reporting currencies are the respective local currencies. Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the balance sheet, and at historical exchange rates with respect to the income statement. All resulting translation differences are directly included in accumulated exchange rate differences in equity.

On the disposal of a foreign entity the accumulated exchange rate differences that relate to the foreign entity are recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized. Consolidation of foreign subsidiaries located in the euro zone does not result in any translation differences.

Share options

The employees including members of the management board of MAXDATA AG and its subsidiaries were granted options to purchase common shares of the Company. Share options issued are treated as pending transactions until they are exercised by the option holder. Once the options are exercised, the premium in excess of the notional value of EUR 1 per share is transferred to the capital reserve. To date no shares have been issued under the share option program. Reference is made to note 11.

Borrowing costs

Borrowing costs are not capitalized but recognized as an expense in the period in which they are incurred.

Suppliers' discounts offered in connection with purchases which are not availed of are recorded as interest expenses on the date they lapse.

Income taxes

The income tax charge is based on profit for the year and considers deferred taxation. Deferred taxes are calculated using the balance sheet liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply in the period in which an asset is realized or a liability is settled. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that the company estimates on balance sheet date to follow from the reversal of temporary differences in future.

Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available in future against which the deferred tax assets can be utilized. At each balance sheet date, the Company reassesses unrecognized deferred tax assets and the carrying amount of deferred tax assets. The enterprise recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are, however, disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not stated in the balance sheet. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Subsequent events

Events occurring after balance sheet date that provide additional information about the Group's position at the balance sheet date are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes.

[3] Changes in group's organization

MAXDATA Italia S.r.l., Assago, Italy was founded in the business year 2003.

MAXDATA Services GmbH, Marl and MAXDATA Repair-Center GmbH, Marl ceased to exist after being merged with MAXDATA Systeme GmbH, Würselen by merger agreement dated 20 August 2003 effective 1 January 2003.

[4] Intangible assets

	Trademarks, licenses and software KEUR	Goodwill KEUR	Payments on account KEUR	Total KEUR
At cost				
1 January 2002	10,191	2,068	6,173	18,432
31 December 2002 / 1 January 2003	16,123	2,068	41	18,232
Additions	362	0	0	362
Disposals	–2,070	0	–1	–2,071
Transfers	899	0	–40	859
Currency translation differences	–6	0	0	–6
31 December 2003	**15,308**	**2,068**	**0**	**17,376**
Accumulated depreciation and impairment losses				
1 January 2002	6,352	408	0	6,760
31 December 2002 / 1 January 2003	8,913	613	0	9,526
Amortization for the year	3,257	204	0	3,461
Disposals	–2,057	0	0	–2,057
Currency translation differences	–6	0	0	–6
31 December 2003	**10,107**	**817**	**0**	**10,924**
Net book value 2003	5,201	1,251	0	6,452
Net book value 2002	7,210	1,455	41	8,706

[5] Property, plant and equipment

	Land and buildings KEUR	Machinery and equipment KEUR	Other equipment furniture and fixtures KEUR	Construction in progress and payments on account KEUR	Total KEUR
At cost					
1 January 2002	51,445	1,759	20,953	2,729	76,886
31 December 2002/ 1 January 2003	51,593	1,959	22,988	1,665	78,205
Additions	34	31	3,116	608	3,789
Disposals	0	0	–2,906	0	–2,906
Transfers	0	122	99	–1,080	–859
Currency translation differences	0	–1	–84	0	–85
31 December 2003	**51,627**	**2,111**	**23,213**	**1,193**	**78,144**
Accumulated depreciation and impairment losses					
1 January 2002	7,242	639	14,003	0	21,884
31 December 2002/ 1 January 2003	9,197	1,043	14,224	0	24,464
Depreciation for the year	1,983	297	3,703	555	6,538
Disposals	16	0	–2,618	0	–2,602
Transfers	0	122	–122	0	0
Currency translation differences	0	0	–61	0	–61
31 December 2003	**11,196**	**1,462**	**15,126**	**555**	**28,339**
Net book value 2003	40,431	649	8,087	638	49,805
Net book value 2002	42,396	916	8,764	1,665	53,741

As of balance sheet date, pledges on property, plant and equipment of KEUR 1,678 (previous year: KEUR 1,765) had been made to secure liabilities.

[6] Investments in associates

EMV Testhaus GmbH is a subsidiary of ASIG Quality Services GmbH. The company has been consolidated using the equity method. Safety Testhaus GmbH i.L. was liquidated on 20. February 2003.

Entity	Principal activities	Equity interest %
EMV Testhaus GmbH	Quality control and source inspection	30.0

[7] Inventories

The carrying amount of inventories carried at net realizable value amounts to KEUR 4,353 (previous year: KEUR 5,994).

[8] Trade receivables – net

Trade receivables – net	2003 KEUR	2002 KEUR
Receivables	81,557	64,278
Less bad debt allowance	–4,869	–4,780
	76,688	**59,498**

On the one hand, the bad debt allowance was calculated on the basis of objective indicators of the risk of non-collection and, on the other hand, on the basis of the past experience made valuing the specific risks of default.

The adjustment of the bad debt allowance resulted in an expense of KEUR 89 (previous year: KEUR 110). Additional impairment losses on trade receivables of KEUR 1,605 were posted against earnings in 2003 (previous year: KEUR 3,537). The total cost of impairments and write-downs of KEUR 1,694 (previous year: KEUR 3,647) is included in other operating expenses. Bad debts of KEUR 185 (previous year: KEUR 1,420) were covered by indemnification payments.

[9] Other assets

Other assets	2003 KEUR	2002 KEUR
Outstanding sales tax reimbursements	3,268	3,812
Recourse claims against business partners	2,996	2,045
Receivables for bonuses and advertising subsidies	1,361	764
Creditors with debit balances	668	360
Receivables from insurance claims	404	621
Other	2,997	3,304
	11,694	**10,906**

[10] Marketable securities

Marketable securities are measured at fair value.

Marketable securities include fixed-interest bonds (interest rates of 3% to 6.75%) of KEUR 2,593 (previous year: KEUR 19,800) and variable interest corporate bonds (interest rates of 2.32% to 2.91%) of KEUR 1,834 (previous year: KEUR 4,912). No more commercial papers were held as of balance sheet date (previous year: KEUR 193).

[11] Subscribed capital

The share capital of the Group's parent, MAXDATA, is divided into 29,000,000 no-par bearer shares each representing EUR 1 of share capital. Contributions to capital have been paid up in full.

At of balance sheet date MAXDATA holds 1,000,000 of its own shares (previous year: 1,000,000). The purchase cost of these own shares, which totals KEUR 9,270 (previous year: KEUR 9,270) has been deducted from retained earnings.

	Shares issued (piece)	Own shares (piece)	Outstanding shares (piece)
31.12.2002	29,000,000	–1,000,000	28,000,000
31.12.2003	**29,000,000**	**–1,000,000**	**28,000,000**

As of balance sheet date authorized capital amounts to KEUR 14,500. The annual general meeting of MAXDATA AG on 27 May 1999 authorized the management board to increase the share capital of MAXDATA AG – subject to the approval of the supervisory board – by 30 April 2004 through the issue of new shares in exchange for contributions in kind or cash contributions, each limited to KEUR 14,500. In the event that capital is increased by a non-cash contribution, the statutory subscription right of the shareholders is precluded. If capital is increased in exchange for cash contributions, the management board is authorized – subject to approval from the supervisory board – to preclude the subscription right of the shareholders. To date authorized capital has not been utilized.

At the annual general meeting of MAXDATA AG on 27 May 1999, the shareholders approved a conditional increase in the share capital of MAXDATA AG of up to KEUR 480 **(conditional capital I)** by issue of up to 480,000 new ordinary bearer shares. This conditional increase in capital serves to ensure the subscription rights of employees, members of the management board of MAXDATA AG, its subsidiaries as well as of companies affiliated with MAXDATA AG within the meaning of Article 15 et seq. of the German Stock Corporation Law (AktG) in Switzerland, Austria, the United Kingdom and the Netherlands in accordance with the conditions set in the resolution on authorization of the annual general meeting of 27 May 1999. The conditional increase in capital may only be undertaken to the extent that those entitled to subscription rights within the framework of the employee stock option plan exercise their subscription rights. The new shares carry profit participation rights from the beginning of the business year in which they originate through the exercise of subscription rights.

The annual general meeting of MAXDATA AG passed a resolution on 27 May 1999 approving a conditional increase in the share capital of up to KEUR 10,000 **(conditional capital II)** by issue of up to 10,000,000 new ordinary bearer shares. This contingent increase in capital may only be executed on the basis of the shareholders' resolution on at the annual general meeting on 27 May 1999 if

a) the bearers (or creditors) of rights of conversion or options attached to the convertible securities and convertible bonds issued by the Company or the companies in which it directly or indirectly holds a majority interest by 30 April 2004, make use of their conversion options or warrants, or if

b) bearers or creditors of convertible securities issued by the Company or the companies in which it directly or indirectly holds a majority interest whose duty to convert lapses by 30 April 2004 and who exercise their duties beforehand.

The new shares bear profit participation rights from the beginning of the business year in which they originate through the exercise of conversion rights or options or when conversion duties are met.

The management board is authorized – subject to approval from the supervisory board – to decide on further details of the conditional capital increase and its implementation.

Stock option plan

MAXDATA issued a stock option plan in 1999 when its IPO occurred. This stock option plan allowed options to be granted to employees and members of the management board of MAXDATA AG and its subsidiaries for no consideration prior to 31 December 2000 entitling bearers to purchase a total of 480,000 common shares pursuant to the authorization passed by resolution of the annual general meeting on 27 May 1999. The exercise price for each option was fixed at EUR 31 in agreement with the price of MAXDATA shares at their first issue. The options are only exercisable under the precondition that the market price of the MAXDATA share has on the average increased by at least 1 percentage point per month as against the issue price, i.e. on average at least 12 percentage points per year as against the issue price. This means that the share price would have had to have increased by 36 percentage points as against its price at first issue by 9 June 2002 – the first possible date the first tranche (30% of the options) could be exercised. If the options are not exercisable within the waiting period (3 years following the first trading day), as the increase in value of the share did not occur as provided, the options will become exercisable at a later stage within the expiration period (by, and including, 8 June 2009), if the market price of the shares has increased on average by at least 1 percentage point per month. To the extent that the market price of the MAXDATA share does not reach the increase required by an average of 12 percentage points per year on the first possible exercise dates, the options of the second and third tranche will become exercisable at the date on which the average market price of the MAXDATA share on the last 30 trading days has reached the market price as adjusted correspondingly. The market price within the meaning of the foregoing is the average market price of the MAXDATA share calculated on the basis of the closing prices on the Frankfurt Stock Exchange on the last 30 trading days of each 12 month period measured on the calendar day on which the shares were first issued. To the extent that the market price increases by the required amount, the options which have so become exercisable will remain exercisable until the expiry of the expiration period, even if the market price were to decrease again subsequently. As of 31 December 2002, 79,900 options to purchase 79,900 shares had been granted. Owing to employee turnover, the number of options outstanding has fallen to 72,292 as of 31 December 2003. Under the accounting policy adopted by the Group no compensation expense is recognized under the stock option plan.

