

Annual Report 1999



KAMPA
KAMPA-HAUS AG.

Contents

	Page
Kampa statistics	2
The executive board introduces itself	5
Letter to the shareholders	8
The supervisory board 's report	10
Situational report	
- Market	11
- Turnover	13
- Order level	13
- Procurement	14
- Earnings	15
- Organisation, Administration and Sales	15
- Investments	16
- Employees	16
- Research and Development	17
- Environmental protection	17
- Outlook for 2000	18
- Following the end of the financial year	18
- Risk report	18
- Prospects	19
Suggestion for the utilization of the balance sheet profit	21
Kampa, the first 100 years	24
The Kampa share	30
Financing	32
New series of Kampa houses	36
Annual statement of accounts for	
- Kampa-Haus AG.	40
- The Kampa-Haus group	44
- Appendix for Kampa-Haus AG. and for the group	48
Audit certificate	65
Important dates in 2000/2001	68

Kampa-statistics

Kampa group of companies	1995	1996	1997	1998	1999
	- in mill DM -				
Total sales	562.2	488.6	430.6	488.0	475.8
External turnover	547.6	488.4	420.6	481.9	473.9
Incoming orders	488.6	473.7	531.1	592.2	554.6
Orders in hand	677.8	539.9	528.6	603.6	520.4
Investments	17.3	16.1	22.2	45.9	22.6
Depreciation	17.4	15.0	13.8	19.5	15.9
Balance sheet total	290.8	290.8	280.4	320.3	306.6
Shareholder equity	144.3	160.9	167.6	175.4	179.9
As a % of the balance sheet total	49.6	55.3	59.8	54.8	58.7
Pre-tax profits	87.0	77.2	56.3	52.9	48.9
Annual net earnings	44.7	40.5	29.4	28.0	28.6
Excluding 3rd party share	41.3	37.3	27.7	27.0	27.5
Net profit-sales ratio in %	8.2	8.3	7.0	5.8	6.0
Profits according to DVFA ¹	40.7	36.7	27.4	24.9	24.7
Profit per share according to DVFA ²	5.09	4.59	2.74	2.49	2.47
Price-earnings ratio ³	11.4	10.9	18.1	16.7	9.4
Cash Flow according to DVFA	63.9	55.1	41.9	45.9	47.5
Cash Flow per share according to DVFA	7.99	6.89	4.19	4.59	4.75
ROCE in %	60.4	48.0	33.7	28.4	26.7
Average no. of employees throughout the year (Full-time basis including trainees)	1,581	1,513	1,418	1,525	1,527

¹ DVFA = German Association for Financial Analyses

² 1995 and 1996 relating to 8.0 million shares, and from 1997 onwards relating to 10.0 million shares.

³ Relating to the share price at the end of the year and the DVFA profit for the respective year.

Kampa-Haus AG.	1995	1996	1997	1998	1999
	- in mill DM -				
Balance sheet total	205.6	209.6	213.7	227.0	232.1
Share capital	40.0	40.0	50.0	50.0	50.9
Reserves	80.4	96.4	92.4	100.4	107.5
Balance sheet profit	33.2	33.0	32.0	28.7	29.7
Shareholder equity	153.6	169.4	174.4	179.1	188.1
As a % of the balance sheet total	74.7	80.8	81.6	78.9	81.0
Utilization of the annual net earnings					
Annual net earnings	45.0	36.6	25.8	24.7	26.9
Profit carried forward	10.2	12.4	12.2	12.0	10.7
Allocation to reserves	- 22.0	- 16.0	- 6.0	- 8.0	- 8.0
Balance sheet profit	33.2	33.0	32.0	28.7	29.6
Total dividend payments	- 20.8	- 20.8	- 20.0	- 18.0	- 20.0
Remaining balance sheet profit	12.4	12.2	12.0	10.7	9.6
	- in DM -				
Dividend per share	2.60	2.60	2.00	1.80	1.80 + 0.20
Including tax credit	3.71	3.71	2.86	2.57	2.86

The Executive Board introduces itself

Günter Baum - The graduate economist born in 1952, who qualified as a tax consultant in 1982, joined Kampa-Haus AG. in 1989 as a commercial manager. Previously he had worked in the audit department at Thyssen Handelsunion in Düsseldorf, following that with a spell as manager of the accounts department for the building company Emil Bast, in Erkrath. Baum has been a member of the managing board at Kampa-Haus AG. since 1990, responsible for the personnel and legal departments as well as for investor relations.



Hans-Jörg Binöder was born in 1944 and served an apprenticeship as a wood technician. Following on from that, he worked in the wood preparation department and worked as an assistant in the assembly management at Schwörer Hausbau, before completing a course of studies in industrial engineering technology. Binöder joined Kampa in 1976 as manager of the technical department and in 1985 he became managing director of E. Kampa GmbH & Co.KG. He has been on the management board of Kampa-Haus AG. since 1999 and manages the technical department and the production of prefabricated components for the Kampa-Haus, Libella and Creaktiv sales lines.



Günter Kruse - First of all, the civil engineer born in 1943 worked as an engineer for various construction and consultancy businesses and while there he was responsible, amongst other things, for the Middle and Near East. From 1987 to 1990 he was the marketing and sales manager for Germany at PERI GmbH. Since 1991 Kruse has been on the board of Kampa-Haus AG., where he is responsible for the traditional construction of hotel and commercial building, TM-Haus, and cellar range divisions.



Udo Zimmermann, born in 1950, has been responsible on the managing board at Kampa-Haus AG. for marketing, sales and prefabricated construction since July 1999. Zimmermann joined the personnel and wage-accounting department at Kampa-Haus as long ago as 1972, following his training as a banker. From 1977 until 1985 he took on various managerial functions in the group, and following that, he was managing director at Kampa-Haus Vertriebs GmbH.





Letter to the shareholders

Dear Shareholders,

Last year our work concentrated on implementing a comprehensive package of measures with which we shall put Kampa-Haus AG. on course for growth again. By setting the points, we have begun a large project which is more essential than ever given the nature of the industry we are in, which continues to be extremely competitive and unforgiving.

Amongst the measures with which we have begun to restructure Kampa are the reorganization of the sales division, supplementing the range of goods we sell with additional attractive customer service deals and new house models as well as opening up international markets. In addition to market entry into Poland already initiated in 1999, Kampa-Haus has managed to establish a foothold in the Austrian market by acquiring Novy-Haus. In addition to this, work has been started on the installation throughout the group of new standard operational software designed to improve communications and the exchange of data between the field service division, the factories and the administration division. This installation will probably be up and running by the end of 2001.

In 1999 we succeeded in achieving total sales of about 475 mill DM and a pre-tax profit of just under 49 mill DM. This means that we have visably exceeded our self-set targets in terms of turnover and have just managed to do so in terms of profits. In spite of the difficult trading environment in the building industry and the additional burden as a result of restructuring having started, we continue to be above-average achievers in the industry with a gross profit-sales ratio of a good 10%.

In the present year we shall continue the new direction taken in 1999 and in doing so we shall lay the foundation for future expansion. There have already been the first signs of the beneficial effects on costs in 1999. These will increasingly come to bear in the current year and will contribute to Kampa-Haus being able to maintain its high level of profitability in the future.

However, the current financial year is not only the year of consolidation and plotting a new course for the future. On the occasion of the company's centenary, Kampa-Haus is inviting all shareholders, employees, friends and associates to a series of celebrations. You will find a report on the large jubilee celebrations held in Minden on the 1st of April further on towards the back of this business report.

We would like to express our thanks to you, our esteemed shareholders, for the trust you have placed in us by granting you a special dividend. This is why we shall be suggesting at the general meeting that the dividend of 1.80 DM is increased with a bonus of 0.20 DM. Added to this, there will be an additional tax credit for our German shareholders amounting to 0.86 DM. Given the share price of 11.85 euros at the end of the year in the electronic stock markets, this gross dividend of 2.86 DM or 1.46 euros represents a dividend yield of 12.3%.

Unfortunately, the share price over the past year has been disappointing. The expectations which we had associated with taking part in the SMAX have not been fulfilled. In 2000 we shall work towards communicating the outlook for our business to private and institutional investors with even greater focus, to convince them that

there is considerable potential in the current comparatively low price of the Kampa-Haus share. The slight recovery of our share price in the first three months is confirmation of our appraisal.

In 2000 we shall step up the pace at which Kampa-Haus is taking the new direction. This will require us to apply all our energies once more, and will result in the group turnover in the current financial year falling to a total of about 415 mill DM from today's perspective. According to a survey conducted by the Ifo market research institute in January 2000, following a temporary improvement, the majority of companies in the construction industry believe that the business outlook in the next six months will be subdued again. As a result of the fall in volume and the additional costs for the necessary measures, profits may as a result indeed continue to be above average for the industry, but will however likewise drop perceptibly in 2000. We shall continue to adhere to plans to put the group back on track for growth in 2001 and in addition to an increase in turnover, achieve an increase in profits.

The executive board

Günter Baum

Hans-Jörg Binöder

Günter Kruse

Udo Zimmermann



The Supervisory Board's report

Supervisory Board

Dietrich Walther,
Businessman,
Iserlohn,
Chairman

Wilfried Kampa,
Architect and businessman,
Minden,
Deputy chairman

Wilfried Koschorreck,
Ministerial councillor, ret'd,
Wilhelmshorst

Dr. Harald Link,
Lawyer,
Bielefeld

Wilfried Kranepuhl *,
Assembly team leader,
Linthe

Torsten Michaelis *,
Carpenter,
Minden

*Workers' representative

Honary member
Walter Watermann,
Notary ret'd,
Minden

Dear Shareholders,

In 1999 the supervisory board at Kampa-Haus AG. kept itself continually abreast of the course of business, the strategy and investments made by the company by means of verbal and written reports submitted by the executive board. In addition to this, all important decisions and cases which required the consent of the supervisory board were discussed in a total of five ordinary meetings.

The main topic dealt with at the meetings was the restructuring of the group of companies. This was discussed together with the management consultants Roland Berger. In particular the new direction being taken by the sales division and the increased distinction between the different product lines was dealt with in detail. Above and beyond this, the supervisory board discussed the conversion to the standard operational software for SAP/R3 as well as the integration of Libella Bau Holding GmbH & Co. Beteiligungs KG. Another significant matter dealt with at the meetings were the discussions on the acquisition of the Austrian company Novy-Haus, which took place in October with retrospective effect from the 1st January 1999.

The annual statement of accounts for Kampa-Haus AG. and for the group for 1999 as well as the summarized situational report audited with reference to the book-keeping were audited by Allgemeine Treuhand- und Revisions-GmbH auditors and tax consultants, Bielefeld, and were awarded an unqualified audit certificate on the 3rd March 2000. Following on from that the audit documents were submitted to the supervisory board and discussed in detail with the executive board and the auditors at the balance sheet meeting on the 11th April 2000.

Having conducted its own verification of the documents, the supervisory board raised no objections and agrees with the audit report. The auditor attended the supervisory board's annual statement of accounts meeting. The annual statement of accounts prepared by the executive board was approved by the supervisory board and therefore adopted.

The supervisory board likewise agreed to the executive board's proposal for profit utilisation, that a dividend of 1.80 DM plus a bonus of 0.20 DM per share be paid out.

In 1999 the supervisory board appointed new members to the executive board. Dietmar J. Tiemann, who had been a member of the executive board for 13 years, eight of them as chairman, left the company in June. Since then a team consisting of Günter Baum, Hans-Jörg Binöder, Günter Kruse and Udo Zimmermann has been managing Kampa-Haus AG..

The supervisory board thanks the executive board, the works' council and all employees of Kampa-Haus AG. for their committed and successful work in 1999 and would like to express its special appreciation.

Minden, April 2000
The Supervisory Board
Dietrich Walther – Chairman

Situational report

1999 upturn in the German building industry continues to be tight

In 1999, the German gross domestic product, the sum of all products and services created within Germany increased by 1.4% in real terms. This means that it was noticeably more restrained than in the previous year when it was 2.2%. The growth of the national economy was borne in particular by personal consumption, which went up by 2.0%, as well as by investment in equipment which went up by 5.1%. On the other hand, economic growth was restrained once more by the fall of 0.2% in building investment down to 457 bill DM, even if this downturn turned out to be markedly less than in 1998 when the drop was 3.9%.

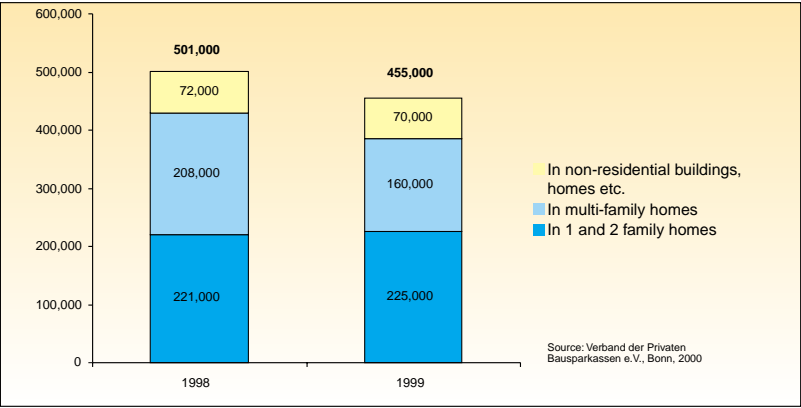
The disparate development of activity in the building industry, which showed visible differences between western Germany and eastern Germany even as early as the previous year, continued in 1999 as well. According to the reports of the Main Association of the German Building Industry, last year building investment increased in western Germany for the first time since 1994, with a slight rise of 0.4% up to 334.2 bill DM, whereas it fell in eastern Germany for the fifth year in a row, going down 1.7% down to 122.8 bill DM, contracting to the levels last seen in 1993/94.

The developments within the individual sectors of the building industry also varied from western to eastern Germany. Consequently, investments in public sector construction in eastern Germany - supported with measures as part of the "German Unity Traffic Projects" - probably increased by about 4%. On the other hand, they dropped by 1% in western Germany. The investments in commercial and industrial construction and residential construction in western Germany went up by 1.0% and 1.5% respectively, as forecast. This was contrasted with drops of 6% in each sector in eastern Germany.