[12] Capital reserve and retained earnings

Capital reserves consist mainly of the premiums received in the course of MAXDATA going public in 1999. A cash dividend of EUR 0.25 per share was paid out in 2003 for the year 2002. The management board of MAXDATA AG has not proposed a cash dividend for 2003.

[13] Long-term / Short-term debt

Long-term debt	Carrying value 31 Dec. 2003 KEUR	Carrying value 31 Dec. 2002 KEUR	Interest rate %	Date on which interest is fixed
Deutsche Genossenschafts-Hypothekenbank AG	1,678	1,765	7.15	02-2004
	1,678	**1,765**		
Long-term interest bearing loans	1,678	1,765		
less current portion	–1,678	–87		
	0	**1,678**		

Repayments of long-term debt are scheduled as follows:

Repayments of long-term debt	2003 KEUR	2002 KEUR
2003	0	87
2004	1,678	1,678
	1,678	1,765

As in the previous year, the short term portion of long-term loans is fully secured by mortgages.

Short-term debt	2003 KEUR	2002 KEUR
Short-term debt	0	32,291
Current portion of long-term loans	1,678	87
	1,678	**32,378**

[14] Tax provisions

Tax provisions are recognized for the expected amount of tax back-payments. Expected tax back-payments relate to the income taxes payable in respect of the Group companies' taxable profit for a period and the results of the tax field audit for the years 1997 to 2000.

[15] Other provisions/Other current provisions

Other provisions	Warranties KEUR	Other KEUR	Total KEUR
31 December 2002	10,656	5,408	16,064
Additions in business year	17,605	4,819	22,424
Utilizations in business year	–6,030	–3,836	–9,866
Reversals in business year	–122	–483	–605
Exchange rate differences	–127	–14	–141
31 December 2003	**21,982**	**5,894**	**27,876**
Current portion	11,930	5,894	17,824
Long-term portion	10,052	0	10,052

Warranty

As of 31 December 2003 and 2002 the Group has provided KEUR 21,982 and KEUR 10,656 respectively for expected warranty claims on computers, monitors and other peripherals sold during the last 36 months. The majority of these warranty costs are expected to be incurred in the next financial year, with all costs to be incurred within three years of the balance sheet date.

The large additions are mainly a result of unforeseen warranty obligations. It will probably not be possible to assert the recourse claims against subsuppliers. Moreover, increased unit sales in almost all product groups led to an increased need for provisions in 2003.

Other

Other provisions include amounts for bonus obligations KEUR 1,363 (previous year: KEUR 1,470) and commission KEUR 1,870 (previous year: KEUR 879).

[16] Other current liabilities

Other current liabilities	2003 KEUR	2002 KEUR
Value added tax	6,616	4,427
Liabilities to employees	1,748	1,904
Social security liabilities	1,539	1,297
Payroll and church taxes	704	742
Debtors with credit balances	515	488
Other	5,202	4,031
	16,324	**12,889**

[17] Deferred income

Deferred income relates to receipts from "guarantee certificates" in connection with granting extended guarantee services. The payments received are recognized at the time the guarantee certificates were issued; they will be released on a straight line basis over the term of the guarantees. Income from the release of deferred income are offset by current expenses related to the extended guarantee services rendered in association with the guarantee certificates.

[18] Turnover by geographical areas

Turnover by geographical areas	2003 KEUR	%	2002 KEUR	%
Domestic	404,684	62	425,751	67
Foreign	250,166	38	209,311	33
	654,850	**100**	**635,062**	**100**

Turnover by product lines

Turnover by product lines	2003 KEUR	%	2002 KEUR	%
Computers	347,844	53	364,219	57
Monitors	243,977	37	206,363	33
Other	63,029	10	64,480	10
	654,850	**100**	**635,062**	**100**

[19] Other operating income

Other operating income	2003 KEUR	2002 KEUR
Foreign currency gains	20,195	9,441
Advertising subsidies from suppliers	4,694	5,187
Income from fixed service fees	3,847	4,737
Insurance indemnifications	1,060	2,531
Income from the release of provisions	605	3,023
Other	6,353	8,279
	36,754	**33,198**

[20] Other operating expense

MAXDATA protects itself against currency risks from business operations by means of the customary hedges. The increase in exchange rate losses is counterbalanced by an increase in exchange rate income.

Other operating expense	2003 KEUR	2002 KEUR
Foreign currency losses	19,610	7,423
Warranties	15,560	1,900
Advertising	12,388	13,143
Transport costs (delivery of goods)	10,436	9,058
Rent incidentals/repairs	4,647	4,799
Fees	3,800	3,567
Insurance	2,346	2,429
Communication	1,798	1,761
Bad debts	1,694	3,647
Rent and lease expenses	1,406	1,589
Other	9,772	8,850
	83,457	**58,166**

The warranty expenses rose, mainly due to the recognition of a provision for anticipated additional expenses as well as the addition to the warranty accrual in connection with higher sales figures in almost all product groups. In the business year, additional expenses were incurred for the settlement of warranty obligations which it will probably not be possible to pass on.

[21] Income taxes

The main components of the income tax expenses reported in the income statement are as shown beside.

Income taxes	2003 KEUR	2002 KEUR
Current income tax expense	–2,552	–5,562
Deferred tax income/ expenses related to temporary differences	9	–807
Reduction in deferred tax assets on tax loss carry-forwards	–3,670	1,287
	–6,213	**–5,082**

A tax rate of 39% compounded from corporate income tax and trade tax has been used to calculate deferred taxes.

A reconciliation of the expected tax expense to the tax expense reported in the income statement is as shown beside.

	2003 KEUR	%	2002 KEUR	%
Result before income tax	**–14,408**	**100.0**	**8,345**	**100.0**
Tax at domestic tax rate	5,619	–39.0	–3,255	–39.0
Tax effect from diverging foreign tax rates as well as foreign loss carry-forwards without recognizing deferred taxes	–1,272	8.8	–316	–3.8
Valuation allowance of the deferred tax benefit	–3,670	25.5	0	0.0
Tax effect from domestic losses without recognising deferred taxes	–8,571	59.5	–1,247	–14.9
Effects from prior-year taxes	1,678	–11.5	–820	–9.8
Other effects	2	0.0	556	6.7
Tax expense	**–6,213**	**43.1**	**–5,082**	**–60.9**

Components of deferred tax assets/liabilities are as shown beside.

	2003 KEUR	2002 KEUR
Deferred tax assets		
Domestic deferred tax assets	9,625	13,295
Valuation differences of receivables and liabilities	332	751
Valuation differences from step-up for tax purposes	0	35
Other	0	260
Total	**9,957**	**14,341**
Deferred tax liabilities		
Differences from the valuation of assets and liabilities and from consolidation	–3,525	–4,248
Total	**–3,525**	**–4,248**
Net deferred tax assets	**6,432**	**10,093**

Deferred tax assets have been written down by KEUR 3,670 due to the earnings situation in 2003, adjustments to forecasts and changes in tax legislation that affect the use of tax loss carry forwards from the year 2004 onwards. Deferred tax assets have been offset against deferred tax liabilities pursuant to IAS 12. Deferred tax assets and liabilities have been calculated on the basis of the planning projections for the two following years.

As of balance sheet date the Company records CIT loss carry-forwards of approx. EUR 166.1 million (previous year: EUR 115.0 million) and loss carry forwards for trade tax purposes of approx. EUR 35.2 million (previous year: EUR 4,0 million) on which no deferred tax assets have been capitalized.

[22] Earnings per share

The undiluted result per share is determined by dividing the net result for the period allocable to the ordinary shareholders by the average weighted number of outstanding ordinary shares during the period.

To calculate the diluted earnings per share, the net profit attributable to shareholders and the weighted average number of shares outstanding are adjusted for the effects of all potential ordinary shares from the exercise of stock options. The number of ordinary shares would be the weighted average number of ordinary shares plus the weighted average number of ordinary shares which would be issued on the conversion of all potential ordinary shares. Stock options are deemed to have been converted into ordinary shares at the beginning of the period, or if later, on the date when the options were granted.

Since the price of MAXDATA shares was lower than the exercise price defined in the stock option plan in the current and previous year, there is no dilutive effect for the current and previous year.

	Consolidated net loss/ net income for the year KEUR	Weighted average number of shares	Earnings per share EUR
Basic earnings per share for the business year 2003	–20,738	28,000,000	–0.74
Basic earnings per share for the business year 2002	3,131	28,000,000	0.11

[23] Segment information

Segment information by geographical region (KEUR)	Germany 2003	Germany 2002	International 2003	International 2002	Consolidation 2003	Consolidation 2002	Total 2003	Total 2002
External sales	404,684	425,751	250,166	209,311	0	0	654,850	635,062
Intrasegment sales	206,016	164,196	0	0	–206,016	–164,196	0	0
Income	610,700	589,947	250,166	209,311	–206,016	–164,196	654,850	635,062
Segment result	–14,894	5,416	–110	2,690	0	0	–15,004	8,106
plus financial result							596	239
less income tax							–6,213	–5,082
less minority interests							–117	–132
Group result							**–20,738**	**3,131**
Segment assets	244,603	303,326	62,210	48,612	–29,917	–31,501	276,895	320,437
plus financial assets and securities							4,631	25,105
plus deferred taxes and tax refund claims							12,566	15,336
Total assets							**294,092**	**360,878**
Segment liabilities	92,843	133,041	58,991	53,023	–29,917	–31,501	121,917	154,563
plus financial liabilities							1,678	1,765
plus deferred taxes and tax accruals							1,607	8,146
plus minority interests							259	226
Total liabilities							**125,461**	**164,700**
Capital expenditures	3,899	5,342	252	417	0	0	4,151	5,759
Depreciation	–9,565	–9,313	–434	–439	0	0	–9,999	–9,752
Non-cash expenses apart from depreciation	5,805	1,405	86	276	0	0	5,891	1,681
Pro rata from associated companies	159	100	0	0	0	0	159	100
Shares of associated companies	204	200	0	0	0	0	204	200

The geographical split into domestic and foreign segments is performed on the basis of the registered office of the respective companies, with the parent company of the foreign subsidiaries, MAXDATA International, having been allocated to the foreign segment.

Intrasegment transactions are mainly charged at historical cost plus a small margin to cover additional costs of the segment providing the service.

Fixed assets are transferred at residual carrying amounts.

Segment information (KEUR)	Monitors 2003	Monitors 2002	Computers 2003	Computers 2002	Other areas/ not allocated 2003	Other areas/ not allocated 2002	Total 2003	Total 2002
External sales	243,977	206,363	347,844	364,219	63,029	64,480	654,850	635,062
Segment assets	59,815	29,041	80,152	94,619	136,928	196,777	276,895	320,437
Capital expenditures	0	0	1,077	1,857	3,074	3,902	4,151	5,759

The “monitors” business segment consists of CRT and TFT monitors, while the “Computers” segment comprises PC systems, notebooks and servers.

Segment assets and capital expenditures are only allocated to the individual business segments if they are clearly allocable; otherwise the assets are allocated to the segment "other".

[24] Financial instruments

Interest rate risk

The Group uses derivative financial instruments to generate interest income. Under a cross-currency interest rate swap the Group receives fixed interest payments denominated in euro and pays fixed interest in Swiss francs. This swap allows the Group to use the revenues denominated in Swiss francs from operations in Switzerland to generate an interest margin.

The swaps do not qualify for hedge accounting. The interest payable and interest receivable under the swap terms is accrued and recorded as interest income or expense respectively. Swaps are measured at fair value. The gains and losses arising from changes in their fair value are included in other financial income or write-off of financial assets and marketable securities.

The following table presents the aggregate notional amounts of the Group's swap contracts out-standing, specified by year of expected maturity. Notional amounts are used to calculate the interest payments to be exchanged under the swap contract. Notional amount represents the face value of each transaction and accordingly expresses the volume of these transactions, but is not a measure of exposure. In addition the table below presents interest rates that the Group contracted to pay and receive under cross-currency interest rate swaps that are outstanding at the balance sheet date; in the previous year there was also an interest swap.

	Residual term			Total notional amount		Payment claim	Payment obligation
Interest rate swap	**up to 1 year KEUR**	**1 to 5 years KEUR**	**more than 5 years KEUR**	**2003 KEUR**	**2002 KEUR**	**Interest rate %**	**Interest rate %**
Interest swap	0	0	0	0	23,008	3.233	5.245
Cross currency interest rate swaps	1,815	0	0	1,815	1,815	7.15	5.95

Foreign exchange risk management

A large part of the Group's purchases of raw materials, components and goods for resale are denominated in US dollars whereas sales are predominantly denominated in currencies other than US dollars. The Group enters into various types of foreign exchange contracts in managing its foreign exchange risk resulting from cash flows from (anticipated) business activities denominated in foreign currencies.

The medium-term hedging strategy involved buying two US dollar call-options with a maturity of several months in order to mitigate the risk of a euro devaluation. Since these options could only be exercised at maturity, short-term currency-swaps were used to acquire US dollars during the term of the option. Foreign currency obligations resulting from those swap-transactions temporarily exceeded the volume of the US-dollar call-option thus creating foreign currency exposure.

Moreover, the Group hedged foreign exchange risk by acquiring US-dollars in spot transactions in advance. Prior to use, these US dollars were partially exchanged for euro by means of currency swaps.

In addition, the Group wrote some call options in CHF, GBP and PLN to offset part of the expenses for these currencies.

Liquidity risks
Liquidity risk arises from the possibility that customers may not be able to settle obligations to the Group upon maturity. To manage this risk the Company regularly assesses the financial viability of its customers.

Further liquidity risks have been covered by lines of credit at banks totaling KEUR 40,300.

Credit risks
Credit risks, or the risk of counter parties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. In addition the Group uses credit insurance to cover its credit risk.

The extent of the Group's credit exposure is represented by aggregate balance of amounts receivable. The maximum credit risk, without taking account of credit insurance, is approximately equal to the balance of financial assets disclosed in the balance sheet. The Group has no significant concentration of credit risk with any single counter-party or groups of counter-parties.

Fair value of financial instruments
Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sales. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. The carrying amount is the value at which the financial instrument is disclosed in the balance sheet.

In 2003, there were unrealized losses of KEUR 1 (previous year: KEUR 345) from the recognition of marketable assets at fair value. At the same time, losses on sales of KEUR 691 (previous year: KEUR 347 profit) were recorded.

A loss of KEUR 2,294 (previous year: KEUR 1,321) resulted from the valuation of derivatives at fair value that are held to secure foreign currency liabilities/receivables and to limit risks from interest rate fluctuations. These expenses are counterbalanced by income from the valuation of foreign currency liabilities/receivables at the closing rate.

Cash and cash equivalents
Due to the relatively short-term maturity of these financial instruments, the carrying amount of cash, cash equivalents and other current assets approximates fair value.

Short-term loans and other short-term liabilities as well as the short-term portion of long-term liabilities
The carrying amount approximates fair value because of the short period to maturity of these instruments.

Derivatives
Generally, derivative financial instruments are measured at fair value (IAS 39).

The measurement was performed by banks using the discounted cash flow method. Options were valued using option pricing models.

Disclosure of the nature of financial instruments and their significant terms and conditions that could affect the amount, timing and certainty of future cash flow is presented in the notes to the financial statements, when applicable.

[25] Other financial commitments

Other financial commitments	Operating leases up to 1 year KEUR	1 to 5 years KEUR	more than 5 years KEUR	Other KEUR
31.12.2003	1,506	1,842	513	138,333

The amounts of the operating leases stem primarily from long-term rent agreements for business premises as well as from lease agreements for motor vehicles.

Other financial obligations mainly contains the purchase commitments related to goods delivered and obligations from service and insurance contracts.

[26] Contingent liabilities

As of the balance sheet date, there are two cases in which MAXDATA has several receivables and liabilities due from and to its suppliers that are partly disputed. In determining the total volume of the open items of the Group, all recognized and unrecognized claims of the parties were compared and, if a reliable estimate appeared possible, a provision was recognized for the likely exposure from the Group's point of view.

In 2003 an improvement in the legal position resulted in the reversal of a contingent liability of KEUR 4,300.

The maximum exposure that cannot be completely ruled out in excess of the provisions already recorded amounts to KEUR 9,500.

There is also a test case before the Munich Regional Court in which a competitor of MAXDATA is being sued by Verwertungsgesellschaft Wort (VG Wort) for payment of a copyright device levy of EUR 30 for every PC sold since Jaunary 1, 2001 after a composition suggestion of the arbitration board of the German patent office was not accepted by the Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e. V. (BITKOM).

This proposed compromise provided for a charge of EUR 12 per PC since 1 January 2003. Although both MAXDATA and BITKOM assume that no such charge will be levied for PCs, at the current stage of the proceedings it cannot be completely ruled out. The claims of VG Wort would cause an additional theoretical burden of around EUR 7 million p.a.

[27] Related party transactions

Transactions with associates

The Group has entered into transactions with its associates. The respective Group companies enter into transactions in the normal course of business on an arm's-length basis.

Amounts resulting from transactions with associates:	2003 KEUR	2002 KEUR
Accounts receivable, trade	3	1
Trade payables and other liabilities	17	45
Sales	19	1
Cost of materials	571	557
Other operating expenses	0	2

The balance sheet and income statement include the following amounts resulting from transactions with associates.

Remuneration of the Management Board and Supervisory Board

In the business year 2003, total remuneration of the group management board totaled KEUR 1,115 (previous year: KEUR 1,692). In the business year 2003, the CEO, Holger Lampatz, received total remuneration of KEUR 484 (previous year: KEUR 692) comprising fixed components only. In 2003, the CFO, Thomas Stiegler, received total remuneration of KEUR 217, again comprising fixed compensation components only. Jürgen Peter who left the management board during the business year received total remuneration of KEUR 414 of which KEUR 207 was fixed and KEUR 207 performance based.

In the business year the Group management board held 3,000 stock options (previous year: 3,000).

The members of the supervisory board received total fixed remuneration of KEUR 218 (previous year: KEUR 225). Siegfried Kaske, chairman of the supervisory board, received KEUR 60 (previous year: KEUR 60). In the business year, the deputy chairman, Dr. Heinrich Böhmer, received compensation of KEUR 45. The supervisory board members Claas Kleyboldt, Hans Reischl and Klaus Wiegandt each received KEUR 30. Bernhard Scholtes, who was elected onto the supervisory board on 7 May received KEUR 20 for this work. Uwe Klein, who left the supervisory board on 15 February 2003 received KEUR 4.

Holger Lampatz, the chairman of the management board, holds 6,054,000 shares in MAXDATA AG.

DIVACO Beteiligungs AG, Frankfurt am Main, whose CEO and co-shareholder is Siegfried Kaske, indirectly or directly holds 13,828,800 shares in MAXDATA AG.

Shares and share options of the Management Board and of the Supervisory Board	Number of share options	Number of shares
Management Board	3,000	6,054,637
Supervisory Board	-	105,377

[28] Subsequent events

There were no material subsequent events.

[29] List of subsidiaries

consolidated

Company	Shares in %	Principal activities
MAXDATA Computer GmbH & Co. KG, Marl	100	Sale and distribution of monitors and computers
MAXDATA Verwaltungs-GmbH, Marl	100	Unlimited partner of MAXDATA GmbH & Co. KG
MAXDATA Systeme GmbH, Würselen	100	Assembly of computers and repair of computers and monitors
MAXDATA Immobilien Marl GmbH, Marl	100	Administration of MAXDATA buildings in Marl
MAXDATA Immobilien Würselen GmbH, Marl	100	Holding of MAXDATA Grundstücks-Vermietungs-gesellschaft mbH & Co. OHG, Marl
MAXDATA Grundstücks-Vermietungs-gesellschaft mbH & Co. OHG, Marl	100 1)	Administration of MAXDATA buildings in Würselen
Triple Trian Beteiligungs-Verwaltungs GmbH, Marl	100 1)	Unlimited partner of Triple Trian Beteiligungs-GmbH & Co KG, Marl
Triple Trian Beteiligungs-GmbH & Co. KG, Marl	100 1)	Holding a not marketed monitor-patent
MAXDATA International GmbH, Marl	100	Holding the majority of the foreign distribution branch offices companies
MAXDATA Computer GmbH, Wien, Austria	100 1)	Sale and distribution of monitors and computers
MAXDATA Computer AG, Baar, Switzerland	100 1)	Sale and distribution of monitors and computers
MAXDATA UK Ltd., Bracknell, United Kingdom	100 1)	Sale and distribution of monitors and computers
MAXDATA Benelux B.V., Etten-Leur, Netherlands	100 1)	Sale and distribution of monitors and computers
MAXDATA S.A.R.L., Evry, France	100 1)	Sale and distribution of monitors and computers
MAXDATA Iberia S.L., Madrid, Spain	100 1)	Sale and distribution of monitors and computers
MAXDATA Sp. z o.o., Warschau, Poland	100 1)	Sale and distribution of monitors and computers
MAXDATA Italia S.r.l., Assago, Italy	100 1)	Sale and distribution of monitors and computers
MAXDATA e-business GmbH, Marl	100	Distribution of software products
ASIG Quality Services GmbH, Augsburg	52 1)	Quality and source inspection

1) Indirect investment of MAXDATA AG

[30] Explanation of accounting, measurement and consolidation methods diverging from German law

- Under IAS 2 inventories are generally measured at the lower of cost and net realizable value. The lower value at the balance sheet date within the meaning of Article 253 (3) HGB may differ from this net realizable value.