The construction of houses by owner-occupiers remains the bedrock of residential construction

According to the computer forecasts of the German Association of Private Savings Banks, a total of 455,000 residential homes were built in 1999. This is the equivalent of a decrease of 9% compared with the 501,000 completions in 1998. It was above all the drop in the number of completions for multi-family homes which was dramatic. The number of new residential units in this sector fell by 23% to 160,000. On the other hand, the construction of houses by owner-occupiers increasingly became the bedrock of residential construction. As it already had done in 1998, the number of new residential units in single and multiple family housing exceeded the completions for single storey flats significantly at 225,000 following 221,000 in the

Completions of residential units in 1998/1999



Executive Board

Günter Baum,
Minden

Hans-Jörg Binöder
(from 1st July 1999),
Minden

Günter Kruse,
Mainz/Minden

Dietmar J. Tiemann,
(until 21st June 1999),
Ratingen

Udo Zimmermann
(from 1st July 1999),
Minden



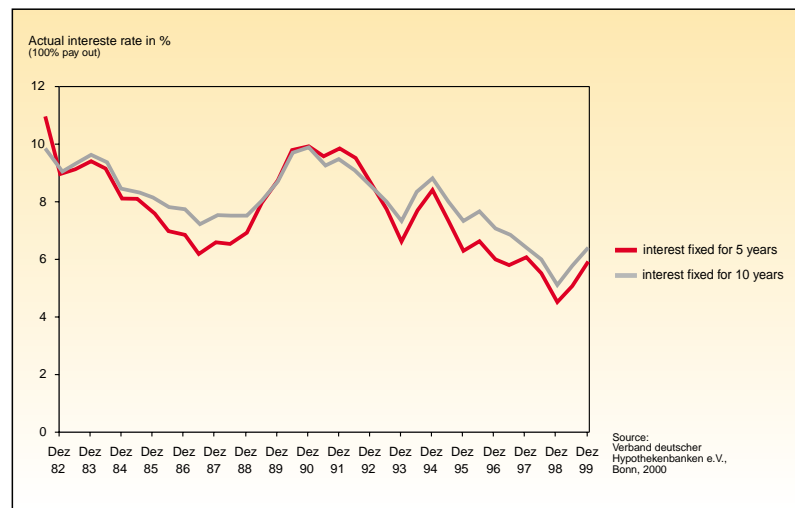
previous year. This is the equivalent to an increase of 2%. The proportion of owner-occupier homes accounted for by prefabricated houses remained steady at 14.6% after 14.8% in 1998.

In comparison, according to information from the Federal Association for German Prefabricated Construction (BDF), only 12.2% of owner-occupier homes were constructed with prefabricated construction methods in 1995.

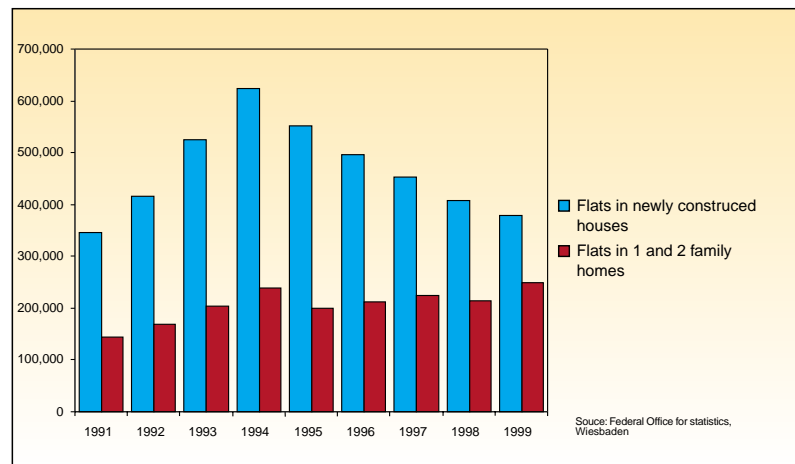
The background conditions, which were still favourable, exercised a beneficial influence on construction by owner-occupiers last year. The financial support introduced for the construction of residential property by owner-occupiers in 1996 contributed towards this beneficial effect. The Federal Government of Germany has decided to continue this financial assistance, even though the number of people qualifying for assistance will drop, since the income limits for applicants are to be made more stringent. The increase in mortgage interest rates of more than one percent in the course of 1999 were likewise a contributory factor in the decision made by many people having a house built to bring forward and speed up their plans. Consequently, the proportion of owner-occupier homes for personal use has increased in the last five years from 40% up to 60%.

The number of planning permissions granted for one and two family homes increased in 1999 by 2.2% up to about 215,000. The number of approved single family homes built with prefabricated construction methods increased by 1.9% up to about 32,000. This is the equivalent of a proportion of 15%.

Mortgage interest rates 1982-1999



Development of planning permissions granted 1990-1999



Competition in the building industry intensified in 1999 and it also continued to become fiercer in the prefabricated house sector as well. In view of the existing excess capacity, competition will increasingly be fought on price. Local suppliers are forcing their way onto the market with so-called "Carpenters' houses". According to the calculations of the Federal Association of German Prefabricated Construction, all in all, this conventional wooden method of house construction was able to quadruple its share of one and two family homes from about 2,442 units in 1994 up to 10,200 units in 1998. In 1999 the number increased again up to about 11,000 houses. In the current year the figure will probably be 11,500.

As the crisis in the Holzmann construction group has shown, the slack order intake and the deterioration in profitability constitute an increasing threat to the existence of construction companies. As a result, the number of insolvencies increased from 1,730 in 1991 up to 7,800 in 1998. In 1999 the figure was 7,500. That is still a very high level.

Thanks to its excellent earnings position and financial backing, Kampa will, in the long-term, rank amongst the winners in this struggle in the building industry, resulting in the survival of the fittest.

Turnover exceeds planned figures

The turnover of the Kampa-Haus group has fallen from 481.9 mill DM in 1998 by 1.7% down to 473.9 mill DM in 1999. This means that it is about 5% more than the 450 mill DM forecast. The highest contribution continued to be made by the traditional Kampa houses with 247.6 mill DM, following 264.4 mill DM in the previous year. The proportion of house models which have been brought out over the last 15 months accounted for 23.2 mill DM or just under 10% of turnover.

Low-cost houses for owner-occupiers were in particular demand again in 1999. Consequently, the turnover for "Creaktiv" houses went up by 29.9% to 79.1 mill DM, thereby showing the highest rate of growth within the group again. The Kampa subsidiary Libella Bau Holding GmbH & Co. Beteiligungs KG, Ottobeuren, which chiefly sells part self-build houses and shell houses, managed to increase its turnover by 5.1% up to 80.7 mill DM, compared with the figure for 1998. The Austrian subsidiary Novy-Haus, from Siegendorf near Vienna, contributed 10.8 mill DM to the group turnover, despite the fact that it has only recently joined the group.

The growth in the demand for prefabricated cellars was also encouraging in the year under review. The turnover here increased by 9.1% up to 27.6 mill DM. All in all, this meant that the ranges of cellars and houses contributed about 94% to group turnover.

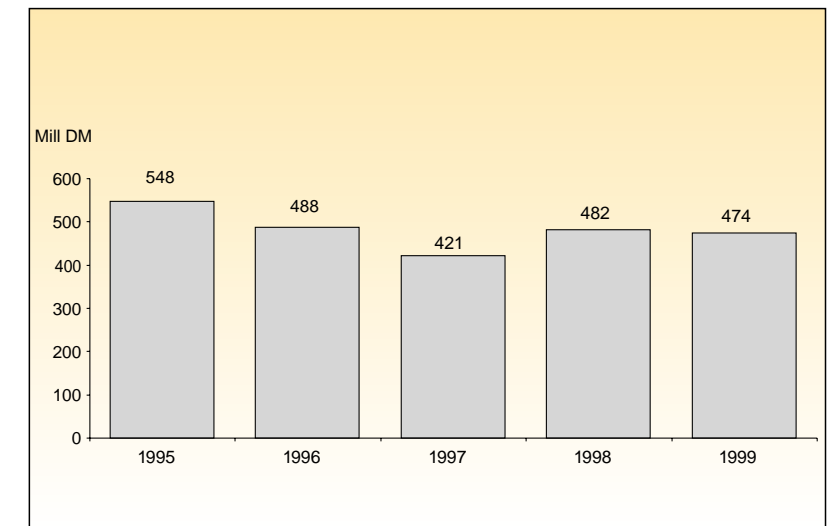
On the other hand, the volume in hotel and commercial and industrial construction, which is project-related and therefore exposed to great fluctuation, fell by 48.4% down to 28.1 mill DM. This is the equivalent of 6% of the total turnover volume. In 1998 it accounted for 11%.

Amount of time required to work off order backlog above average for the industry

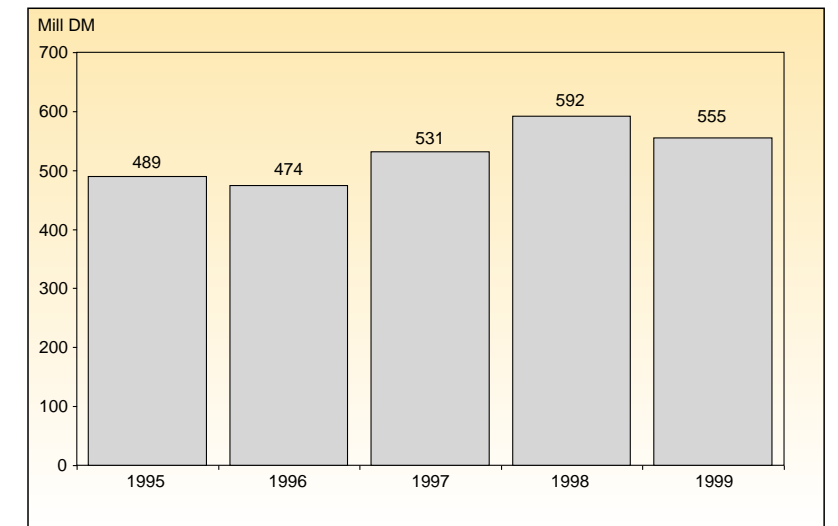
All in all, the order levels within the Kampa group continued to be respectable in 1999 in spite of a difficult trading environment. The capacity utilization level of the Kampa factories were satisfactory, and those of Creaktiv and Libella were good.

The value of orders received fell from 592.2 mill DM down to 554.6 mill DM. The value of orders taken for Kampa houses fell, and to be more precise, from 329.8 mill DM in 1998 down to 274.4 mill DM, as they did for Libella houses from 98.4 mill DM down to 72.3 mill DM. The cause of this drop in demand for Libella houses was the loss of a sales associate and a reduction in sales efforts by the companies with whom Libella works together in the financial services sector, which led to temporary drops

How turnover has developed at the Kampa-Haus group from 1995 – 1999 (in mill DM)



Incoming orders for the Kampa-Haus group from 1995 – 1999 (in mill DM, incl. VAT)





in orders. It was not possible to make up these losses in full by the end of the year. On the other hand, Creaktiv once more recorded an increase in orders up by 2.4% up to 108 mill DM.

The level of incoming orders for prefabricated cellars dropped as a result of the weaker demand for owner-occupier houses from 35.5 mill DM in the previous year down to 33.3 mill DM. On the other hand, we managed to double the number of orders taken in from hotel and commercial construction division from 23.0 mill DM up to 49.7 mill DM. This is essentially attributable to two major orders for the construction of a residential complex as well as of an office, residential and shop building in Berlin.

Analogously to the fall in the number of orders, the value of orders on hand in the group at the 31st December 1999 fell to 520.4 mill DM from the figure for the previous year of 603.5 mill DM. With the exception of the hotel and commercial construction division which increased from 16.2 mill DM up to 34.7 mill DM as a result of the major orders in Berlin, the level of orders on hand fell in all other sectors. The level of orders for traditional Kampa houses fell from 353.9 mill DM down to 288.4 mill DM, and at Libella it fell from 113.1 mill DM down to 74.4 mill DM and at Creaktiv it fell from 93.9 mill DM down to 88.3 mill DM. The value of prefabricated cellars sold fell from 26.4 mill DM down to 22.4 mill DM.

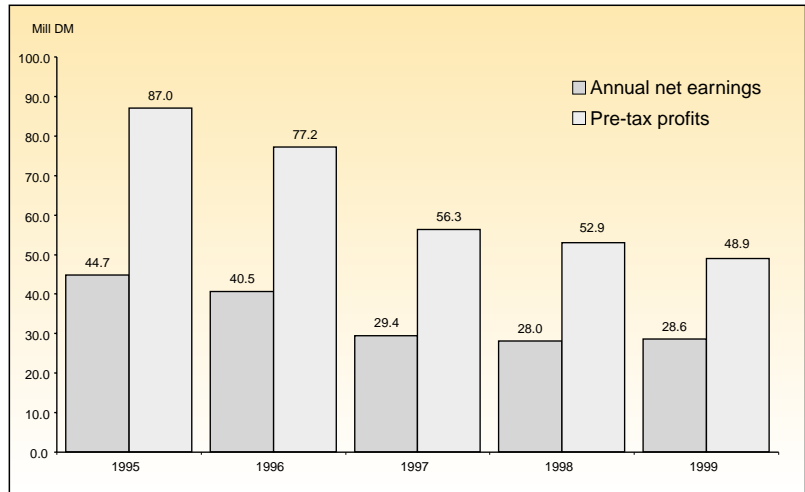
On the 31st December 1999, the period of time required to work off the backlog of orders on hand was about eleven months and therefore continues to be significantly above the average for the industry of seven to eight months.

Procurement

At Kampa the procurement function is organized within a centralized procurement and stores division. Framework agreements ensure the delivery of all important prefabricated compound units and are, as a rule, concluded for a period of one year.

To safeguard the existing high standards of quality, Kampa introduced a new system of supplier assessment in autumn 1999. This system was worked out in collaboration with the Rhineland Technical Control Board and is based on ISO standards. It establishes criteria for the selection of suppliers as well as monitoring and assessing them on an ongoing basis. As a result it guarantees that the high level of quality of the materials and products used remains constant. The suppliers are assessed by the purchasing departments at Kampa-Haus AG. at least once a year in accordance with

Developments in profits at the Kampa-Haus group from 1995-1999 (in mill DM)



criteria such as track record in meeting delivery dates, amount by which prices have increased, faults which have cropped up, how they were rectified, as well as general flexibility and fairness on the part of the supplier. If there are repeated occasions for complaints, the supplier is replaced.

At present Kampa is supplied with about 8,000 articles from 330 suppliers. Kampa is not dependant upon individual suppliers.

Prices remained stable across all product ranges since the company by and large managed to compensate for price increases for some articles with price reductions in other materials. In addition

to this, Kampa managed to reduce its electricity costs significantly as a result of a new master agreement for the supply of energy. However, this gain was offset by the higher cost for fuel for construction and delivery vehicles in the course of an ecology tax being introduced in Germany.



Profits at a high level

The costs of restructuring the company had a negative effect on the profits in the year under review. Here, it was above all the work of the management consultants Roland Berger as well as the introduction of the operational software SAP/R3 throughout the group which accounted for the increase in the accounts. The continual pressure from the competition in the market also cut into profits, since Kampa increasingly responded by giving away special fittings free in sales campaigns.

On the other hand, the overall reduction in the cost of wages as a result of reducing the labour force as well as the moderate increase in prices for goods bought in, and a reduction in costs for hotel and commercial buildings as a result of the restructuring carried out in that division had a beneficial effect.

The profits from normal business activity in the group fell from 52.9 mill DM in the previous year by 7.6% down to 48.9 mill DM. This meant that the profits were slightly above the 48 mill DM forecast. The gross profit-sales ratio amounted to 10.3% after 11.0% in the previous year. As a result of the changes in (German) tax legislation, the company managed to improve the net annual earnings for the group by 2.1% from 28.0 mill DM up to 28.6 mill DM.

Within the AG profits from normal business activity fell by 5.4% from 40.7 mill DM down to 38.5 mill DM. On the other hand, annual net earnings increased, also as a result of the reduction in the rate of corporate tax, from 24.7 mill DM by 8.9% to 26.9 mill DM.

Organisation, Management and Sales

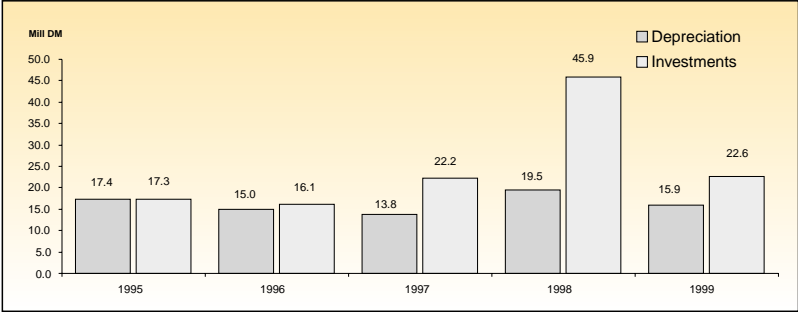
In 1999 Kampa-Haus AG. began to put into practice a restructuring programme for strategic realignment and to increase efficiency. As part of this, work was stepped up at Kampa sales on setting up a new field service organization with regional service centres. A characteristic feature of these service centres is that even at a very early stage of planning those responsible for drawing up the contracts for Kampa and financial advisers participate in the discussions with customers. Consequently, they build up a relationship with the customer. In the final analysis, this should lead to a reduction in processing times and to an improvement in the quality of service.

In addition to this, work was begun in 1999 on installing the operational software SAP R/3. The objective is to improve the flow of information within the company and improve customer service and increase cost transparency. This process of implementation will be completed throughout the group by the end of 2001.

With regard to the hotel and commercial building division, Kampa has, in the meantime, concentrated on more remunerative contracts for multi-family homes and commercial buildings, where increasingly, low-cost modular and system construction methods of construction are used. Consequently, this means that pre-fabricated elements made in-house are used and in-house staff can be called in thus saving money as a result. Over and beyond this, work with the Kampa-Haus field service will be stepped up in this sector, in order to achieve synergetic effects.

Another point to note in the restructuring programme is the reduction in labour costs and the increase in staff productivity. More flexible working hours, and at Libella an incentive payment system has been introduced to achieve this. In addition to this, the organization of fitting teams has been fine-tuned. The

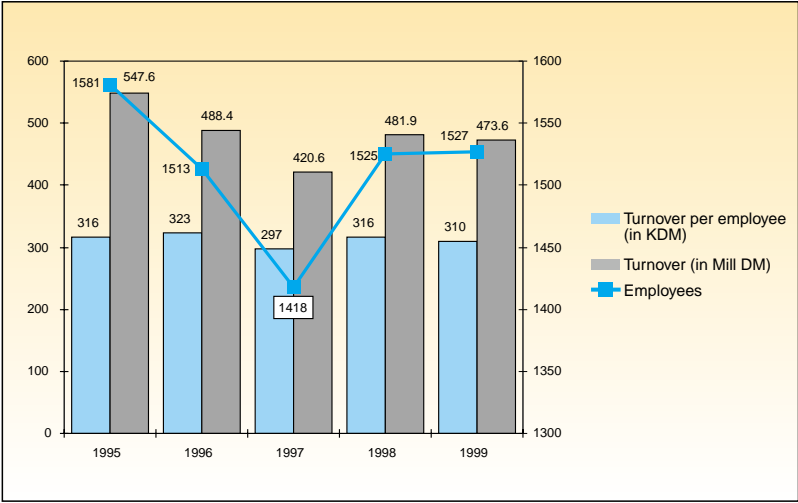
Investments and depreciation within the Kampa-Haus group from 1995-1999 (in mill DM)



Where the cash flow comes from according to DVFA/SG

	1998 in DM	1999 in DM
Annual net earnings	27,997,151.03	28,597,886.57
+ Depreciation on fixed assets	+ 19,473,649.30	+ 15,917,113.34
- Additions to fixed assets	- 1,165,055.45	0.00
± Decrease/Increase in long-term provisions	- 329,676.00	+ 3,029,696.39
= Cash flow according to DVFA	45,976,068.88	47,544,696.30
Cash flow per share according to DVFA	4.59 DM (2.35 7)	4.75 DM (2.43 7)

Employee productivity within the Kampa-Haus group from 1995-1999



The number of employees remains constant

The number of employees within the Kampa group remained stable at an average throughout the year of 1,527 persons, much the same as the figure of 1,525 for the previous year. This figure includes 99 trainees in commercial careers, construction

restructuring programme has already produced successes in the administration function at Kampa-Haus AG. as well as in Hotel- und Industriebau GmbH in Minden, where the first measures to cut costs have been implemented.

A drop in investments

In 1999 investments within the group amounted to 22.6 mill DM. This means that they were 50.8% less than in the previous year when they were 45.9 mill DM including as they did the acquisition of the holding in Libella. Altogether, 15.6 mill DM was accounted for by investments in fixed assets (Previous year 45.2 mill DM), 6.5 mill DM was invested in intangible assets (Previous year 1.0 mill DM), and 0.5 mill DM was invested in financial assets (previous year 0.1 mill DM).

The investments in physical assets concerned the construction of showhomes, the acquisition of machines and plots of land for the business as well as the replacement of the vehicle fleet. The intangible assets refer to the acquisition of operational software, brand rights as well as company goodwill. The financial assets chiefly concerned loans to subsidiaries and affiliated companies.

25.0 mill DM was invested in the AG, following 26.1 mill DM in the previous year. It was above all the acquisition of the Austrian company Novy-Haus, as well as the topping up of the holding in Libella from 51% to 76%, which were important here.

The investments in the year under review were completely financed from the cash flow, which the group managed to improve again in 1999 as it did in the previous year. It increased by 1.6 mill DM up to a total of 47.5 mill DM as against 45.9 mill DM in the previous year. This is the equivalent of 4.75 DM per share following 4.59 DM.

Depreciation on physical assets in the group amounted to 15.9 mill DM. In 1998 they amounted to 19.5 mill DM.

draughtsmen, and apprentice carpenters. Reductions in the number of staff in the course of restructuring the Kampa factories, the administration at Kampa-Haus AG. and in the Hotel- und Gewerbebau division by a total of 76 persons was offset by the 48 persons taken on at Libella and Creaktiv as well as the inclusion of the 30 employees at Novy-Haus. The biggest changes took place at Minden with the loss of 36 jobs, as well as at Creaktiv in Waltershausen, where 32 new jobs were created.

Staff expenditure increased slightly by 1.0% from 126.3 mill DM up to 127.6 mill DM.

The employees in the group were offered numerous training and further training courses in 1999 too. The response to them in terms of take-up was good. Mostly these courses were for computer, CAD, and sales training. In addition to this, a special training programme was offered to the buyers at all factories as part of the introduction of the supplier assessment system. The cost of the training courses for all the named measures amounted to a total of 903,000 DM.

**Research and Development:
New house models and better living**

In 1999 too, Kampa-Haus AG. focussed its R&D activities on developing and redesigning new house models. Working together with the technical college at Rosenheim and with the materials testing institute in Brunswick, the sound insulation properties of house rooves was reviewed and subsequently improved. In addition to this, a new external wall construction was developed and various measures tried out to improve the airtightness of the houses. Besides which, in 1999 Kampa introduced new components for technical equipment, such as solar panel systems and alarm systems for example.

Libella created a new series of houses with extension packages especially for its collaboration with the Max Bahr chain of building merchants. In addition to this, the Libella subsidiary, SM Selbstbauhaus GmbH, has designed an "Instead of renting" series of houses with two new house models.

In the course of restructuring, a special project group was formed in 1999 to develop new house models. The results of this group include the design series "Stadtvilla", "Maison" and "Castel", which are presented in the special chapter entitled "Product Innovations".

In 1999 a total of 20 employees were entrusted with research and development activities within the Kampa group. In 1998 the figure was 18.

Kampa takes environmental protection seriously

Kampa-Haus AG. is taking seriously the call to use resources more sparingly. As a member of the Federal Association of German Prefabrication (BDF), it is facing up to its environmental responsibility. This is why off-cuts from production are sorted and put back into economic circulation via regional waste disposal organizations. Kampa has commissioned a business which operates throughout Germany to dispose of the waste generated from house assembly. This company has a contractual commitment to treat the residual materials it takes over in accordance with the statutory regulations in force

Kampa is not only making a significant contribution to environmental protection with this special recycling system, but in addition to this, it is saving its customers from having to dispose of the off-cuts and left over materials which are inevitable when putting a house together.

Not only the assembly of the house, but even its manufacture is designed to have minimal environmental impact. All the products used at Kampa and Creaktiv have



been awarded the TOXPROOF award for using building materials which are absolutely safe from a health perspective. The TOXPROOF certificate is only awarded for those products whose boundary values are significantly below the values prescribed by the Rhineland Technical Control Board. It is a quality seal for building materials and guarantees that no materials and products environmentally detrimental or harmful to health are used in the construction of a house. The membership of Kampa-Haus AG. in the Quality Association of German Prefabricated Construction (QDF) as well as the certification of the Kampa quality control system to DIN EN ISO 9001 are also a guarantee that the building materials used are totally safe.

Outlook for the year 2000

Following the end of the financial year

There were no events of particular note in the first two months of the current financial year.

Risk report

The reductions in financial support from the German government, both at national and regional level, for those buying their own home, thereby reducing the number of persons eligible for assistance, have been discussed at regular intervals. As a result of this, the general demand for one and two family homes - even those constructed with prefabricated systems - could be subdued. This is a potential risk which could affect the course of business.

Rapid increases in mortgage interest rates and the price of building land as well as the limited supply of building plots are additional factors which could lead to a contraction in the demand from those persons building houses in the low-cost sector and shell houses.

Above and beyond this, the course of business could be adversely affected by increasing energy prices. One beneficial result of the ecology tax is however that the low energy houses available from Kampa, whose lower energy consumption makes a contribution to cutting costs, have become more attractive.

Other possible risk factors are a big increase in wages and in the price of materials, both of which are possible, as these would likewise make production more expensive and they can not be passed on to the customers in the short-term. Since however, there is only a moderate increase in the cost of wages in sight, and noteworthy increases are not expected on the material procurement side in the future either, no adverse effects are expected on the development of business from this side either.

The situation in the construction industry, which continues to be tight, is to be named as a risk to the industry. Added to this is the fact that investment in blocks of single storey flats is continuing to fall. At the same time, the prices for building land continue to be very high as a result of the shortage of supply in the conurbations. Against the background of the very hard competition, there probably will not be any significant changes here in the current year either. Excess capacity in the construction industry will lead to the price war continuing to be fierce, putting margins under pressure.

The risk of non-payment by customers is to be classified as extremely low, since every customer has to produce a bank guarantee prior to the commencement of construction work. This guarantees payment for preliminary work.

The procurement function at Kampa has been organized so that it is flexible, so that if required - if a supplier drops out for example - there is a replacement available within a few weeks. This is also guaranteed for articles which are made specifically for Kampa.

As a result of the above named environmental measures already taken, there are no specific environmental risks. Effects of the environmental protection measures on the liquidity or the profits of Kampa-Haus AG. can likewise not be ascertained.

Even in the event that an entire factory was unavailable, as a result of a fire, for example, Kampa would still be able to fulfil its delivery obligations. If there was a loss of production facilities on one site, this could be made good in the short-term by the other factories. The additional costs incurred as a result would be covered with appropriate insurance policies.

Prospects

In the year 2000 the (German) Association of Private Building Societies is expecting a slight increase of 5,000 in the number of residential unit completions up to 460,000. Whereas another drop of 10,000 down to 150,000 is reckoned with for the construction of multi-family houses, it is believed that the number of flats in one and two family homes will probably increase by just under 7% up to a total of 240,000.

The improved income outlook for the current year, the continuation of financial assistance from the state and the low costs benefitting those placing orders for construction will have a beneficial effect. In the short-term, additional stimulus can be expected from the increase in mortgage interest rates, since they speed up the decision to go ahead with building.