- After initial recognition, certain financial assets are measured at fair value in accordance with IAS 39. Remeasurement gains and losses are included in net profit or loss. Pursuant to HGB these financial assets are measured at cost or their lower fair value. Derivatives are partly treated as pending transactions, i.e. principally off balance sheet, with provisions recognized for related anticipated losses.

- According to SIC 17 (Equity – Costs of an Equity Transaction) costs directly attributable to a cash capital increase are accounted for as a deduction from equity, net of related income tax benefit. According to HGB these costs have to be considered in the income statement.

- Pursuant to IFRS, equity is reduced directly by own shares at the amount of their purchase cost. Pursuant to HGB, own shares are disclosed as marketable securities in the balance sheet, and valued accordingly. At the same time, a reserve of the same amount is set up in equity for own shares.

- Under IAS 37 provisions are recognized for uncertain liabilities and onerous contracts. Expense accruals may not be recorded. The amount recognized as a provision is the best estimate that does not always correspond with the most prudent measurement.

[31] Notes pursuant to Article 264 (3) HGB

MAXDATA Systeme GmbH is fully consoldiated in the financial statements of the MAXDATA Group. Effective 1 January 2001, a profit and loss transfer agreement was entered into between MAXDATA Systeme GmbH and MAXDATA AG which was entered in the commercial register of MAXDATA Systeme GmbH on 31 May 2002.

In accordance with Article 264 (3) HGB, MAXDATA Systeme GmbH is exempted from preparation, audit and disclosure of statutory financial statements in compliance with the supplementary rulings for corporations.

MAXDATA International GmbH is fully consolidated in the financial statements of the MAXDATA Group. Effective 1 January 2002, a profit and loss transfer agreement was entered into between MAXDATA International GmbH and MAXDATA AG which was entered in the commercial register of MAXDATA International GmbH on 6 June 2002. In accordance with § 264 b HGB Maxdata International GmbH is exempted from preparation, audit and disclosure of statutory financial statements in respect of the supplementary standards in place for corporations.

[32] Notes in respect of Article 264 b HGB

MAXDATA Computer GmbH & Co. KG is fully consolidated in the MAXDATA consolidated financial statements. In accordance with Article 264 b HGB, MAXDATA Computer GmbH & Co. KG is exempted from presenting statutory financial statements in agreement with the supplementary commercial law provisions in place for corporations.

[33] Note in respect of Article 285 No 16 HGB

The declaration of compliance required by the Commission for the German Corporate Governance Code was issued by the management board and the Supervisory Board on March 18, 2003 and made permanently accessible to the shareholders on the website of MAXDATA AG at **http://www.maxdata.de/maxdata/meldungen/kodex.asp** .

Marl, in January 2004

MAXDATA AG

Holger Lampatz Thomas Stiegler

[Auditors' Certificate]

We have issued the following auditors' certificate on the consolidated financial statements and consolidated management report:

"We have audited the consolidated financial statements and consolidated management report prepared by MAXDATA AG for the business year starting 1 January and ending 31 December 2003. The preparation of the consolidated financial statements and consolidated management report in accordance with International Financial Reporting Standards are the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the consolidated financial statements and the consolidated management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Article 317 HGB and the generally accepted standards for the audit of financial statements determined in Germany by the Institute of Auditors (Institut der Wirtschaftsprüfer in Deutschland, IDW), as well as the International Standards on Auditing (ISA). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with principles of proper accounting and in the consolidated management report, are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and evaluations of possible misstatements are taken into account in the determination of the audit procedures. The effectiveness of the internal control system and the evidence supporting the disclosures in the consolidated financial statements and the consolidated management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the financial statements of the companies included in the consolidated financial statements, the limitation of the consolidated group, the accounting and consolidation principles used, as well as evaluating the overall presentation of the consolidated financial statements and the consolidated management report. In our opinion, the audit provided us a sufficient basis to provide an assessment.

Our audit has not led to any reservations.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operation of the Group in accordance with the principles of proper accounting. On the whole, the consolidated management report provides a suitable understanding of the Group's position and suitably presents the risks of future development."

Hannover, 30 January 2004

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft

Hentschel	Rothert-Schnell
Auditor	Auditor

[The Supervisory Board]

Siegfried Kaske
Blieskastel

Chairman of the Supervisory Board of MAXDATA AG
Chairman of the Management Board of DIVACO Beteiligungs AG

Dr. Heinrich Böhmer
Dreieich

Deputy Chairman of the Supervisory Board of MAXDATA AG

Uwe Klein (to 15.02.2003)
Heusenstamm

Corporation Counsel of DIVACO Beteiligungs AG & Co. KG

Claas Kleyboldt
Köln

Chairman of the Supervisory Board of AXA Konzern AG

Hans Reischl
Cologne

Chairman of the Management Board of REWE Zentral AG

Bernhard Scholtes (since 07.05.2003)
Schmelz

Managing Director of MHS Consult GmbH

Klaus Wiegandt
Seeheim-Malchen

Chairman of the Supervisory Board of DIVACO Beteiligungs AG

Report of the Supervisory Board

During the reporting period, the Supervisory Board regularly monitored and advised the Management Board on the duties and responsibilities defined in the company laws and articles of association. The Management Board regularly submitted to the Supervisory Board written and oral reports on the course of business, the company's position and principal questions on company policy. With the help of these reports, the Supervisory Board has discussed all significant business transactions with the Management Board. Furthermore, the Chairman of the Supervisory Board has had business meetings with the Chairman of the Management Board and the Chief Financial Officer. These meetings help in maintaining the exchange of information and opinions between the Supervisory Board and the Management Board. The Supervisory Board had four meetings with the Management Board. The two committees – the personnel and audit committees – each convened on one occasion. Furthermore, if necessary, resolutions were made by means of the circulation procedure.

The strategic alignment of the MAXDATA group and the implementation of the project 5-2-4, which will secure, long-term, the systematic and profitable development in all European target markets, was in the foreground of the consultations. Focus of further consultation with the Supervisory Board were principal questions on the business policy, the perspectives of the most important affiliated companies and the details on the sales, financial, investment, personnel and profit planning.

MAXDATA AG's financial statements for 31 December 2003, the consolidated statements, MAXDATA AG's management report and the consolidated management report for the business year 2003, prepared by the Management Board were audited together with the bookkeeping system and have received an unrestricted audit certificate. The audit was conducted by the auditing company, Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Hannover, chosen at the shareholder's general annual meeting of 7 May 2003 and contracted by the Supervisory Board to audit the annual financial statements and the consolidated financial statements of the company.

The financial statements, the consolidated financial statements, MAXDATA AG's management report and the consolidated management report, as well as auditors' report were all submitted to the members of the Supervisory Board well before the financial statement meeting. The auditors participated in the discussions of the Supervisory Board about the draft documents, reported the major results of the audit, and were available to answer any queries. The Supervisory Board acknowledged and agreed to the audit results of the financial statements and consolidated financial statements provided by the auditors.

The Management Board prepared the annual financial statements, the consolidated financial statements, MAXDATA AG's management reports and the consolidated management report, which were then audited by the Supervisory Board. The board has no objections to raise following the conclusion of this investigation. The Supervisory Board approved the financial statements for 31 December 2003, including MAXDATA AG's management report: the financial statements are thus established. The Supervisory Board approved the consolidated financial statements including consolidated management report.

Furthermore, in accordance with Article 312 of AktG (Aktiengesetz = German Stock Companies Act), the Management Board prepared a report on the relationships to affiliated companies and submitted this report in time for the financial statement meeting. The auditors audited this report as well, reported in writing on the result of the audit and issued the following opinion:

"Pursuant to our dutiful examination and evaluation we confirm that

1. the facts as given in the report are correct,

2. the contractual performances of the company in the legal affairs covered by the report were not inappropriately high,

3. the measures described in the report do not reveal any evidence for a judgement significantly different to that made by the Management Board."

Following the concluding results of its examination, the Supervisory Board raises no objections to the declaration of the Management Board in its report as per Article 312 of AktG and the issuing of the auditors' certificate.

Uwe Klein resigned his seat on the Supervisory Board effective 15 February 2003. The Supervisory Board thanked him for the many years of creditable work he performed as member of the Supervisory Board. At MAXDATA AG's shareholders' annual general meeting held on 7 May 2003, Bernhard Scholtes was nominated to take his place.

In an amicable arrangement with the Supervisory Board, Jürgen Peter resigned as member of the Management Board, effective 30 September 2003.

The Supervisory Board thanks the Management Board and the employees of the MAXDATA group for their dedication and the work they have performed.

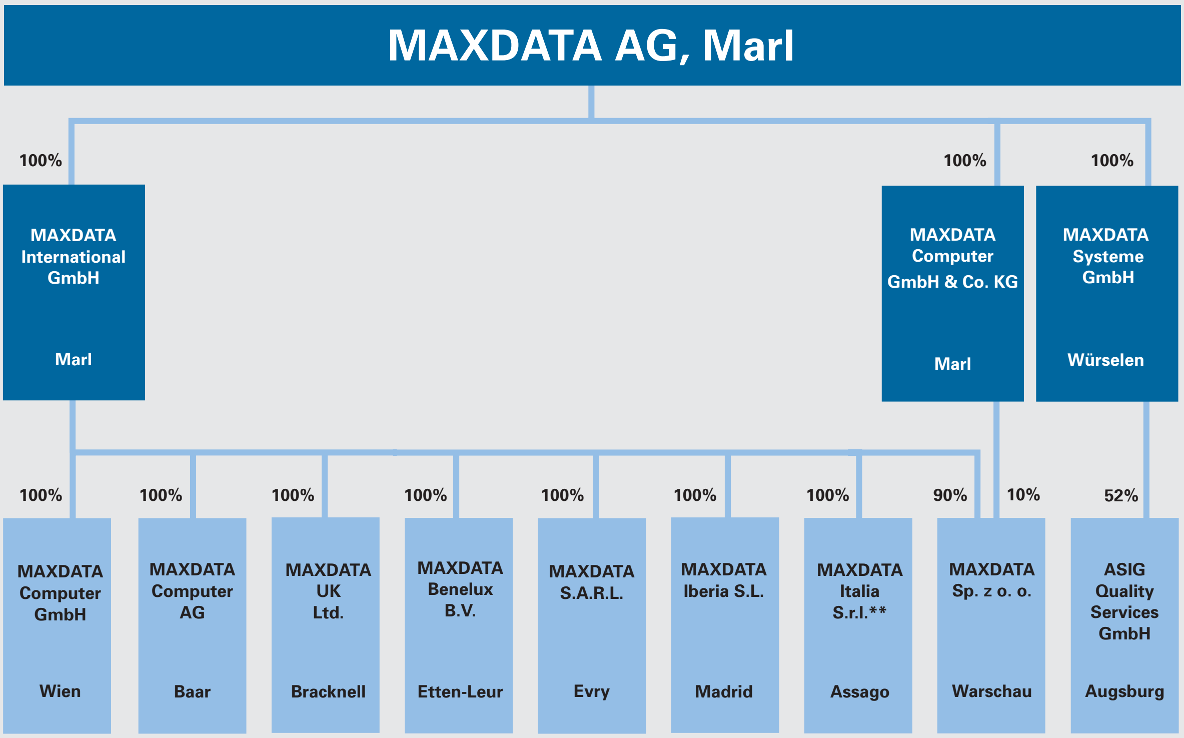
Marl, March 2004

The Supervisory Board

Siegfried Kaske, Chairman

[Group Structure]