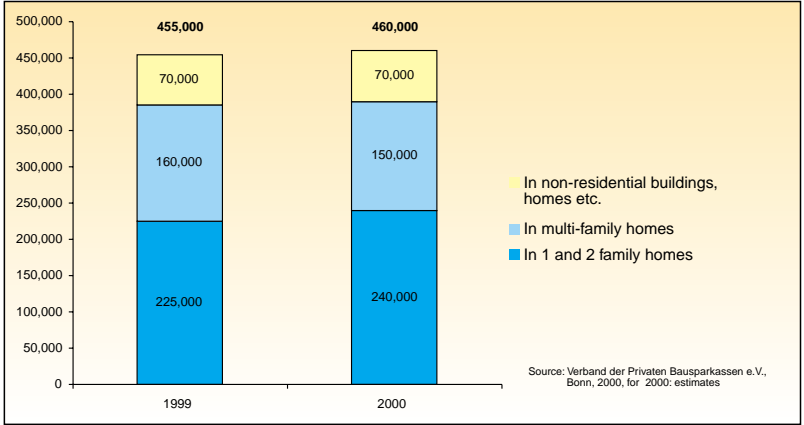
Nevertheless, the Central Association of the German Construction Industry does not see any reason for giving the all-clear signal. The east German construction industry continues to be stuck in a crisis and a sustained improvement can not be reckoned with for western Germany either. All in all, the indications as to how the construction industry will develop in the current year are not favourable. A reduction of construction workers in employment and in capacity ought to be reckoned with in eastern and in western Germany. The Federal Statistics Office has worked out that there will be a drop in real terms of 7.2% in the value of incoming orders for January 2000, consisting of a 6.7% drop in western Germany and a drop of 9.1% in eastern Germany.

The measures initiated in 1999 for restructuring the Kampa group have - as expected and announced - had a negative effect on profits over the last financial year. Following a year of consolidation, turnover and profits will recover again from 2001 onwards. This will be achieved with the reorganization of the sales structure already started, by having a more streamlined management for the field service and Shop-in-Shop-activities of Creaktiv and Libella in the course of them working together with the builders' merchants "Hellweg" and "Max Bahr". The presence established at some selected builders' merchants is already beginning to bear fruit and the first orders have already been taken.

In addition to this, Kampa has developed a further training scheme for all Kampa sales staff to improve sales even more. The training program in the "Kampa Academy" has already been available since the beginning of the current year with the objective of improving the quality of advice given by the sales teams, so that potential buyers can be convinced of the quality of Kampa houses and the service on offer.



Completions of residential units from 1999 an estimate for 2000



The addition of more attractive customer service packages as well as new house models will also have a beneficial effect, and will increase turnover. In doing so, the focus will be divided equally between new low-cost shell houses and part self-build houses, as well as on exclusive turnkey houses.

Additional stimuli for growth are expected from the process of internationalisation already underway, and which has been successful too. The entry into Austria has already been successful with the take-over of Novy-Haus. A Kampa showhome has been planned for the greater Vienna area before the end of the year. There are still plans to have a showhome constructed in Posen in Poland. A sales office has already been opened in Posen with an architect working under contract and with a salesman. Negotiations are under way for the purchase of a building plot on which to construct a showhome. As a result of the delays in the required planning permission being granted by the Polish authorities, we did not manage to have the house completed before the end of 1999 as announced in the annual report for 1998. Completion is now planned for summer 2000.

Exploiting the potential for cutting costs also ranks amongst the objectives of the current financial year 2000. As part of the restructuring measures carried out, Kampa has already concentrated on orders for multi-family homes construction and commercial construction, in which it has increasingly become possible to work with the low-cost modular and system construction methods. This is to be continued in future.

The continued expansion of the network of regional service centres, a process started as early as 1999, is also part of the new direction. The stricter distinction in market image between the three sales lines Kampa, Libella and Creaktiv will continue to be followed up by defining the differentiation between the range of goods and services which each has to offer more precisely, in particular with regard to the standard and diversity of interior finish and fittings. By reorganising the field service, the sales costs will see a significant reduction from as early as 2000 onwards.

Against the background of the restructuring measures already initiated and in some cases completed, Kampa-Haus AG. assumes from today's perspective that that it will be able to continue to reduce its block of overheads by a significant amount, and create a secure springboard for further growth. The current financial year is regarded as a year of consolidation, in which the last of the measures will be put into practice.

The unsatisfactory order level as well as restructuring mean that a total turnover of 415 mill DM is expected in the current financial year. Not only the reduction in volume but also the impending measures for changing course and taking a new direction will be reflected in the profits. In spite of perceptible sacrifices, profits will be above average for the industry in 2000 as well. It is reckoned that there will then be an increase in the volume of business in 2001 and an improvement in the earnings position once more.

Minden, 3rd March 2000

The Executive Board

Günter Baum

Hans-Jörg Binöder

Günter Kruse

Udo Zimmermann

Suggestion for the utilization of the balance sheet profit

After allocating 8,000,000 DM to the profit reserves for the financial year 1999, the annual net earnings of Kampa-Haus AG. amounted to 26,921,403.03 DM and together with the profit carried forward from the previous year of 10,737,356.86 DM produced a balance sheet profit of 29,658,759.89 DM for the financial year 1999.

The executive board and the supervisory board will suggest to the shareholders' general meeting that the sum of 20.0 mill DM be distributed to the shareholders and the remaining sum of 9,658,759.89 DM is carried forward to the new account. This means that there is a dividend of 1.80 DM in addition to a bonus of 0.20 DM per individual share certificate plus the proportion of corporate tax amounting to 0.86 DM for our shareholders in Germany.



Kampa, the first 100 years



Master joiner Heinrich Rolf

The master joiner Heinrich Rolf established a joinery for making doors, windows, stairs and furniture in Minden-Dützen on the 1st April 1900. Benefitting from the rapid economic upturn in the emergent German Empire, Rolf managed, with his craft skills, his courage and his understanding of the market, to build up a business which survived two world wars and a worldwide recession. After the end of the second world war Heinrich Rolf handed over the business to his son-in-law, Eugen Kampa, also a master joiner by trade. In 1960 the latter expanded the product range, which had hardly changed up until then, with the addition of garden houses and weekend homes.

It was finally Eugen Kampa's son, Wilfried, who set the points for the direction taken today by Kampa-Haus AG.. In 1965 Wilfried Kampa, who had studied to be a civil engineer and architect, joined his parents' business and had the foresight to develop a modern range of houses, which was designed to go far beyond what was available at that time. Together with his father, he set up Eugen Kampa Wochenendhausbau GmbH on 1st May 1966 and developed a modern and forward-looking range of prefabricated houses. His "Bungalow" model, presented before the end of the same year, quickly developed to become a sales hit and as a result Wilfried Kampa acquired widespread recognition in the prefabricated house industry of the 1960s, which was as yet still in its infancy.

In order to mark the change-over from joinery to manufacturer of residential houses, the company was renamed in 1971 to become Eugen Kampa Kommanditgesellschaft Fertighausbau. The high demand for the "Bungalow" design and the gradual expansion of sales throughout the whole of West Germany soon made it necessary to expand and modernise the production plant in Minden. But even as early as 1972 the existing capacity was once more inadequate, so that a second production centre was built in Waldmohr in der Pfalz - the home village of Eugen Kampa. Two years later a third Kampa factory had to be opened in Kinding bei Ingolstadt in Bavaria. The regional distribution of the three factories now also made it possible to deliver to customers everywhere in West Germany and West Berlin quickly and at low-cost. Hand in hand with this expansion, the decision was taken to take over the sales function of Kampa houses, which up until that time had been organized externally, and incorporate it within the company. As a result, Kampa-Haus Vertriebs GmbH was established in 1977.

In parallel to the expansion of the business, Kampa widened the range of its available products. In 1974 the "Landhaus" design was introduced, which in the meantime - just like the "Palais" model introduced in 1989 - has become a classic for discerning builders. Four years later

the "Atelier-Kompakt" house model was presented, which soon became the most popular model at Kampa on account of its flexible layout and its practicality for everyday life, added to the fact that it offered a lot of house for its price. In 1978 Kampa brought out town and terraced houses for the first time as a cheaper alternative to single-family homes.

Even in the 1980s - and therefore a long time before the current boom on the stock exchange - the Kampa family recognized the advantages to be gained in financing the growth of the company through the stock exchange. The family-run business was converted into Kampa-Haus AG. on the 1st January 1985 and one year later it



1. Production plant in Minden-Duetzen

was launched onto the stock exchange. In the meantime the Kampa share has been listed in SMAX, the quality section of the Deutsche Börse AG for Small Caps, and is a member of SDAX, which consists of the 100 SMAX shares with the highest turnover.

The economic reversal and the crisis in the construction industry which followed was characteristic of the 1980s. In order to provide a hedge against the fluctuation in the construction of single-family and multi-family homes, in 1988 Kampa-Haus AG. expanded its range of products with the hotel and commercial construction sector, with buildings made with traditional methods of construction. In the same year it established Kampa Hotel- und Industriebau GmbH.

German Reunification provided Kampa with great opportunities for growth in the early 1990s. Kampa was quick to recognize and exploit these opportunities. Work had begun on setting up a sales organization offering local coverage throughout eastern Germany even before the currency reform in eastern Germany. The fourth Kampa factory managed to open its doors in Linthe/Brandenburg in May 1991.

The increasing demand for owner-occupier homes also increased the demand for cellars and floor slabs to fit. Consequently the executive board at Kampa decided in 1990 to offer its own prefabricated cellar, initially by acquiring a majority holding in a factory manufacturing prefabricated concrete slabs and in addition to this, two companies were established in the course of the following years.

In the 1990s the concept of cheap building gained more and more ground in Germany. Increasingly, those building houses for themselves were prepared to contribute capital in terms of doing some of the work themselves. Kampa identified this trend very early on and brought out its own series for so-called shell houses onto the market under the name "Creaktiv". The sales line for low-cost houses was supplemented in 1998 with the acquisition of the subsidiary Libella Bau Holding GmbH & Co. KG, Ottobeuren. This company's product range chiefly consists of shell houses and part self-build houses. Kampa introduced another new development in 1999 in the low-cost building sector with the "TM"-Haus, a shell house made of lightweight concrete with an admixture of clay.

But the range of traditional Kampa houses was also gradually rounded off with the addition of low-cost house models and was thereby adjusted to reflect the changes in demand patterns in the market. At the end of 1998 Kampa introduced the "Studio" series on to the market. Studio has been designed above all for small building plots, and this is why it is chiefly of interest for those wanting to live in a town and are forced to build on a small plot. In spite of this, the design offers enough space for a family of four. The Kampa product range was complemented in 1999 with the "Chalet" and "Trendy" design series. "Chalet" was created in collaboration with Libella, and is distinguished on account of its architecture typical for southern Germany. "Trendy" has been assigned to the low-cost sector of the Kampa product range and is designed primarily for young families.

In order to put company expansion on an international footing, Kampa-Haus AG. began to access markets outside Germany in the mid 1990s. In addition to the establishment of a subsidiary in Poland, the first step included the acquisition of the Austrian company Novy-Haus in Siegendorf near Vienna.



Wilfried, Frieda and Eugen Kampa on the occasion of the 75th anniversary

Kampa-Haus celebrates



About 10,000 visitors celebrated the centenary of Kampa-Haus AG. in Minden on the 1st and 2nd of April in bright spring sunshine. On the occasion of this jubilee the spacious factory hall of some 9,700 m² in Uphäuser Weg opened its doors for an open day. As a result, many interested persons were given the opportunity to look behind the scenes of the market leader for prefabricated houses. In addition to a bungee jumping tower and a big wheel, lotteries and competitions based on house-building provided the attractions and action. The pupils' "Bessel Big Band" ensemble provided the musical background, playing lively dixieland jazz.



The 1st of April began with an official celebration. About 500 guests celebrated the jubilee together with Wilfried Kampa in a large marquee erected on the company grounds in Minden. Wild salmon, fillets of pork and French red wine were on the menu. Also present were the former Federal President of Germany, Dr Richard von Weizsäcker, the chairman of the county council for Minden-Lübbecke, Wilhelm Krömer, the mayor of the town of Minden, Reinhard Korte, and Hans Weber, President of the Bundesverbandes Deutscher Fertigbau e.V. (BDF)



Weizsäcker, who has been associated with, and popular in, the town of Minden for very many years, spoke in his speech lasting 50 minutes or so in favour of the harmonisation of Europe and the completion of European integration. In doing so, he said that the European Union ought to take note of the resolution and vigour of Kampa as an example.

The representative of the chamber of handicrafts and the chamber of commerce and industry for East Westphalia, as well as mayor Korte and the chairman of the county council Krömer also had words of praise for the life's work of Wilfried Kampa, his father and grandfather. They congratulated Mr Kampa not only for his success as a businessman, but also thanked him for his numerous services to the region. Hence, Wilfried Kampa has not only turned out to be a reliable partner for the technical college in Minden, but he has also been a patron of international student exchanges and a generous donor of cultural and sporting facilities. For his services Kampa was handed over a certificate of honour from the chamber of handicrafts in Minden-Lübbecke, a jubilee document from the East Westphalian Chamber of Commerce and Industry and the Minden flag.



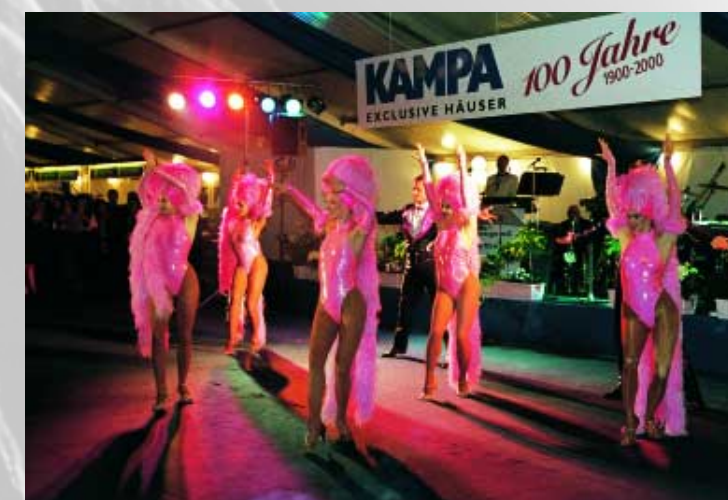
On this festive occasion too, Wilfried Kampa did justice to his generosity, for which he is well known. He handed over a cheque from the Kampa Gemeinnützige GmbH for one million DM to the pastor Dr Heinrich Winter for the complete and long overdue renovation of the St. Martini church in Minden, the church in which Wilfried Kampa was confirmed 46 years ago.