Group structure with significant companies*

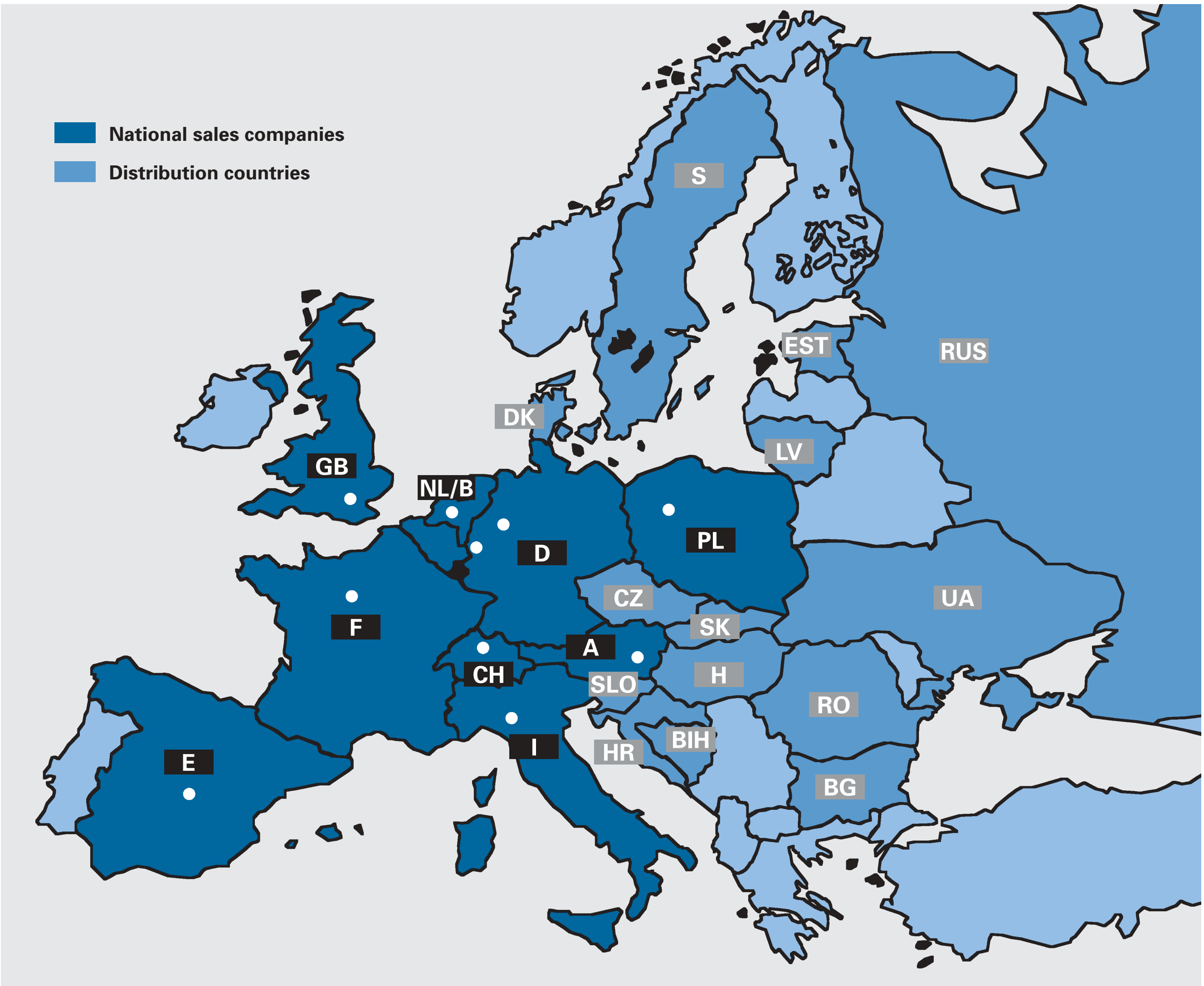


* See page 67 for complete list of companies

** Indirect investment

[Market Presence in Europe]

National sales companies and distribution countries



MAXDATA in:

D	MAXDATA Computer GmbH & Co. KG, Marl
	MAXDATA Systeme GmbH, Würselen
A	MAXDATA Computer GmbH, Wien
CH	MAXDATA Computer AG, Baar
E	MAXDATA Iberia S.L., Madrid
F	MAXDATA S.A.R.L., Evry
GB	MAXDATA UK Ltd., Bracknell
I	MAXDATA Italia S.r.l., Assago
NL/B	MAXDATA Benelux B.V., Etten-Leur
PL	MAXDATA Sp. z o. o., Warschau

MAXDATA distribution partners in:

BG	Bulgaria
BIH	Bosnia-Herzegovina
CZ	Czech Republic
DK	Denmark
EST	Estonia
H	Hungary
HR	Croatia
LV	Latvia
RO	Romania
RUS	Russia
S	Sweden
SK	Slovakia
SLO	Slovenia
UA	Ukraina

[Financial Calendar]

Shareholders' general meeting
Kongresszentrum,
Westfalenhallen Dortmund
21 April 2004

3 months' report 2004
12 May 2004

6 months' report 2004
12 August 2004

9 months' report 2004
12 November 2004

[Imprint]

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The Annual Report and the latest information on MAXDATA are also available on the Internet: www.maxdata.com
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.

[Glossar]

Built-to-order 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.

Corporate Governance Code The purpose of the German Corporate Governance Code is to make the rules applicable within Germany for company management and monitoring transparent for both domestic and foreign investors, so as to strengthen confidence in the management of German corporations.

CRT monitor A monitor with a cathode ray tube

DAX German stock index. It lists the 30 largest companies in Germany, also called Blue-Chip companies.

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.

MAX.Select see: Select products

NASDAQ National Association of Securities Dealers' Automated Quotation System. Computerized over-the-counter-market trade in the USA

Price/earnings ratio Price to earnings ratio. Share price divided by the earnings for each share.

Prime All Share index The newly introduced Prime All Share Index reflects the overall development of the prime standard segments.

Prime Standard Companies that are in the Prime Standard fulfill requirements that go beyond those for the General Standard, with requirements for international transparency in the quarterly reporting, use of international accounting standards (IFRS or US-GAAP), publication of a corporate calendar with the most important dates, holding an analysts conference at least once a year, ad hoc statements and regular reporting and information in the English language also.

Select products Select products (notebook and PC) are especially selected systems that have been pre-configured already and are available daily.

TFT display TFT is the abbreviation of “thin film transistor“ and denotes the most widely used technology for LCD flat-screen displays.

Xetra Trading Fully electronic market for the German cash trading. On this electronic trading platform most of the stocks listed in Germany are traded, as well as most of the stock warrants.

MAXDATA

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[Annual Report
and Accounts]

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MAXDATA AG

[Annual Report and Accounts 2003 MAXDATA AG]

Contents

[Management Report for the 2003 Business Year]

MAXDATA AG (hereinafter also called "the Company") was founded on 11 May 1999 by a change of legal form. The Company is registered in the Commercial Register of the Local Court of Gelsenkirchen under HRB 5552. The Company's registered offices are in Marl.

The Company's business purposes also include holding and administering the shares in other companies, and in managing them and optimizing the further development of their organizational, management, and subsidiary structures, as well as establishing, acquiring, and disposing of such companies.

The annual accounts of MAXDATA AG for the 2003 business year have been drawn up in accordance with the regulations of the HGB (Handelsgesetzbuch = German Commercial Code), taking into consideration the supplementary regulations of the AktG (Aktiengesetz = German Stock Companies Act). They will be announced in their entirety in the Bundesanzeiger (German Federal Gazette) and deposited with the Local Court of Gelsenkirchen.

Furthermore, the Management Board has drawn up a Dependency Report for the 2003 business year, in accordance with Article 312, Para. 1 of AktG. In this report the Board comes to the following conclusion: "In all legal transactions with the affiliated companies, the Company has always received an appropriate consideration in light of the circumstances at the time when the legal transaction was undertaken. It has thus not been put at a disadvantage in any such transaction."

MAXDATA AG reduces the Management Board to two members

The chairman of the Management Board, Holger Lampatz, assumed Jürgen Peter's area of responsibility in Sales & Marketing, after, in an amicable arrangement with the Supervisory Board, Jürgen Peter resigned on 30 September 2003 from his seat on the Management Board.

Shareholders' annual general meeting 2003

The resolution of the shareholders' annual general meeting of 7 May 2003 authorizes the Management Board to repurchase Company shares up to a calculated capital value of 2.9 million EUR by 6 November 2004. This authorization is effective on 29 November 2003 after the prior authorization has expired on 28 November 2003. By 31 December 2003, the Company had repurchased a total of 1.0 million own shares. However, during the reporting period no own shares were repurchased.

In accordance with the Management Board and the Supervisory Board suggestions, it was decided at the shareholders' annual general meeting to make dividend payments in the amount of 0.25 EUR for each share entitled to dividends for the expired business year 2002. This equalled a distribution volume of 7.0 million EUR.

Share development

Worldwide, the Iraq war put the financial markets under pressure in the first half of 2003. The international stock markets were able to rebound, after the war officially ended in early May 2003 and the markets noted an annual high.

In this difficult environment the Nemax All Share Index was discontinued. MAXDATA is assigned to the Prime Standard market segment since 1 January 2003. Thus, MAXDATA continues to fulfill the high international transparency demands.

Based on the Xetra closing price, the MAXDATA share achieved values between 2.67 EUR and 5.91 EUR during the period between 2 January 2003 and 30 December 2003. This corresponds to a fluctuation margin of 121 percent.

Financial and profit situation

The MAXDATA AG results are predominantly dependent upon the business development of the domestic and foreign affiliated companies.

MAXDATA's equity declined in comparison to the previous year by 30.9 million EUR; that is from 193.3 million EUR to 162.4 million EUR.

7.0 million EUR were distributed in 2003 from the previous year's 10.7 million EUR in retained earnings. The remaining profit brought forward of 3.7 million EUR and the net loss of 23.9 million EUR, as well as the allocation to reserves for own shares due to the required appreciation of own shares to an amount of 3.1 million EUR resulted, for the first time, in an accumulated loss of 23.3 million EUR.

This net loss consists of the profits collected during the same period from MAXDATA Computer GmbH & Co. KG, Marl and the results of MAXDATA Systeme GmbH, Würselen, MAXDATA International GmbH, Marl, MAXDATA Immobilien Marl GmbH, Marl, MAXDATA Immobilien Würselen GmbH, Marl, and MAXDATA e-business GmbH, Marl. These results were collected or compensated due to existing profit transfer agreements with MAXDATA AG.

MAXDATA AG's negative result is mostly due to the transfer of losses from MAXDATA Systeme GmbH, Würselen and MAXDATA International GmbH, Marl. Despite the rapid price deterioration, MAXDATA Systeme GmbH was able to increase gross profits in comparison to the previous year. However, cost effects

from increases in sales volume and especially unforeseen warranty expenses could not be compensated. MAXDATA International GmbH, Marl, profits are defined by the following: on the one hand a designated loss compensation at a foreign subsidiary was considered and, on the other hand, no distributions were made by other foreign subsidiaries (previous year: 11.8 million EUR).
On the balance sheet date the foreign subsidiaries have a distribution potential of around 6.9 million EUR.

MAXDATA AG's personnel expenses declined to 3.3 million EUR (previous year: 3.5 million EUR).

Cash flow from current operating activities decreased to –32.2 million EUR (previous year: +38.3 million EUR). This decrease is mainly due to the losses in the subsidiaries. The level of the funds declined by 37.6 million EUR towards the end of the business year; thus from 70.4 million EUR to 32.8 million EUR. At 84.3 percent (previous year: 76.5 percent), the Company's equity ratio remains on a constantly high level and thus ensures the Company's high degree of financial independence.

Employees

The average number of employees of the Company in the 2003 business year was 27 (previous year: 24). At 31 December 2003, the Company had 29 employees (28 at 31 December 2002).

Profit development for the group (as per IFRS)

In the reporting period the MAXDATA group achieved a turnover of 655 million EUR (previous year: 635 million EUR). The turnover increase did not develop proportionally to the substantial increase in sales volume, due to substained price deterioration.

As of 31 December 2003 the MAXDATA group reported an EBIT of –15.0 million EUR (previous year: +8.1 million EUR). As described above, the reason for this negative result is predominantly unforeseen warranty obligations.

The consolidated net loss is 20.7 million EUR (previous year: consolidated net profit 3.1 million EUR). Earnings per share declined from 0.11 EUR to –0.74 EUR.

Risk Management

By implementing a systematic risk management program, the Management Board created prerequisites to recognize risks, develop counter-measures and to reach risk limitations. Simultaneously, opportunities arising from risk analysis may be used to the advantage of the MAXDATA group.

Within the scope of this risk management system, all major risks including portfolio risks are recorded, analyzed and continuously documented and assessed as far as possible. Furthermore, defined risks are monitored using an internal control system containing guidelines.

MAXDATA group focuses its purchasing activities on the US Dollar market in Asia. European sales are predominantly handled in euro. Therefore, within its business activities, the MAXDATA group is exposed to exchange rate and price fluctuation risks. MAXDATA AG meets these risks with its centralized, active currency management and by using suitable financial instruments.

Prospects

In 2004 the MAXDATA group will continue to consistently advance its market position in Europe.

This forecast is supported by estimates provided by market research institutes for the development of worldwide IT-expenses in 2004. Accordingly, a growth of 5.4 percent is expected. In the information technology sector, a growth of 2.2 percent is forecasted for the western European market.

However, MAXDATA's important area "Computer Hardware" in Germany will remain unaffected by this overall positive market development. Market research institutes are expecting another sales decrease of 2 percent in 2004 (previous year: 5 percent).

Despite these domestic, difficult general conditions, the Management Board sees significant potential from the expansion of the key account market segment that started in the last business year, and the continued advancement of its market position in Europe. Overall, the MAXDATA group is striving for a turnover between 680 and 710 million EUR and an EBIT of about 4 to 7 million EUR for the business year 2004.

Marl, January 2004

MAXDATA AG
The Management Board

Holger Lampatz Thomas Stiegler

[Balance Sheet as of 31 December 2003]

Assets	2003 KEUR	2002 KEUR
Fixed assets		
Intangible fixed assets		
Franchises, trademarks, patents, licenses and similar rights	**4,982**	**6,311**
Tangible fixed assets		
Other equipment, fixtures, fittings and equipment	**2,223**	**2,291**
Financial assets		
Shares in affiliated companies	32,473	32,473
Loans to affiliated companies	35,138	33,285
	67,611	**65,758**
	74,816	**74,360**
Current assets		
Accounts receivable and other assets		
Accounts receivable from affiliated companies	53,918	41,662
Other assets	4,421	6,432
	58,339	**48,094**
Marketable securities		
Repurchased shares	5,800	2,650
Other securities	20,767	24,852
	26,567	**27,502**
Checks, cash in hand, cash in banks	**32,757**	**102,502**
	117,663	**178,097**
Prepaid expenses and deferred charges	149	103
	192,628	**252,560**

Note: Amounts calculated exactly and then rounded to nearest KEUR

Equity and Liabilities	2003 KEUR	2002 KEUR
Equity		
Capital subscribed	29,000	29,000
Capital reserves	150,899	150,899
Earnings reserves		
Reserves for repurchased shares	5,800	2,650
Accumulated loss/profit	–23,270	10,744
	162,429	**193,292**
Provisions		
Accrued taxes	110	0
Other provisions	7,991	7,950
	8,101	**7,950**
Liabilities		
Liabilities due to banks - thereof, with a residual term of up to one year: KEUR 0 (previous year: KEUR 32,077)	0	32,077
Trade accounts payable - thereof, with a residual term of up to one year: KEUR 5,257 (previous year: KEUR 6,228)	5,257	6,228
Accounts payable to affiliated companies - thereof, with a residual term of up to one year: KEUR 16,199 (previous year: KEUR 12,026)	16,199	12,026
Other liabilities - thereof, with a residual term of up to one year: KEUR 643 (previous year: KEUR 882) - thereof, for taxes: KEUR 365 (previous year: KEUR 231) - thereof, for social security: KEUR 36 (previous year: KEUR 32)	643	986
	22,098	**51,317**
	192,628	**252,560**

Note: Amounts calculated exactly and then rounded to nearest KEUR

[Income Statement for the 2003 Business Year]

Income Statement	2003 KEUR	2002 KEUR
Other operating income	58,080	53,720
Personnel expenses		
Wages and salaries	–3,030	–3,245
Social security	–251	–207
Depreciation and amortization for intangible assets, plant, equipment and other fixed assets	–2,073	–1,765
Other operating expenses	–60,682	–58,704
Income from investments - thereof, from affiliated companies: KEUR 9,316 (previous year: KEUR 13,856)	9,316	13,856
Income from profit transfer agreements	1,059	14,137
Income from other securities and loans of financial assets	501	574
Write-up on marketable securities	3,150	0
Other interest and similar income - thereof, from affiliated companies: KEUR 2,016 (previous year: KEUR 2,337)	4,429	6,204
Write-offs of financial assets and marketable securities	–785	–5,208
Expenses from loss transfers	–32,915	–10,396
Interest and similar expenses - thereof, to affiliated companies: KEUR 312 (previous year: KEUR 781)	–1,141	–2,925
Loss/profit from ordinary operations	**–24,342**	**6,042**
Taxes on income	467	–104
Other taxes	11	–2
Net loss/net profit	**–23,863**	**5,935**
Profits brought forward from previous year	3,744	1,558
Transfer to reserves for repurchased shares	–3,150	0
Release of reserves for repurchased shares	0	3,250
Accumulated loss/profit	**–23,270**	**10,744**

Note: Amounts calculated exactly and then rounded to nearest KEUR

[Notes to the Accounts for the 2003 Business Year]

A. General information on the Company

Incorporation, Commercial Register, registered offices
MAXDATA AG (hereinafter called "the Company") was founded on 11 May 1999 by a change of legal form. The Company is registered in the Commercial Register of the Local Court of Gelsenkirchen under HRB 5552. The Company's registered offices are in Marl.

Business of the Company
According to its Articles of Association, the purpose for which the Company has been formed is to hold and administer shares in companies, and to manage them, particularly those concerned with the production of and trading with computers and with trading in computer peripheral equipment of all kinds, including the provision of all related services. Managing these companies also includes producing, optimizing, and further developing their organizational, management, and corporate structures, in particular the establishment, acquisition, and disposal of other companies, company groups, and company subsidiaries and participation in other companies. It is also part of the Company's purpose to acquire and rent plots of land, with or without buildings. The Company is authorized to take all measures and actions connected with its business or likely to serve it. It can also undertake activities on its own behalf in the aforementioned fields of business.

Information in accordance with Article 21, Para. 1 and Article 22, Paras. 1 and 3 of the WpHG (Wertpapierhandelsgesetz = Law on Financial Security Trading) of 14 May 2003
On 14 May 2003 DIVACO AG & Co. Handelsbeteiligungen KG and DIVACO Beteiligungsverwaltungs GmbH made the following announcement to the Company:

1. As of 8 May 2003 DIVACO Beteiligungsverwaltungs GmbH, Frankfurt am Main, with registered offices in Mecklenburgring 25, 66121 Saarbrücken, will no longer be assigned 13,826,000 voting rights (approximately 47.67 percent of IT Holding GmbH, Saarbrücken, formerly Butter-Hoffmann Beteiligungsgesellschaft mbH, Berlin) to MAXDATA AG, in accordance with Article 22 Para. 1, Sentence 1, No. 1 of WpHG. Thus, as of 8 May 2003, DIVACO Beteiligungsverwaltungs GmbH has fallen short the 25 percent, 10 percent and 5 percent threshold limit of voting rights to MAXDATA AG. As of 8 May 2003 the company has no longer any voting rights to MAXDATA AG.

2. As of 8 May 2003, DIVACO AG & Co. Handelsbeteiligungen KG, Frankfurt am Main, with registered offices in Mecklenburgring 25, 66121 Saarbrücken, will be assigned 13,826,000 (approx. 47.67 percent) voting rights to MAXDATA AG according to Article 22, Para. 1, Sentence 1, No. 1 of WpHG of its subsidiary in accordance with Article 22, Para. 3 of WpHG, namely IT-Holding GmbH, Saarbrücken. Thus, on 8 May 2003 DIVACO AG & Co. Handelsbeteiligungen KG has exceeded the voting rights threshold limit of 5 percent, 10 percent and 25 percent to MAXDATA AG.

This notice was published in accordance with Article 25 Para. 1, Sentence 1 and 2 of WpHG in the Handelsblatt of 22 May 2003.

Own shares
At the shareholders' annual general meeting on 7 May 2003 the Management Board was authorized to purchase company shares up to 6 November 2004, with a book-value share of the equity capital of up to 2,900,000 EUR. The authorization took effect on 29 November 2003 after the previous, temporary authorization had elapsed on 28 November 2003.

The time limit only applies to the purchase, not the holding of shares. Purchases may be made on the stock exchange or in a public bid to all shareholders.

If the purchase is made through the stock exchange, the purchase price shall not be more than 10 percent above or 10 percent below the average unit price of the shares on the Frankfurt securities exchange on the five previous trading days, or, if made through a public offer to purchase, the purchase price shall not be more than 10 percent above or 10 percent below the unit price of the shares on the Frankfurt securities exchange on the day before publication of the offer to purchase.