They didn't skimp on the humour at the celebrations either. Wilfried Kampa made his listeners smile at some of those anecdotes which you won't find anywhere in the official chronicles of the company. As a small boy, if he had annoyed one of the two journeymen in his grandfather's joinery once too often, he was made to lie down

in the coffins which had just been made, as a punishment, to try them for size. Then, to the applause of the audience, the two journeymen, in the meantime over 80, and both present at the festivities, also took a bow.

Celebrations were also held on the 1st and 2nd of April on the company site in front of the marquee, where numerous attractions awaited the visitors, both young and old. Those so inclined were able to put their bravery to the test by throwing themselves off a bungee jumping tower of nigh on 60 metres in height, or hover above the town in a hot air balloon. However, the latter pastime was reserved to those able to judge the correct weight of a square metre of Kampa wall.

A big wheel, a childrens' roundabout and a punch and judy show were laid on to keep the small visitors amused, while on the shop floor, the grown-ups were able to see in action the fascinating production technology used to make a prefabricated house. There was a Kampa employee available at every workstation on the shop floor whose job it was to provide expert information as required. In addition to this, the visitors were able to convince themselves of the solidity and high quality of Kampa methods of construction with scale models of dormer-ventilators, roof overhangs, and a wall which had to withstand a load test.



Volunteers found out just how difficult it can be to build a straight wall in a competition. Here the objective was to lay as many bricks as possible within a predetermined amount of time. A mountain bike awaited the winner as a prize.

Skill and dexterity were likewise what was needed to put up mini Kampa houses. Those who wanted to win a weekend away for two to Munich had to assemble all 18 sections - such as roof, rafters, roof battens and walls - in the shortest possible time to a Kampa model house of about two metres in height.

The guests at the celebrations also included about 400 Kampa shareholders, who insisted on chatting about share prices and finance over a glass of champagne in a casual atmosphere at the shareholders' stand in the administration block.

The company celebrations on Saturday evening were also relaxed. The employees of the Kampa group celebrated until way past midnight with star guest Mary Roos to the strains of a lively dance band, in the best of spirits as the 100th anniversary of their company faded away.



The Kampa share



The share capital of Kampa-Haus AG. was converted to euros in a resolution passed at the shareholders' general meeting on the 24th June 1999 and was topped up to the round sum of 26 mill euros by increasing capital from company funds. It is divided up into ten million payable to bearer shares. The share certificates are listed under the security identification number 626910 for official trading on the stock exchanges in Frankfurt am Main, Düsseldorf and Berlin as well as in unofficial dealing in the trading centres in Bremen, Hamburg, Stuttgart and Munich. The scattered holdings amount to 44%. Since the 26th April 1999 the Kampa-Haus share has belonged to the new quality sector of the Deutsche Börse AG for minor stocks, the SMAX. In addition to this, it is a member of SDAX, which consists of the 100 SMAX securities with the highest turnover.

Based on the figures for the total stock exchange turnover, which includes multiple payments, the number of all Kampa shares traded in Germany in 1999 went up from 11.5 mill shares to 12.9 mill shares, based on a total of 46,000 transactions. The corresponding stock exchange turnover amounted to 208 mill euros following 274 mill euros in 1998. According to the order book statistics in which every share transaction counts once, the number of shares traded in 1999 amounted to 2.9 mill, and the total volume corresponding to this amounted to 36 mill euros.

Following a spurt at the end of the year, the DAX ends 1999 at a new record high

The DAX did not succeed in breaking through the elusive 5,500 points barrier in the first half of the year. Finally the improvement in the global economic climate made the international share markets soar, and as a result - albeit with a time lag - from October onwards, it took the DAX with it. It even broke through the 6,000 mark in December. Borne by few index heavy-weights, the market barometer closed on the 30th December 1999 with a relatively small turnover following a substantial spurt at the end of the year at 6,958.14 points, just under the 7,000 mark. This means that it reached a new high and increased by about 30% compared with the level at 30th December 1998.

SMAX did not fulfil hopes

In 1999 the development of the newly established quality sector of the Deutsche Börse AG for minor stocks, the SMAX was far less encouraging. At the end of the year the SDAX only achieved an increase of 8.6% up to 2,889.39 points and this means that its performance was significantly more subdued than that of the DAX. The hope of the Small Caps, that they would be given greater consideration by investors, having been accepted by the SMAX only established in April 1999, was very largely disappointed. In fact, the lack of liquidity of many SMAX shares as well as the lack of assessments from the banks in most cases frightened off the investors. This is why only 29 of the 100 largest Small Caps had made any gain by the end of the year. On the other hand, the share price of 33 companies fell by more than a quarter.

Shares in the construction industry continue to be weak

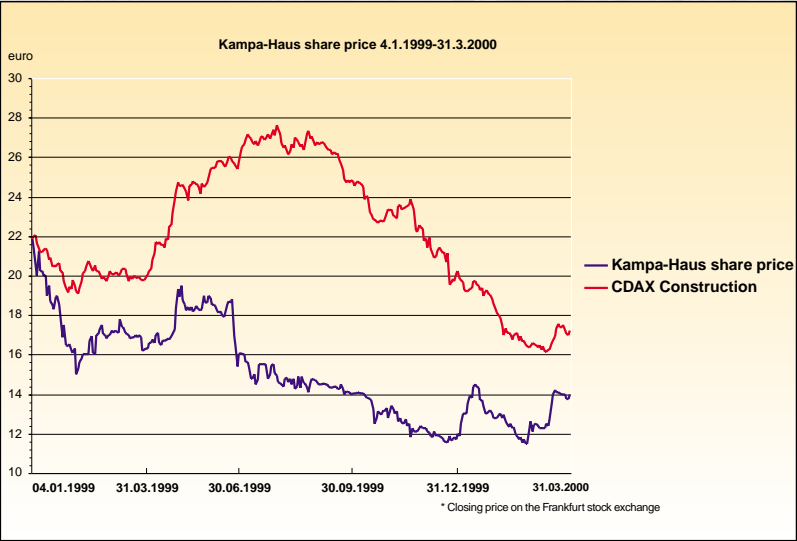
The Kampa share had to deal with two setbacks in 1999. On the one hand, it shared the fate of many other shares, notably insufficient attention. In addition to this, as a share in the construction industry, it suffered from the economic climate in the construction industry, which continued to be weak. On the date in question, the 30th December 1999, the C-DAX for construction only managed to increase by 4.2% compared with the comparable figure for 1998.

Added to this there was the restructuring of the Kampa-Haus group, which - as expected - was reflected in a very modest development of profits. Consequently, the Kampa share initially began 1999 at 22 euros, however, then it fell somewhat, before managing to recover to just over 20 euros in May. From June onwards, however, the share lost value continually and finished the year in electronically traded shares at 11.85 euros, near its 52 week low of 11.50 euros. Then the share price picked up again to 13.95 euros by the end of March.

We are assuming that the restructuring of the group of companies initiated will be honoured by the stock market in the current year and that we will be able to shake off the downward slide of construction shares. Although acceptance into the SMAX has not, to date, fulfilled our expectations, we believe that the open and regular publicity required in the SMAX, to which we have submitted, is an opportunity to draw attention to our earning power, which is as before considerably above the average for the industry. This should also be reflected in our share price in the current year.

Bonus dividends on the occasion of the company's centenary jubilee

In spite of the fall in profits expected in the course of restructuring, we achieved a gross profit-sales ratio of 10% in 1999, which means that we are still above the average for the industry. We are assuming that the measures we have introduced, some of which have already been successfully completed, will still allow us to be highly profitable. From 2001 onwards we shall be right on track for fast growth again. This is why the executive board and supervisory board will suggest to the shareholders' general meeting on the 15th June 2000, that a dividend of 1.80 DM plus a bonus of 0.20 DM per share be paid out to commemorate the centenary of Kampa-Haus AG..



* Closing price on the Frankfurt stock exchange

Financing

The DVFA profits adjusted by special influences for the group amounted to 24.7 mill DM following 24.9 mill DM in the previous year. This means that each share produced a DVFA profit of 2.47 DM compared with 2.49 DM in 1998. With regard to the funds statement, we refer to the appendix.

Balance sheet total drops slightly

The drop in group turnover compared with 1998 also had an impact on the balance sheet total. It fell by 4.3% from 320.3 mill DM in the previous year to 306.6 mill DM.

The fixed assets increased by 4.3% from 124.3 mill DM up to 129.6 mill DM. This was accounted for above all by the marked increase in the intangible fixed assets of 4.7 mill DM. On the other hand, the current assets fell by 9,9% from 195.7 mill DM to 176.3 mill DM. This is attributable in particular to the drop in unfinished products and services, other assets, as well as liquid funds amounting to a total of 20.3 mill DM. At the same time the stock of securities in the current assets increased by 3.3 mill DM.

Continued development of the DVFA/SG profit (in KDM)

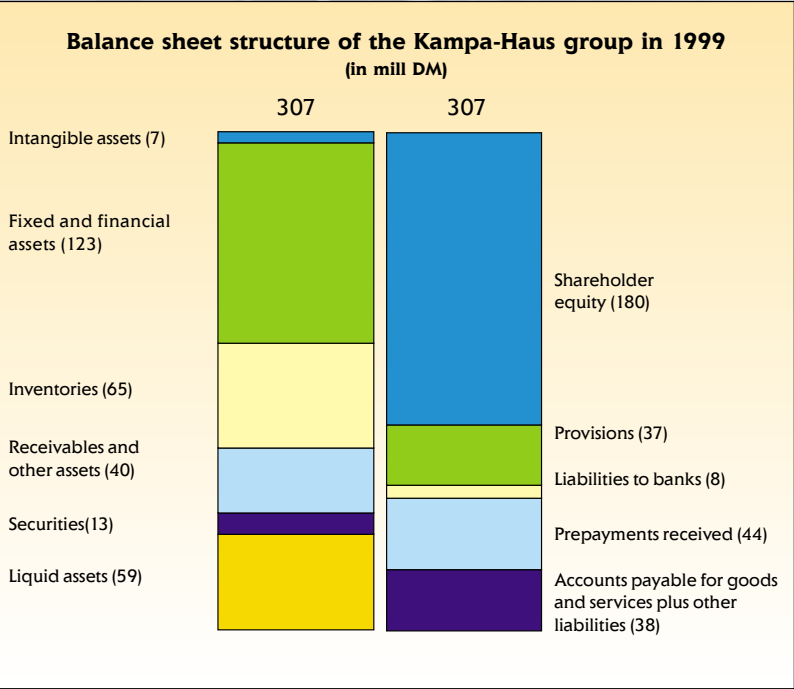
	1998	1999
Annual net earnings for the group	27,997.2	28,597.9
Potential tax adjustment	- 23.8	- 8.7
Adjustment for special influences to the assets	- 2,047.2	- 2,728.2
DVFA/SG profits for the whole company	25,926.2	25,861.0
Proportion of profits attributable to third parties adjusted by special influences	- 1,011.9	- 1,136.8
DVFA profits for shareholders of the parent company	24,914.3	24,724.2
Profits per share in DM according to DVFA/SG	2.49 DM (1.277)	2.47 DM (1.267)

from 28.0 mill DM up to 28.6 mill DM as well as the change in the profit carried forward and in the proportion of profits attributable to third parties, which amounted to a total of 0.8 mill DM. The shareholder equity ratio increased from 54.8% to 58.7%.

Altogether, the provisions increased by 19.4% from 30.9 mill DM up to 36.9 mill DM. This means that the provisions for guarantees were increased by 26.8% from 11.2 mill DM up to 14.2 mill DM and the other provisions were increased by 29.3% from 13.3 mill DM up to 17.2 mill DM.

Kampa managed to reduce its liabilities significantly by 21.2% from 113.9 mill DM down to 89.7 mill DM. The liabilities to banks taken on in connection with taking over Libella were reduced perceptibly by 56.2% from about 18 mill DM to 7.9 mill

DM. Moreover, in the course of the reduction of the volume of business, the prepayments for orders received fell by 17.7% from 53.6 mill DM to 44.1 mill DM.



Kampa-Haus group: Value created in 1999



Origin (in mill DM)

	1998	1999
Company sales	487.9	475.8
– Material expenditure	204.2	192.7
– Depreciation	19.5	15.9
– Other expenditure	83.1	89.4
= Total prepayments	306.8	298.0
Value created	181.1	177.8



Use (in mill DM)

	1998	1999
Employees (Staff expenditure)	126.3	127.6
Public bodies (Taxes)	24.8	20.3
Lenders (Loans)	2.1	1.3
Shareholders (Dividends) and other proprietors	19.0	21.1
Company	8.9	7.5

In comparison with 1998, the value created in the Kampa group fell by 1.8% or 3.3 mill DM down to 177.8 mill DM (Previous year 181.1 mill DM). The reason for this in particular was that company sales fell by 2.5% from 487.9 mill DM down to 475.8 mill DM.

The largest proportion of the value created, 72%, went to the employees (Previous year 69.7%). Public authorities received 11%, the shareholders and other proprietors received 12%, and about 4% remained within the group, and 0.7% went to lenders. In comparison with the previous year, the debt ratio improved from 45.2% to 41.3%.



New series of Kampa houses



In 1999 Kampa-Haus AG. further expanded its range of products, above all in the mid price range. The "Studio" series of houses introduced at the end of 1998 has already established itself very successfully in the market. Studio is chiefly designed for small building plots and can be used to create living space of between 120 m² and 220 m². Kampa reacted quickly and demonstrated flexibility in response to new trends in the market by introducing this series. For many people, a house in a town is worth aiming for, but a goal not easy to achieve. There is a price to be paid for living in a town. Building plots are rare, expensive and mostly smaller than wished.



Studio makes it possible for people to have the house with the layout they want on small building plots. It accommodates those who intend to build a house on a small site, since the price of building land is high, especially in conurbations. It has a flexible layout, and can be fitted with numerous extras, such as roof overhangs, jamb walls, oriels. In addition to saddleback rooves, and half-hipped rooves with large roof overhangs and a roof pitch of 45°, canopies, penthouse rooves as well as dormer-ventilators, and oriels can be selected. High jamb walls make it possible to create additional living accommodation. As with all Kampa houses, there is a choice of internal finishes and fittings, available with AktivPlus, Fast-Fertig or Exclusiv. Another advantage of Studio is that only the width of the house is fixed (8.10 metres). The length of the house is variable. Consequently, Studio also takes advantage of the site conditions to make the best possible use of what appear to be unfavourable sites, to satisfy the highest individual demands in terms of living accommodation.