Furthermore, the Management Board is authorized, subject to the approval of the Supervisory Board, to sell the shares to third parties by other means than via the stock exchange or an offer to all shareholders, and excluding subscription rights of the shareholders, inasmuch as this serves the aim of acquiring companies or shareholdings in companies or the cash purchase price required is not significantly lower than the stock market value of shares in the company to an equivalent value. In the latter case, this authorization is limited to 10 percent of the share capital of the company, and the determining stock market value of the shares is the average unit price of the company's shares on the Frankfurt securities market over the five trading days preceding the sale of the shares. The Management Board is also authorized, subject to the approval of the Supervisory Board, to redeem the repurchased shares without any further decision by the shareholders' annual general meeting. These authorizations may be executed as a whole or in part.

[Notes to the Accounts for the 2003 Business Year]

By the end of the financial year 2003, the Management Board had repurchased 1,000,000 company shares with a book value share of the equity capital amounting to 1,000,000 EUR. No shares were repurchased in the period under review. The repurchase of shares increases the Management Board's flexibility in financing future holding projects. The company's share of the equity capital thus amounts to 3.45 percent.

Group relationships
The Company's business activities relate not only to its business purposes as defined in its Articles of Association, but also mainly to the reliable provision of adequate liquidity and hedging of the currency risk for the entire MAXDATA group. It also ensures the financing of investments and acquisitions as well as the expansion of the group's international presence.

The statement of shareholdings was prepared separately and has been deposited with the Commercial Register of the Local Court of Gelsenkirchen under the number HRB 5552.

B. General information on the annual accounts
The annual financial statements for the financial year from 1 January to 31 December 2003 are written in accordance with the statutory accounting requirements of the HGB (Handelsgesetzbuch = German Commercial Code) for all businesses (Article 242 et seq. HGB), the amendments for large joint stock companies (Article 264 et seq. HGB), and AktG (Aktiengesetz = German Stock Companies Act).

The income statement is calculated based on the type-of-expenditure format in accordance with Article 275 Para. 2 HGB.

Unless otherwise indicated, the annual financial statements have been prepared in euro thousand (KEUR).

C. Accounting and valuation principles
Intangible fixed assets acquired by payment have been shown on the assets side of the balance sheet at their acquisition cost, and depreciated on a linear basis over their expected useful lives.

The **tangible fixed assets** are valued at their costs of acquisition or manufacture, minus scheduled depreciation. Depreciation mainly uses the linear method. Buildings are depreciated over a maximum of 25 years, and operational and business machinery over 3 to 20 years. The additions of movable fixed assets in the first half of the financial year reflect the full annual depreciation rates, while the additions for the second half reflect the semi-annual rates. If the reasons for extraordinary depreciation no longer apply, write-ups will be made. Low-value assets with acquisition costs of 50 to 410 EUR are written off completely in the year of acquisition. Those with acquisition cost of up to 50 EUR are booked as expenses upon purchase.

Financial assets and **short-term security investments** are valued at the lower of their historical costs or their attributable fair value as of the balance sheet date.

Accounts receivable and other assets are shown at their nominal values. Accounts receivable have been written down appropriately to reflect recognizable risks.

Accounts receivable in foreign currencies have been converted at the exchange rate in force on the date of the relevant invoice, or on the effective balance sheet date if this was lower.

Expenditure before the cut-off date is listed as **prepaid expenses and deferred charges** if it represents expenses for a certain time after that day.

The **other provisions** are formed to cover recognizable risks and uncertain liabilities as of the balance sheet date, and set at the level required by prudent commercial judgement

Liabilities are valued at the amount due for payment.

Liabilities in foreign currencies have been converted at the exchange rate in force on the date of the relevant invoice, or on the balance sheet date if this was higher.

D. Notes to the Balance Sheet and Income Statement

1. Notes to the Balance Sheet

Fixed assets

The changes in fixed assets during the business year can be seen in the following analysis of assets.

At cost	01.01.2003 KEUR	Additions KEUR	Disposals KEUR	31.12.2003 KEUR
Intangible fixed assets				
Franchises, trademarks, patents, licenses and similar rights	7,684	265	0	7,949
Tangible fixed assets				
Other equipment, fixtures, fittings and equipment	2,819	532	269	3,082
Financial assets				
Shares in affiliated companies	35,301	0	0	35,301
Loans to affiliated companies	33,285	4,000	2,147	35,138
	68,586	**4,000**	**2,147**	**70,439**
	79,089	**4,797**	**2,416**	**81,470**

	Accumulated depreciation				Net book value	
	01.01.2003 KEUR	Depreciation during business year KEUR	Disposals KEUR	31.12.2003 KEUR	31.12.2003 KEUR	31.12.2002 KEUR
Intangible fixed assets						
Franchises, trademarks, patents, licenses and similar rights	1,373	1,594	0	2,967	4,982	6,311
Tangible fixed assets						
Other equipment, fixtures, fittings and equipment	528	479	148	859	2,223	2,291
Financial assets						
Shares in affiliated companies	2,828	0	0	2,828	32,473	32,473
Loans to affiliated companies	0	0	0	0	35,138	33,285
	2,828	**0**	**0**	**2,828**	**67,611**	**65,758**
	4,729	**2,073**	**148**	**6,654**	**74,816**	**74,360**

[Notes to the Accounts for the 2003 Business Year]

Accounts receivable and other assets
As of 31 December 2003, all the accounts receivable and other assets were due within one year.

Capital structure of the Company
The Company currently has a capital base of 29,000,000 EUR, made up of 29 million ordinary shares with a theoretical share in the share capital of 1 EUR, and documented with global certificates. The shareholders have no right to individual documentation of their shares. The shares are freely transferable.

The extraordinary general meeting of the Company on 27 May 1999 also adopted a resolution on the following approved capital.

The Management Board is authorized to increase the Company's share capital, up to 30 April 2004 and subject to the assent of the Supervisory Board, by issuing new shares against contributions in cash or in kind, on one occasion or several, up to a cumulative maximum of 14,500,000 EUR. If the capital is increased by a contribution in kind, the shareholders' statutory subscription rights shall be excluded. If the capital is increased by a contribution in cash, the Management Board is authorized, subject to the assent of the Supervisory Board, to exclude the shareholders' statutory subscription rights.

In order to enable the participation of members of the Company's Management Board, the executive bodies of its management, and subsidiary companies inside and outside Germany, as well as other senior managers and employees of the Company and its subsidiaries, the extraordinary general meeting of the Company of 27 May 1999 authorized the following conditional capital (hereinafter called "Conditional Capital I"):

The Company's share capital will be increased by a maximum of 480,000 EUR through the issue of up to 480,000 new registered ordinary shares. The Conditional Capital will serve the purpose of granting subscription rights to the employees, board members and company officers of MAXDATA AG and its subsidiaries, and the companies affiliated to it within the meaning of Articles 15 et seq. of AktG, in Switzerland, Austria, Great Britain, and the Netherlands, within the bounds set by the extraordinary general meeting of 27 May 1999. The Conditional Capital increase will only be carried out to the extent that those who hold option rights make use of their subscription rights. The new shares participate in profits from the beginning of the financial year in which they are issued.

Within the terms of the resolution of the extraordinary general meeting, the Supervisory and Management Boards are authorized to define the further details of the granting of option rights and the powers they entail, including the terms and conditions of exchange. The Supervisory Board is the sole authority for granting option rights to members of the Management Board.

The Company will grant up to 480,000 subscription rights, valid for one share each, thus totaling up to 480,000 shares, to those entitled to subscription rights.

Furthermore, the extraordinary general meeting of 27 May 1999 adopted the following resolution concerning the authorization of the Management Board to issue options and/or convertible bonds, and to create the appropriate additional conditional capital (hereinafter called "Conditional Capital II"):

a) Authorization to issue options and convertible bonds
The Management Board was authorized to issue options and/or convertible bonds with a maximum period to maturity of 20 years, once or on a number of occasions between then and 30 April 2004 and subject to the assent of the Supervisory Board, up to a total value of 610,000,000 EUR, and to grant option rights to the holders or creditors of option bonds, or to grant conversion rights to the holders or creditors of convertible bonds, for new shares in the Company with a proportionate amount in the share capital of up to 10,000,000 EUR in accordance with the further details of the terms for options or convertible bonds.

The option bonds and convertible bonds (proportionate bonds) can be issued either in euro or in the statutory currency of any OECD country, subject to a limit of the equivalent in euro. They can also be issued by companies in which the Company directly or indirectly holds a majority of the shares. In this instance, the Management Board is authorized to take on the guarantee responsibility for the Company for the option bonds and/or convertible bonds and to grant option or conversion rights to the holders of such option bonds or convertible bonds for new shares in the Company.

Responsibility for the option or convertible bonds is to be taken on by a consortium of banks, with the obligation to offer them for subscription to the shareholders. However, the Management Board is authorized, subject to the assent of the Supervisory Board, to exclude the shareholders' subscription right if the issue price is not significantly below the theoretical market value of the proportionate bonds as calculated by the recognized methods of financial mathematics. Nevertheless, this will only apply to proportionate bonds with option or conversion rights to shares with a proportionate amount of the share capital of up to 2,400,000 EUR, and only to the extent that no use has been made of the Approved Capital on which the extraordinary general meeting adopted its resolution with the exclusion of subscription rights as defined in Article 186 Para. 3 Sentence 4 of AktG. The Management Board is also authorized, subject to the assent of the Supervisory Board, to exclude peak amounts resulting from the subscription ratio and to exclude the subscription right to the extent necessary to grant subscription rights to the holders or creditors of option or conversion rights, or convertible bonds bearing the obligation of conversion, to the extent to which they would be entitled after exercising their option or conversion rights or after fulfilling their conversion obligation.

In the event of option bonds being issued, one or a number of option certificates will be attached to each proportionate bond which will entitle the holder, subject to the detailed option terms to be defined by the Management Board, to subscribe to new shares in the Company. The nominal or proportionate amount of the share capital for the shares to be subscribed under each proportionate bond must not be permitted to exceed the nominal amount of the option bonds.

In the event of registered convertible bonds being issued, the holders or creditors of the bonds will be given the right to exchange their proportionate bonds, subject to the convertible bond terms, into new shares in the Company. The exchange ratio will be obtained by dividing the nominal value of a proportionate bond by the set conversion price for a new share in the company. The exchange ratio can also be obtained by dividing the emission value of a proportionate bond, if lower than the nominal value, by the set conversion price for a new share in the Company. Provision can be made for setting a variable exchange and/or conversion price, and making the conversion price dependent, within a preset range, on the trend in the share price during the period to maturity. The exchange ratio can in any case be rounded up or down to whole numbers, and a cash surcharge may be determined. Provision can also be made for peaks to be merged together and/or compensated in cash.