Kampa took the concept behind Studio one stage further in 1999. The "Stadtvilla" series is also designed for assembly on small building plots. It proves itself on account of its exceptionally modern and new architecture, which is a cut above the other traditional Kampa models. It also has two storeys. Stadtvilla has the same external dimensions as Studio, however, the living space can be expanded with various projecting oriels. With this house model Kampa is targetting the 30 to 45 year age bracket, which is cost conscious and tends to want to live in a town or on the edge of a town, and doesn't want to put its money into paying for building plot, but would prefer to put its money into a house instead.

The "Maison" could turn out to be a real star in our product range. The house designed as a cube is enchanting with its glass dome in the centre of a hipped roof. Externally, this creates a striking visual impact. Inside, it creates a comfortable atmosphere by having a stairwell saturated in light. In addition to this, there are plans to design a greenhouse. High windows extend along the entire height of the house wall. Kampa is making this house available with a more straightforward finish and fittings as a basic model for the cost conscious. Maison will be positioned in the medium price range.

The "Castell" design is to be regarded as an alternative to the Palais design series, which has been very successful on the market for a number of years, and is positioned in the most expensive sector. Instead of the mansard roof prohibited in many construction plans, Castell will be fitted with a triple roof. In addition to this, generously-sized balconies and the fitting of a top quality inglenook, windows down to the floor, sauna or fitness room are features of this model.

The two house models "Chalet" and "Trendy" were developed and launched onto the market in 1999. Chalet, which has already been presented briefly in the annual report for 1998, was developed by working together with Kampa's subsidiary Libella from Bavaria. Large roof overhangs, decorated purline heads, jamb walls for low roof pitches and recessed loggias as well as skylights which can be opened from under the roof, are the key features of this design series.

In October Kampa launched the value-for-money series "Trendy" onto the market. Trendy is designed chiefly for young families and is available with several floor plans. Here too, rooves with differing pitches, oriels, and dormer-ventilators are available. Besides which, the model is distinguished on account of its brick facing and plaster fronts, which are also available in different colours.

The "Creaktiv" series, in which shell houses and part self-build houses are available, built to customer plans, was expanded by two additional house models in 1999. With living space of 106 m² and 120 m² respectively, both these models are available at extremely low-cost. It has been possible to offer these models at significantly lower prices than the predecessor models by offering a more basic design and as a result of rationalisation measures. As a result, the design series can also be built as a comfortable semi or terraced house, having as it does, a gable width of just 8.25 metres.

The standard terraced house designed in February 1999 by the sales department at "Creaktiv-Haus" has already been sold on frequent occasions. A row of twelve terraced-houses has been constructed in Dietzenbach. They are convincing with their innovative design, which on the one hand does justice to the higher static loads created by two and a half storey houses, and on the other hand, they also satisfy the requirements of the stricter fire safety regulations.

In the Hotel and Commercial Building sector, Kampa put into practice for the „Autohaus Sieg“ car showrooms one of the first projects forming part of the DaimlerChrysler Corporate-Design-Concept. In just seven months Kampa built a new car showroom with 2,600 square metres of usable space for the Mercedes-Benz agents in Minden. Large areas of glass and an open steel framework have transformed the showroom into striking premises, very much line with the corporate image of Daimler-Chrysler, symbolising at the same time the technological force and transparency of a global group of companies.



Kampa-Haus „Maison“ draft



CreAKTIV- house



Financial Statements / Kampa-Haus AG.

Kampa-Haus AG., Minden – Balance Sheet as at 31st December 1999

Assets

	as at 31. 12. 1999 DM	as at 31. 12. 1998 DM
A. Fixed assets		
I. Intangible assets		
1. Concessions, industrial property rights and similar rights and assets	2,738,811.96	1,340,675.36
II. Tangible assets		
1. Land with business, factory and other buildings	30,851,268.82	31,554,583.06
2. Land with showhomes	20,263,305.52	20,061,267.16
3. Land without buildings	1,588,651.48	1,547,003.08
4. Buildings on third-party land	10,685,560.00	9,898,484.00
5. Plant and machinery	800,961.00	1,072,637.49
6. Other fixtures and fittings, tools and equipment tools and equipment	2,115,523.00	2,310,652.00
7. Vehicles	2,775,547.00	2,442,689.61
8. Payments on account and tangible assets in course of construction	2,073,636.31	1,598,984.28
III. Financial assets		
1. Shares in affiliated enterprises	55,605,337.26	44,854,523.78
2. Participations	500,000.00	500,000.00
3. Loans to enterprises in which Kampa is linked by virtue of a participation	1,927,000.00	1,387,500.00
	131,925,602.35	118,568,999.82
B. Current assets		
I. Inventories		
1. Spare land	1,436,984.38	86,160.32
II. Receivables and other assets		
1. Trade receivables (remaining term of more than one year DM 0.00)	21.51	577,866.79
2. Receivables from affiliated companies (remaining term of more than one year DM 0.00)	44,042,567.72	46,061,386.96
3. Other assets (remaining term of more than one year DM 546,001.83)	2,710,080.44	1,565,894.95
III. Securities		
1. Other investments	13,409,453.93	10,062,500.00
IV. Cash in hand, cash in bank accounts	38,330,009.77	50,109,482.50
	99,929,117.75	108,463,291.52
C. Expenses prepaid and receivables deferred	239,124.00	3,540.00
	232,093,844.10	227,035,831.34

Liabilities

	as at 31. 12. 1999 DM	as at 31. 12. 1998 DM
A. Equity		
I. Subscribed capital Euro 26,000,000.00	50,851,580.00	50,000,000.00
II. Capital reserves		
1. Premiums	25,606,045.00	25,606,045.00
III. Profit reserves		
1. Statutory reserves	1,266,878.00	1,266,878.00
2. Other reserves	80,681,542.00	73,533,122.00
	29,658,759.89	28,737,356.86
IV. Balance sheet profits	188,064,804.89	179,143,401.86
B. Provisions		
1. Provisions for pensions and similar obligations	948,551.00	848,650.00
2. Tax provisions (of which for latent taxes DM 721,089.00)	1,526,962.40	4,890,259.23
3. Other provisions	4,488,882.00	2,907,561.00
	6,964,395.40	8,646,470.23
C. Liabilities		
1. Accounts payable (remaining term up to one year)	1,690,638.74	686,791.45
2. Due to affiliated enterprises (remaining term up to one year)	32,831,387.01	32,655,061.41
3. Other liabilities of which from tax DM 335,802.89) of which in respect of social security DM 898,897.84) (remaining term up to one year DM 2,539,539.86)	2,539,539.86	5,904,106.39
	37,061,565.61	39,245,959.25
D. Income received in advance and expenses accrued	3,078.20	0.00
	232,093,844.10	227,035,831.34

Financial Statements / Kampa-Haus AG.

Kampa-Haus AG., Minden – Profit and Loss Account for the period from 1st January until the 31st December 1999

	1999	1998
DM	DM	DM
1. Sales	49,744,528.20	42,815,561.49
2. Other operating income	621,931.49	1,320,980.03
	50,366,459.69	44,136,541.52
3. Cost of materials		
a) Cost of sale of land	1,076,479.86	2,344,583.76
	49,289,979.83	41,791,957.76
4. Personnel expenses		
a) Wages and salaries 11,439,487.86		11,035,956.45
b) Social security and other pension costs		
(of which for old-age pensions DM 260,546.51) 1,901,656.28		1,971,785.20
	13,341,144.14	13,007,741.65
5. Depreciation on intangible fixed assets and tangible assets	8,825,920.22	10,739,787.20
6. Other operating expenses	11,771,352.67	10,107,785.50
7. Income from profit transfer (of which from affiliated enterprises DM 507,069.36)	507,069.36	535,215.52
8. Income from participations (of which from affiliated enterprises DM 27,609,011.92)	27,609,011.92	37,660,081.94
9. Other interest and similar income (of which from affiliated enterprises DM 841,427.86)	2,293,389.82	2,672,430.10
10. Depreciation on financial assets	867,000.00	1,802,925.00
11. Interest and similar expenses (of which to affiliated enterprises DM 1,574,395.01)	1,907,130.85	1,788,148.97
12. Assumption of loss (of which to affiliated enterprises DM 4,446,046.47)	4,446,046.47	4,528,612.78
13. Result from ordinary business activities	38,540,856.58	40,684,684.22
14. Taxes on income	11,522,039.23	15,838,994.41
15. Other taxes	97,414.32	130,874.30
16. Net income	26,921,403.03	24,714,815.51
17. Profit carried forward	10,737,356.86	12,022,541.35
18. Allocations to other profit reserves from profit carried forward	8,000,000.00	8,000,000.00
19. Balance sheet profit	29,658,759.89	28,737,356.86



Financial Statements / Kampa-Haus Group

Kampa-Haus AG., Minden – Consolidated Balance Sheet as at 31st December 1999

Assets

	as at 31. 12. 1999 DM	as at 31. 12. 1998 DM
A. Fixed assets		
I. Intangible assets		
1. Concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets	3,220,866.71	1,582,880.36
2. Goodwill from the capital consolidation	3,803,163.34	635,698.00
3. Payments on account	0.00	100,000.00
II. Tangible assets		
1. Land with business, factory and other buildings	65,607,022.59	66,921,042.45
2. Land with showhomes	24,985,447.32	24,019,748.01
3. Land without buildings	2,065,204.33	1,979,587.98
4. Buildings on third-party land	12,619,636.03	11,805,061.45
5. Plant and machinery	2,781,521.00	3,265,475.49
6. Other fixtures and fittings, tools and equipment	4,931,237.88	5,790,404.05
7. Vehicles	3,769,281.32	3,112,021.61
8. Payments on account and tangible assets in course of construction	3,396,315.83	3,197,651.23
III. Financial assets		
1. Shares in affiliated enterprises	510,346.31	503,830.44
2. Loans to enterprises in which Kampa is linked by virtue of a participation	1,927,000.00	1,387,500.00
3. Securities in the fixed assets	18,503.66	2,100.00
	129,635,546.32	124,303,001.07
B. Current assets		
I. Inventories		
1. Raw materials and supplies	11,062,479.29	12,253,478.06
2. Work in progress	33,404,651.38	39,946,227.88
3. Spare land	20,031,801.18	20,884,032.10
II. Receivables and other assets		
1. Trade receivables (remaining term of more than one year DM 0.00)	20,996,492.30	19,211,576.60
2. Payments on account (remaining term of more than one year DM 0.00)	9,192,081.41	11,356,763.76
3. Other assets (remaining term of more than one year DM 752,929.33)	9,614,637.89	12,931,942.98
III. Securities		
1. Other investments	13,409,453.93	10,062,500.00
IV. Cash in hand, postal giro balances, cash in bank accounts		
	58,551,391.45	69,018,684.33
	176,262,988.83	195,665,205.71
C. Expenses prepaid and receivables deferred		
	681,130.16	288,156.19
	306,579,665.31	320,256,362.97