The terms of exchange can also be based on an obligation to convert at maturity, or some other point in time. Finally, the convertible bond terms can provide, in the event of conversion, for the Company, instead of granting shares in the Company to those entitled to convert, to give them, subject to the detailed terms of the bond, the cash equivalent of the average value of MAXDATA shares in the closing Xetra auction over the last one to ten trading days prior to the declaration of the conversion on the Frankfurt securities exchange. The proportionate amount of the share capital for the shares to be issued on conversion shall not be allowed to exceed the nominal value of the convertible bonds.

The option and conversion prices to be set for a share, even in the instance of a variable exchange ratio or conversion price, shall either be at least 80 percent of the average stock exchange price of the Company's shares in the closing Xetra auction on the Frankfurt securities exchange on the ten trading days prior to the adoption of the resolution by the Management Board for the issuing of the option or conversion bonds, or at least 80 percent of the average share price in the closing Xetra auction on the Frankfurt securities exchange on days on which the subscription rights were traded on the Frankfurt securities exchange, with the exception of the last two days of subscription rights trading.

The option or conversion price shall be reduced, but without prejudice to Article 9 Para. 1 of AktG on the grounds of a antidilution clause, subject to the detailed terms of the option or conversion bond, by payment of the relevant amount in cash when the conversion right is exercised, or by reducing the surcharge, if the Company increases its capital during the option or conversion period, granting a subscription right to its shareholders at the same time, or issues further option or conversion bonds or other option rights, and the holders of option or conversion rights are not granted any subscription rights to the extent to which they would have been entitled if they had exercised their option or conversion rights. Instead of a cash payment or a reduction of the surcharge, the exchange ratio can also, as far as possible, be adjusted by dividing it by the reduced conversion price. The terms can also provide for an adjustment to the option or conversion rights in the event of the capital being reduced.

The Management Board is authorized, subject to the assent of the Supervisory Board, to determine the further details of the issue and rights of the option and/or conversion bonds, in particular the interest rate, issue price, term to maturity, individual units, option or conversion price, and the option or conversion period, or to determine them in agreement with the executive bodies of the majority shareholder issuing the option and/or conversion bonds.

[Notes to the Accounts for the 2003 Business Year]

b) Conditional Capital II

The share capital is to be raised conditionally by 10,000,000 EUR, made up of a maximum of 10,000,000 registered shares. The Conditional Capital increase will serve the purpose of granting rights to the holders or creditors of option and conversion bonds which can be issued under the aforesaid authorization described under a) above during the period up to 30 April 2004 by the Company or by a company in which the Company directly or indirectly holds a majority of the shares. The new shares will be issued at the conversion or option price to be defined under a) above.

The Conditional Capital increase is only to be carried out to the extent that use is made of this right or that holders or creditors who are under an obligation to convert actually fulfill this obligation. The new shares shall participate in profits from the beginning of the financial year in which they are created by the exercising of conversion or option rights or the fulfillment of conversion obligations. The Management Board is also authorized to define further details on the implementation of a Conditional Capital increase, subject to the assent of the Supervisory Board.

The **earnings reserves** amounted to 5,800 KEUR on the balance sheet date. They concern only the reserve for own shares. The amount is calculated based on the cumulated acquisition costs for the shares (9,270 KEUR) and a cumulated withdrawal relating to the depreciation to the lowest stock exchange price of the shares on the balance sheet date (3,470 KEUR). The repurchased shares are shown as marketable securities in the balance sheet on the assets side, under current assets.

Provisions

The composition of other provisions is as shown beside.

Other provisions	2003 KEUR	2002 KEUR
Outstanding invoices	4,069	4,750
Impending losses	3,154	2,090
Remuneration of the Management Board	269	625
Other	499	485
	7,991	**7,950**

2. Notes to the Income Statement

Other operating income consists primarily of income from affiliated companies totaling 52,035 KEUR (previous year: 51,581 KEUR) received as remittances of license royalties, management costs, and various other costs passed on.

The **other operating expenses** are made up as shown beside.

Other operating expenses	**2003 KEUR**	**2002 KEUR**
Other operating expenses, from credits/debits passed on subsidiaries		
License royalties	37,784	44,020
Advertising subsidies	3,646	3,957
Insurance	1,480	757
Other	339	1,611
	43,249	**50,345**
Other operating expenses		
Exchange losses	13,207	4,531
Fees	2,071	1,941
Advertising expenses	539	543
Other	1,616	1,344
	17,433	**8,359**
	60,682	**58,704**

Income from investments is made up as shown beside.

Company	**2003 KEUR**	**2002 KEUR**
MAXDATA Computer GmbH & Co. KG, Marl	9,316	13,856

Income from profit transfer agreements is made up as shown beside.

Company	**2003 KEUR**	**2002 KEUR**
MAXDATA Immobilien Marl GmbH, Marl	586	1,008
MAXDATA Immobilien Würselen GmbH, Marl	470	1,158
MAXDATA e-business GmbH, Marl	3	0
MAXDATA International GmbH, Marl	0	11,971
	1,059	**14,137**

Expenses from loss transfer agreements made up as shown beside.

MAXDATA Services GmbH, Marl and MAXDATA Repair-Center GmbH, Marl merged into MAXDATA Systeme GmbH, Würselen by the merger agreement of 20 August 2003, effective 1 January 2003.

Company	**2003 KEUR**	**2002 KEUR**
MAXDATA Systeme GmbH, Würselen	25,076	4,496
MAXDATA International GmbH, Marl	7,839	0
MAXDATA Services GmbH, Marl	0	5,897
MAXDATA e-business GmbH, Marl	0	3
	32,915	**10,396**

[Notes to the Accounts for the 2003 Business Year]

3. Additional information

3.1 Contingencies

Contingencies as defined in Article 251 HGB consist of 22,900 KEUR bank guarantees in favor of affiliated companies.

3.2 Other financial obligations

There are no future financial obligations of note.

4. Average number of employees

During the reporting year, MAXDATA AG had an average of 27 employees (previous year: 24).

5. Board remuneration

The total remuneration of the Management Board in the 2003 business year came to 1,115 KEUR (previous year: 1,692 KEUR). The members of the Supervisory Board received a total remuneration of 218 KEUR in 2003 (previous year: 225 KEUR).

6. Shares and share options of the Management Board and Supervisory Board as of 31 December 2003

Further information on the members of the Management and Supervisory Boards can be found in the table below and on page 15.

Shares and share options of the Management Board and Supervisory Board as of 31 December 2003	Number of share options	Number of shares
Management Board	3,000	6,054,637
Supervisory Board	-	105,377

Members of the Management Board	Membership of other Supervisory Boards to be legally formed	Membership of comparable German and foreign supervisory bodies of business companies
Holger Lampatz Chairman of the Management Board of MAXDATA AG		AXA Konzern AG (Member of the group Advisory Board)
Thomas Stiegler Member of the Management Board of MAXDATA AG	MAXDATA Systeme GmbH (Chairman)	
Jürgen Peter (to 30.09.2003) Member of the Management Board of MAXDATA AG		

Members of the Supervisory Board	Membership of other Supervisory Boards to be legally formed	Membership of comparable German and foreign supervisory bodies of business companies
Siegfried Kaske Chairman of the Supervisory Board of MAXDATA AG Chairman of the Management Board of DIVACO Beteiligungs AG	Adler Modemärkte GmbH (Chairman) Kaufhalle AG (Chairman) Massa AG (Chairman) VOBIS Microcomputer AG (Chairman)	Adler Mode S.A., Luxemburg (President) Reno Versandhandel GmbH
Dr. Heinrich Böhmer Deputy Chairman of the Supervisory Board of MAXDATA AG		
Uwe Klein (to 15.02.2003) Corporation Counsel of DIVACO Beteiligungs AG & Co. KG	Kaufhalle AG (Deputy Chairman) (to 14.05.2003) Massa AG (Deputy Chairman) VOBIS Microcomputer AG (Deputy Chairman) (to 15.02.2003) Adler Modemärkte GmbH (to 15.02.2003)	
Claas Kleyboldt Chairman of the Supervisory Board of AXA Konzern AG	AXA Konzern AG (Chairman) AXA Lebensversicherung AG (Chairman) AXA Versicherung AG (Chairman) DIC Deutsche Investor Capital Holding AG Hapag Lloyd AG Kölnische Rückversicherungs-Gesellschaft AG	Köln Messe GmbH Blue Flame Data Inc., New York AXA Art Insurance Corporation, New York AXA Art Insurance Limited, London WestLB International, Luxemburg (Member of Administrative Board)
Hans Reischl Chairman of the Management Board of REWE Zentral AG	LTU Lufttransport-Unternehmen GmbH (Chairman) R+V Allgemeine Versicherung AG RWE Umwelt AG Zürich Beteiligungs-AG (Germany)	REWE Austria AG, Österreich (Chairman) Allgemeine Kredit Coface Holding AG (Member of Advisory Board) Commerzbank AG (Member of Advisory Board) Deichmann Schuhe GmbH & Co. Vertriebs KG (Member of Advisory Board)
Bernhard Scholtes (since 07.05.2003) Managing Director of MHS Consult GmbH	Adler Modemärkte GmbH Massa AG VOBIS Microcomputer AG	
Klaus Wiegandt Chairman of the Supervisory Board of DIVACO Beteiligungs AG	DIVACO Beteiligungs AG (Chairman) DFH Deutsche Fertighaus Holding AG (Chairman) Pironet AG	DIVACO AG & Co. KG (Chairman) DIVACO Beteiligungs AG & Co. KG (Chairman)

Note in respect of Article 285 No.16 of HGB

The Management Board and Supervisory Board have filed the declaration required by the Government Commission on the German Corporate Governance Code, pursuant to Article 161 of AktG and made it permanently availabe to the shareholders under **http://www.maxdata.de/maxdata/meldungen/kodex.asp**.

Marl, January 2004
MAXDATA AG
The Management Board

Holger Lampatz   Thomas Stiegler

[Auditors' certificate]

We have issued the following auditors' certificate on the Company's annual financial statements and management report:

"We have audited the financial statements together with the bookkeeping system and the management report of MAXDATA AG, Marl, for the business year starting on 1 January and ending on 31 December, 2003. The keeping of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Management Board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB and the generally accepted standards for the audit of financial statements determined in Germany by the Institute of Auditors [German: Institut der Wirtschaftsprüfer in Deutschland, IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with principles of proper accounting and in the management report, are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of the audit procedures. The effectiveness of the internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Management Board, as well as evaluating the overall presentation of the annual financial statements and management report. In our opinion, the audit provided us a sufficient basis to provide an assessment.

Our audit has not led to any reservations.

In our opinion, the annual financial statements give a true and fair view of the net assets, financial position and results of operation of the Company in accordance with the principles of proper accounting. On the whole, the management report provides a suitable understanding of the Company's position and suitably presents the risks of future development."

Hannover, 30 January, 2004
Ernst & Young AG
Wirtschaftsprüfungsgesellschaft

Hentschel	Rothert-Schnell
Auditor	Auditor

MAXDATA

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