Minden, 3rd March 2000

Kampa-Haus AG. – Executive Board

Günter Baum

Hans-Jörg Binöder

Günter Kruse

Udo Zimmermann

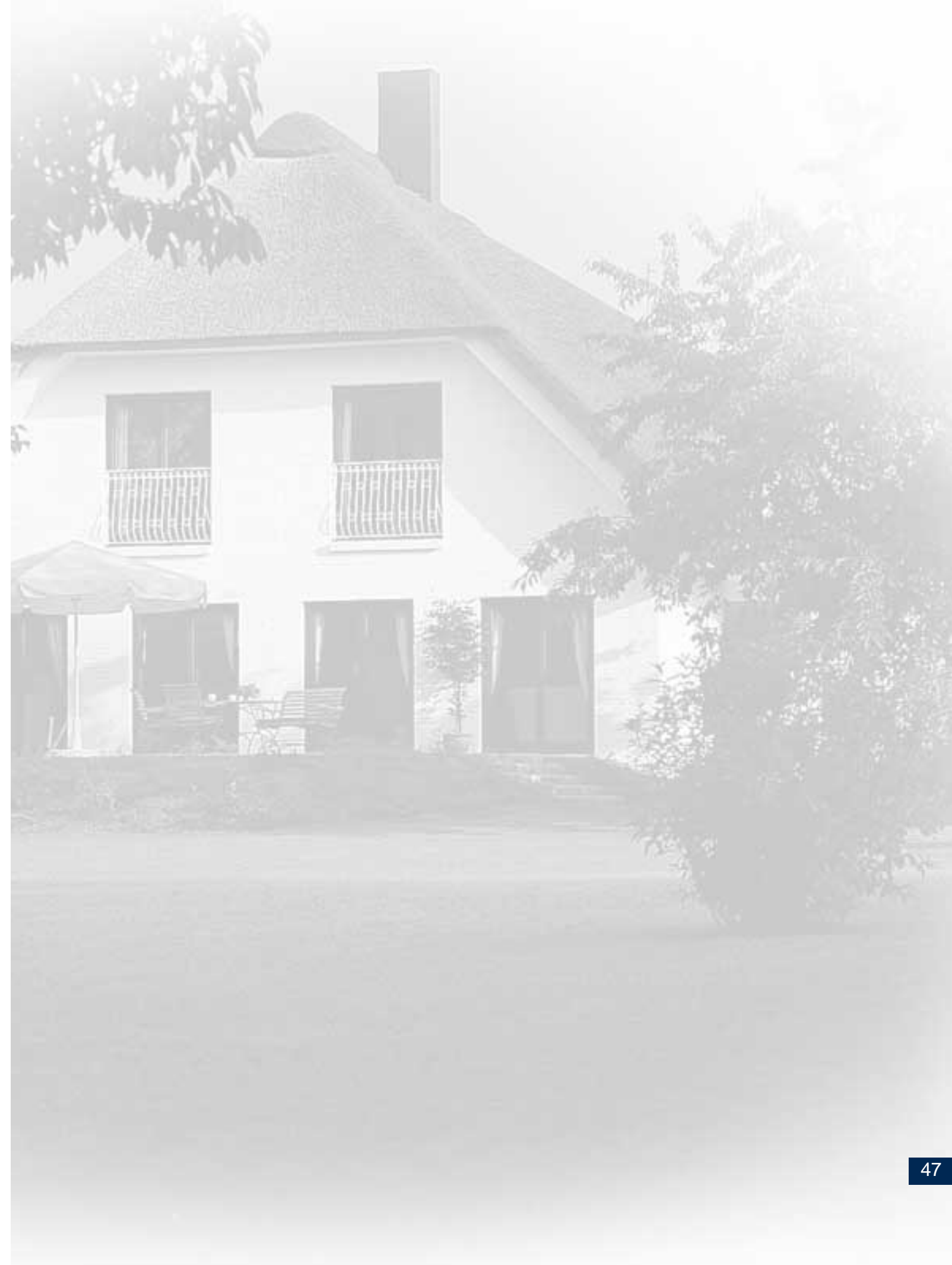
Liabilities

	as at 31. 12. 1999 DM	as at 31. 12. 1998 DM
A. Equity		
I. Subscribed capital Euro 26,000,000.00	50,851,580.00	50,000,000.00
II. Capital reserves		
1. Premiums	25,606,045.00	25,606,045.00
III. Profit reserves		
1. Statutory reserves	1,266,878.00	1,266,878.00
2. Other reserves	71,905,276.32	64,750,956.98
IV. Balance sheet profits	25,231,695.89	23,776,506.70
V. Balancing item for shares of other shareholders	4,995,417.27	10,020,000.00
	179,856,892.48	175,420,386.68
B. Special items including a reserve element	147,696.91	0.00
C. Provisions		
1. Provisions for pensions and similar obligations	948,551.00	848,650.00
2. Tax provisions	4,535,868.76	5,514,156.53
3. Provisions for guarantees	14,177,140.39	11,247,345.00
4. Other provisions	17,193,803.02	13,321,738.36
	36,855,363.17	30,931,889.89
D. Liabilities		
1. Accounts payable (remaining term up to one year DM 1,265,197.51)	7,869,778.25	17,962,070.92
2. Due to affiliated enterprises (remaining term up to one year)	44,065,981.92	53,597,017.39
3. Liabilities from accounts payable (remaining term up to one year)	18,577,603.93	19,425,981.50
4. Other liabilities of which from tax DM 9,408,689.47 of which in respect of social security (remaining term up to one year) DM 5,619,736.06	19,150,918.53	22,895,853.59
	89,664,282.63	113,880,923.40
E. Income received in advance and expenses accrued	55,430.12	23,163.00
	306,579,665.31	320,256,362.97

Financial Statements / Kampa-Haus Group

Kampa-Haus AG., Minden – Profit and Loss Account for the Group for the period from 1st January until the 31st December 1999

	DM	1999 DM	1998 DM
1. Sales to external customers outside the group			
Sales		585,933,223.08	646,756,833.99
Intragroup sales		112,081,503.66	164,876,612.27
		473,851,719.42	481,880,221.72
2. Reduction in stock of finished and unfinished products		7,256,303.31	5,083,169.61
3. Work and services effected by the company for itself and carried as assets		5,314,615.67	3,693,062.66
4. Other operating income		3,893,054.56	7,497,837.93
		475,803,086.34	487,987,952.70
5. Cost of materials			
a) Expenses for raw materials, supplies, goods bought for resale	133,386,946.27		130,908,510.07
b) Expenses for services bought in	59,354,542.95		73,242,469.34
		192,741,489.22	204,150,979.41
		283,061,597.12	283,836,973.29
6. Personnel expenses			
a) Wages and salaries	94,337,740.47		92,781,173.76
b) Social security and other pension costs (of which for old-age pensions DM 340,747.31)	33,255,723.20		33,495,902.07
		127,593,463.67	126,277,075.83
7. Depreciation on intangible fixed assets and tangible assets		15,917,113.34	19,473,649.30
8. Other operating expenses		91,296,470.67	86,069,892.23
9. Income from participations in affiliated companies		6,755.92	3,830.44
10. Other interest and similar income (of which from affiliated enterprises DM 0.00)		1,947,424.92	2,936,127.81
11. Interest and similar expenses (of which to affiliated enterprises DM 0.00)		1,317,022.64	2,084,190.49
12. Profit from ordinary trading activities		48,891,707.64	52,872,123.69
13. Taxes on income		19,709,863.27	24,186,074.20
14. Other taxes		583,957.80	688,898.46
15. Net income		28,597,886.57	27,997,151.03
16. Profit to which other shareholders are entitled		1,136,798.04	1,011,894.69
17. Profit in the consolidated balance sheet carried forward from previous year		23,776,506.70	24,791,250.36
18. Dividend payments		18,000,000.00	20,000,000.00
		33,237,595.23	31,776,506.70
19. Allocations to other profit reserves from consolidated profits		8,005,899.34	8,000,000.00
20. Consolidated balance sheet profit		25,231,695.89	23,776,506.70



Appendix / Kampa-Haus AG. & Group at 31st December 1999

I. General information

The financial statements for Kampa-Haus AG. and for the group will be explained jointly in accordance with § 298 Section 3 Sentence 1 of the (German) Commercial Code. Unless a specific note is made to the contrary, the comments shall apply for both sets of financial statements.

The financial statements for Kampa-Haus AG. and for the group for the financial year 1999 have been prepared in accordance with the regulations of the (German) Commercial Code (HGB) and the (German) Companies Act (AktG).

II. The group of consolidated companies and consolidation principles

In addition to Kampa-Haus AG. as the parent company, its 29 subsidiaries (listed on IV. 3. Financial participations), as well as the four holdings held by Libella Bau Holding GmbH & Co. Beteiligungs KG and the two holdings held outside Germany by P + B Beteiligungsgesellschaft mbH have been included in the Group. P + B Beteiligungsgesellschaft mbH, of Minden acts as an intermediate holding company for the non-German companies:

Kampa Polska Sp.z.o.o., Poznan (Poland)

Kampa-Haus Bohemia k.s., Prague, (The Czech Republic)

Libella Bau Holding GmbH & Co. Beteiligungs KG, Ottobeuren, has holdings in the following companies:

Libella Fertighaus GmbH, Ottobeuren,

Libella Landhaus-Vertriebs GmbH, Ottobeuren

SM Selbstbauhaus GmbH, Ottobeuren

Inparc Wohnwelt GmbH, Beratung + Konzeption, Ottobeuren

The 100% holdings in Novy-Haus Produktionsgesellschaft mbH, Siegendorf (Austria) as well as in Novy Fertighaus Vertriebsgesellschaft mbH, Siegendorf (Austria) have been included in the group of consolidated companies for the first time. The holding was purchased on the 1st January 1999. A quasi group financial statement was not set up on the 31st December 1998 since the effects are minor.

Kampa Unterstützungskasse e.V., Minden, was not included in the group financial statement in accordance with § 295 Section 1 of the (German) Commercial Code. There is no holding in terms of capital.

As a holding company, Kampa-Haus AG. holds up to DM 4,936,800.00 for four limited-liability holdings and up to DM 58,617.27 for 100% of the shares in the capital of three companies. As part of its holding function, it discharges the management duties for the companies within the group. In addition to this, Kampa-Haus AG. rents out the entire plant to the five companies producing prefabricated houses. The showhomes are rented out as sales centres to Kampa-Haus Vertriebs GmbH.

The consolidated balance sheet and the consolidated profit and loss account were prepared in accordance with the following principles:

When consolidating the capital (purchase-method), the cost price of the participations was offset against the equity ratio to which it corresponds at the point in time of the acquisition. The differential sum was shown by reclassifying it as an intangible asset and was depreciated evenly over the useful service life. The differential sum from the capital consolidation of the shares acquired from Kampa-Haus AG. in 1998 was, in so far as it was attributable to goodwill, offset against the profit reserves.

The capital was consolidated in accordance with the equity method on the basis of book values for the participation in an affiliated company acquired in 1997.

Trade receivables and liabilities between the consolidated companies were offset against each other.

Turnover and interest payments between consolidated companies were offset in the group profit and loss account and items in the individual financial statements were allocated to items relevant from the perspective of the group.

III. Balance sheet principles and valuation principles

The same balance sheet principles and valuation principles used for Kampa-Haus AG. were applied to the financial statements of the individual subsidiaries included in the group as required by law.

The financial statements for the non-German subsidiaries were converted into DM in accordance with the modified date of balance sheet method.

Except for one provision for potential tax liabilities in Kampa-Haus AG. and a provision made by a subsidiary for an impending loss, the figures from the individual financial statements have been taken over as they were. The services rendered for the fixed assets by the group companies were shown as other work and services effected by the companies for themselves and shown as assets.

With regard to the valuation methods, there were no differences between those used in the individual financial statements.

Industrial property rights acquired and similar rights and assets as well as licences to such rights and assets and the computer software were shown on the assets side at cost price as intangible assets, and depreciated on the straight-line basis over the respective useful service life.

The physical fixed assets have been valued at cost price or cost of manufacture minus scheduled depreciation. In addition to the directly attributable costs, the costs of manufacture for each company within the group also include a proportion of the overheads and depreciation. The assets were depreciated at the maximum amounts allowed by the tax regulations. In previous years full advantage has been taken of special depreciation options in accordance with § 4 of the (German) Assisted Area Act.

The financial assets were rated at cost price reduced by scheduled depreciation as applicable.

Depreciation was applied in cases in which it appears that reductions in value will be permanent in character.

On principle, the inventories were valued at cost price or cost of manufacture taking reductions in value into account. In addition to the directly attributable material costs, labour costs and special individual costs, the costs of manufacture also include a share of the overheads and depreciation.



The identifiable individual risks amongst the receivables as well as the other assets together with the general credit risk were taken into account by writing down nominal values.

Securities have been shown in the balance sheet at cost price or at the share price on the date of balance sheet if lower.

The provisions cover all identifiable risks and uncertain liabilities. Liabilities have been valued at the sum to be repaid.

IV. Notes on the balance sheet

1. Assets

The investment grants received from the local authority led to a reduction in assets in the group from 1991 to 1998 by KDM 8,318. Altogether the special depreciation amounted to KDM 33,003. In the year under review it was not possible to claim any more special depreciation.

As a result of this, undisclosed reserves have been created in the group's assets by means of public grants and special depreciation in accordance with the (German) Assisted Areas Act. These reserves were reduced by the extent to which reducing-balance depreciation - calculated on the cost price or manufacturing cost not reduced by the grant - exceeds the depreciation carried out. Consumption of the special depreciation for the

Investment grants	KDM 8,318
Utilization of special depreciation	KDM 33,003
Total	KDM 41,321
Consumption taking corresponding depreciation saved	- KDM 14,030
Actual reserve capital 31.12.1999	KDM 27,291

immobile assets will only be recorded following the expiry of the five-year concessionary term.

The changes in the individual items in the assets of Kampa-Haus AG. and for the group in the financial year 1999 are shown in the statement of asset additions and disposals.

The original cost prices and manufacturing costs and the cumulated depreciation of the Austrian companies appears in the statement of asset additions and disposals for the group as adopted values.

2. Intangible assets

The industrial proprietary rights and similar rights and assets as well as licences to such rights and values are exclusively acquired assets. The goodwill shown in the group from the capital consolidation concerns the differential amount between cost prices and adopted book values when participations are acquired, taking depreciation into account. The differential sum produced in the capital consolidation from acquiring participations in 1998 was offset against the profit reserves for the sum of DM 8,782,165.02.



Statement of asset additions and disposals

Statement of asset additions and disposals at 31st December 1999 for Kampa-Haus AG., Minden

	Cost price, cost of manufacture 01. 01. 1999 DM	Additions DM	Disposals DM	Transfers DM	Cost price cost of manufacture 31. 12. 1999 DM	Cumulated depreciation 01. 01. 1999 DM	Depreciation in the financial year DM	Disposals DM	Cumulated depreciation 31. 12. 1999 DM	Book value 31. 12. 1999 DM
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A. Assets

I. Intangible assets

1. Licences, industrial property rights and similar rights and assets	4,780,518.16	2,017,963.99	80,342.13	0.00	6,718,140.02	3,439,842.80	596,612.39	57,127.13	3,979,328.06	2,738,811.96
Total intangible assets	4,780,518.16	2,017,963.99	80,342.13	0.00	6,718,140.02	3,439,842.80	596,612.39	57,127.13	3,979,328.06	2,738,811.96

II. Fixed physical assets

1. Land with business, factory and other buildings	63,010,246.63	1,481,403.18	234,480.31	0.00	64,257,169.50	31,455,663.57	2,137,843.82	187,606.71	33,405,900.68	30,851,268.82
2. Land with showhomes	35,524,036.60	2,054,457.14	1,599,671.00	277,128.81	36,255,951.55	15,462,769.44	1,242,773.59	712,897.00	15,992,646.03	20,263,305.52
3. Land without buildings	1,547,003.08	0.00	0.00	41,648.40	1,588,651.48	0.00	0.00	0.00	0.00	1,588,651.48
4. Buildings on third-party land	24,979,641.24	2,643,838.42	1,286,512.26	132,153.75	26,469,121.15	15,081,157.24	1,791,283.05	1,088,879.14	15,783,561.15	10,685,560.00
5. Plant and machinery	12,120,269.92	179,143.23	359,661.85	0.00	11,939,751.30	11,047,632.43	450,703.72	359,545.85	11,138,790.30	800,961.00
6. Other fixtures and fittings, tools and equipment	12,861,437.10	808,762.73	154,909.19	0.00	13,515,290.64	10,550,785.10	1,003,848.73	154,866.19	11,399,767.64	2,115,523.00
7. Vehicles	18,420,702.72	1,966,540.41	1,577,915.56	0.00	18,809,327.57	15,978,013.11	1,602,854.92	1,547,087.46	16,033,780.57	2,775,547.00
8. Payments on account and tangible assets in the course of construction	1,622,331.28	1,660,939.05	735,356.06	-450,930.96	2,096,983.31	23,347.00	0.00	0.00	23,347.00	2,073,636.31
Total fixed physical assets	170,085,668.57	10,795,084.16	5,948,506.23	0.00	174,932,246.50	99,599,367.89	8,229,307.83	4,050,882.35	103,777,793.37	71,154,453.13

III. Financial assets

1. Shares in associated enterprises	47,254,318.78	11,617,813.48	0.00	0.00	58,872,132.26	2,399,795.00	867,000.00	0.00	3,266,795.00	55,605,337.26
2. Participations	500,000.00	0.00	0.00	0.00	500,000.00	0.00	0.00	0.00	0.00	500,000.00
3. Loans to enterprises with which Kampa is linked by virtue by virtue of a participation	1,387,500.00	539,500.00	0.00	0.00	1,927,000.00	0.00	0.00	0.00	0.00	1,927,000.00
Total financial assets	49,141,818.78	12,157,313.48	0.00	0.00	61,299,132.26	2,399,795.00	867,000.00	0.00	3,266,795.00	58,032,337.26
Total assets	224,008,005.51	24,970,361.63	6,028,848.36	0.00	242,949,518.78	105,439,005.69	9,692,920.22	4,108,009.48	111,023,916.43	131,925,602.35

Statement of asset additions and disposals at 31st December 1999 for Kampa-Haus Group

	Cost price, cost of manufacture 01. 01. 1999 DM	Additions DM	Disposals DM	Allocations and Transfers (Ü) DM		Cost price cost of manufacture 31. 12. 1999 DM	Cumulated depreciation 01. 01. 1999 DM	Depreciation in the financial year DM	Disposals and Transfers (Ü) DM	Cumulated depreciation 31. 12. 1999 DM	Book value 31. 12. 1999 DM
A. Assets											
I. Intangible assets											
1. Licences, industrial property rights and similar rights and assets	6,156,363.05	2,304,259.31	283,491.31	100,000.00 163,278.24 (Ü)		8,440,409.29	4,573,482.69	797,407.71	258,136.64 106,788.82 (Ü)	5,219,542.58	3,220,866.71
2. Goodwill from the capital consolidation	2,408,024.76	4,158,530.22				6,566,554.98	1,772,326.76	991,064.88	0.00	2,763,391.64	3,803,163.34
3. Payments on account	100,000.00	0.00	0.00	-100,000.00		0.00	0.00	0.00	0.00	0.00	0.00
Total intangible assets				0.00					258,136.64		
intangible assets	8,664,387.81	6,462,789.53	283,491.31	163,278.24 (Ü)		15,006,964.27	6,345,809.45	1,788,472.59	106,788.82 (Ü)	7,982,934.22	7,024,030.05
II. Fixed physical assets											
1. Land with business, factory and other buildings	103,347,974.30	1,571,806.38	244,090.45	-184,027.50 1,094,445.85 (Ü)		105,586,108.58	36,426,931.85	3,632,395.39	197,215.85 116,974.60 (Ü)	39,979,085.99	65,607,022.59
2. Land with showhomes	39,902,573.54	3,154,847.24	2,096,077.56	606,390.99		41,567,734.21	15,882,825.53	1,419,482.48	720,021.12	16,582,286.89	24,985,447.32
3. Land without buildings	1,979,587.98	189,202.63	0.00	-103,586.28 374,558.11		2,065,204.33	0.00	0.00	0.00	0.00	2,065,204.33
4. Buildings on third-party land	27,655,176.16	2,713,923.43	1,991,131.83	925,376.64 (Ü) 80,935.03		29,677,902.51	15,850,114.71	2,134,540.95	1,303,182.12 376,792.94 (Ü)	17,058,266.48	12,619,636.03
5. Plant and machinery	18,797,104.64	569,358.72	440,075.58	124,818.33 (Ü) -20,935.03		19,132,141.14	15,531,629.15	1,166,659.15	427,446.95 79,778.79 (Ü)	16,350,620.14	2,781,521.00
6. Other fixtures and fittings, tools and equipment	26,968,512.75	2,812,431.70	1,739,131.56	-20,935.03 135,961.20 (Ü)		28,156,839.06	21,178,108.70	3,594,617.85	1,712,905.18 165,779.81 (Ü)	23,225,601.18	4,931,237.88
7. Vehicles	21,034,938.02	2,904,544.86	2,056,136.27	31,566.57 (Ü)		21,914,913.18	17,922,916.41	2,180,944.93	1,973,545.96 15,316.48 (Ü)	18,145,631.86	3,769,281.32
8. Payments on account and tangible assets in the course of construction	3,220,998.23	1,706,231.28	754,231.36	-753,335.32		3,419,662.83	23,347.00	0.00	0.00	23,347.00	3,396,315.83
Total fixed physical assets	242,906,865.62	15,622,346.24	9,320,874.61	0.00 2,312,168.59 (Ü)		251,520,505.84	122,815,873.35	14,128,640.75	6,334,317.18 754,642.62 (Ü)	131,364,839.54	120,155,666.30
III. Financial assets											
1. Shares in associated enterprises	503,830.44	6,515.87	0.00	0.00		510,346.31	0.00	0.00	0.00	0.00	510,346.31
2. Loans to enterprises with which Kampa is linked by virtue of a participation	1,387,500.00	539,500.00	0.00	0.00		1,927,000.00	0.00	0.00	0.00	0.00	1,927,000.00
3. Securities in the assets	2,100.00	0.00	0.00	17,636.39 (Ü)		19,736.39	0.00	0.00	1,232.73 (Ü)	1,232.73	18,503.66
Total financial assets	1,893,430.44	546,015.87	0.00	0.00 17,636.39 (Ü)		2,457,082.70	0.00	0.00	0.00 1,232.73 (Ü)	1,232.73	2,455,849.97
Total assets	253,464,683.87	22,631,151.64	9,604,365.92	0.00 2,493,083.22 (Ü)		268,984,552.81	129,161,682.80	15,917,113.34	6,592,453.82 862,664.17 (Ü)	139,349,006.49	129,635,546.32

3. Financial Assets

The list of participations in other companies has been submitted to the local court in Minden (Commercial Register) under commercial register entry 1122 in accordance with §287 (German) Commercial Code.

The list of participations in associated companies owned by Kampa-Haus AG. shows cost prices paid for shares in the partnerships and limited companies included in the consolidated balance sheet.

	limited liability capital DM	Value of shares held DM
1) Eugen Kampa GmbH & Co. KG Fertighausbau, Minden, as limited partner	1,000,000.00	950,000.00
2) E. Kampa GmbH & Co. KG, Waldmohr, as limited partner	1,000,000.00	950,000.00
3) E. Kampa Verwaltungs GmbH & Co. Fertighaus KG, Kinding, as limited partner	1,000,000.00	950,000.00
4) Kampa-Haus Fertigbau GmbH & Co. KG, Linthe, as limited partner	2,018,000.00	1,968,000.00
5) Montagebau Grave W. Stiebe GmbH & Co. KG, Brevörde, as limited partner	250,851.58	102,000.00
6) Montagebau Waldmohr Betonfertigteilwerk GmbH & Co. KG, Waldmohr, as limited partner	200,000.00	161,200.00
7) Montagebau Brück Betonfertigteilwerk GmbH & Co. KG, Brück, as limited partner	4,000,000.00	4,000,000.00
8) Creaktiv-Hausbau GmbH & Co. KG, Waltershausen, as limited partner	2,000,000.00	2,000,000.00
9) Creaktiv-Haus Vertrieb GmbH & Co. KG, Waltershausen, as limited partner	5,000,000.00	5,000,000.00
10) Kampa Minden GmbH, Minden, capital DM 50,000.00	(under 1)	50,000.00
11) E. Kampa Verwaltungs GmbH, Waldmohr, capital DM 50,000.00	(under 2)	50,000.00
12) E. Kampa Verwaltungs GmbH, Kinding, capital DM 50,000.00	(under 3)	50,000.00
13) Kampa-Haus Fertigbau GmbH, Linthe, capital DM 50,000.00	(under 4)	50,000.00
14) W. Stiebe GmbH, Brevörde, capital Euro 26,000.00	(under 5)	25,934.31
15) Montagebau Waldmohr Verwaltungsgesellschaft mbH, Waldmohr, capital DM 50,000.00	50,000.00	40,300.00
16) Montagebau Brück Betonfertigteilwerk Verwaltungsgesellschaft mbH, Brück, capital DM 50,000.00	50,000.00	50,000.00
Amount carried forward	16,568,851.58	16,397,434.31

The participation acquired in 1997 in VEWA-Projekt Grundstücksentwicklungs-
gesellschaft mbH, Berlin, will be shown in the group in accordance with the equity
method. The size of the participation in the capital of DM 200,000.00 amounts to
DM 100,000.00. In addition to the holdings acquired in the Novy companies, other
holdings were acquired in the year under review from an outside shareholder.

	limited liability capital DM	Value of shares held DM
Amount brought forward	16,568,851.58	16,397,434.31
17) Creaktiv-Hausbau Verwaltungsgesellschaft mbH, Waltershausen, capital DM 50,000.00	50,000.00	50,000.00
18) Kampa-Haus Verwaltung s.r.o., Prague, capital DM 50,000.00	50,000.00	50,000.00
19) Creaktiv-Haus Vertrieb Verwaltungsgesellschaft mbH, Waltershausen, capital DM 50,000.00	50,000.00	50,000.00
20) Kampa Hotel- und Industriebau GmbH, Minden, capital Euro 1,100,000.00	2,151,413.00	2,151,413.00
21) Grundstücksverwertungsgesellschaft Minden mbH, Minden, capital DM 1,000,000.00	1,000,000.00	1,000,000.00
22) Kampa-Haus Vertriebs GmbH, Minden, capital DM 200,000.00	200,000.00	200,000.00
23) MP Medien-Planung Werbungs- und Anzeigenvermittlungs GmbH, Minden, capital DM 50,000.00	50,000.00	50,000.00
24) Hausbau-Finanz Gesellschaft für Vermittlung von Baufinanzierungen, Baudarlehen, Bausparverträgen, Versicherungen und Wertpapieren mbH, Herborn, capital DM 50,000.00	50,000.00	50,000.00
25) P + B Beteiligungsgesellschaft mbH, Minden, capital DM 5,000,000.00	5,000,000.00	4,950,000.00
26) Libella Bau Holding GmbH & Co. Beteiligungs KG, Ottobeuren, as limited partner	20,000,000.00	15,200,000.00
27) Libella Bau Holding GmbH, Ottobeuren, capital DM 100,000.00	100,000.00	76,000.00
28) Novy-Haus Produktionsgesellschaft mbH, Siegendorf (Austria), capital DM 71,067.85	71,067.85	71,067.85
29) Novy Haus Vertriebsgesellschaft mbH, Siegendorf (Austria), capital DM 71,067.85	71,067.85	71,067.85
	45.412.400,28	40.366.983,01



4. Inventories

The inventories in the group balance sheet have been reduced by about KDM 8,585. In doing so, the raw materials and supplies were reduced by KDM 1,191, the spare land by KDM 852, and the projects under construction by KDM 6,542.

5. Receivables and other assets

Trade receivables within the group are due within a year and have increased by KDM 1,785.

The payments on account in the current assets amounting to KDM 9,192 (Previous year KDM 11,357). Of the other assets within the group all of them, with the exception of KDM 753 (Previous year KDM 875), have a remaining term in excess of one year. They include claims for a tax rebate for group companies amounting to KDM 137. Corresponding sums are shown under other group companies as tax provisions amounting to KDM 4,536. Receivables are shown from the shareholders of the Libella group amounting to KDM 1,119 (Previous year KDM 3,690).

6. Liquid funds

At KDM 71,961, the funds shown within the group including securities in the liquid funds are KDM 7,120 less than in the previous year. No recourse has been made to outside funds earmarked for specific purposes being used for investments within the group, which amounted to KDM 22,631. Of the investments made within Kampa-Haus AG., KDM 2,018 are accounted for by intangible assets, KDM 10,795 by physical fixed assets, and KDM 12,157 by financial assets. Funds have been reduced from KDM 60,172 down to KDM 51,739.

7. Accounting-apportionment item

The accounting-apportionment items for the group include potential taxes from the individual financial statements amounting to KDM 364. KDM 236 has been shown under assets in the balance sheet for Kampa-Haus AG. to cover potential tax demands.

8. Subscribed capital

The share capital of Kampa-Haus AG. amounted to DM 50 million. It has been divided up into 10 million share certificates. At the shareholders' general meeting on the 24th June 1999 a resolution was passed to convert the share capital into euros. The sum of 25,564,594.06 euros produced by this was increased by 435,405.94 euros up to 26,000,000.00 euros as a capital increase from company funds by converting other profit reserves into share capital. Now the share capital amounts to 26,000,000.00 euros, which is divided up into 10 million share certificates. Every share certificate carries one vote.

The authorisation granted in the shareholders' general meeting dated 22nd June 1995 to increase the share capital by up to 10,000,000.00 DM was cancelled. The executive board was authorised with the consent of the supervisory board to increase the share capital of the company by up to 10,000,000.00 euros by means of a single or multiple issue of bearer share certificates against cash contributions (Authorised Capital I) up until the 23rd June 2004. When doing so the option rights to compensation for rounding off fractional residues will be ruled out.

Besides which, the executive board has been authorised with the consent of the supervisory board to increase the share capital of the company by up to 3,000,000.00 euros by means of a single or multiple issue of bearer share certificates against cash contributions or contributions in kind (Authorised Capital II) up until the 23rd June 2004. When doing so, the shareholders' option rights can be ruled out under certain conditions.

An entry was made in the (German) Commercial Register on 1st July 1999.

9. Capital reserves

In accordance with § 272 Section 2 of the (German) Commercial Code, the sum of DM 4 million in excess of the nominal capital increase achieved in 1989 with the actual capital increase of KDM 25,606 was allocated to the capital reserves.

10. Profit reserves

The profit reserves have changed as follows:

	Kampa-Haus AG. DM	Group DM
Carry forward from previous year	73,533,122.00	64,750,956.98
Conversion of profit reserves into share capital	-851,580.00	-851,580.00
Allocation from 1999 net earnings	+8,000,000.00	+8,005,899.34
	<u>80,681,542.00</u>	<u>71,905,276.32</u>

11. Balance sheet profit

At Kampa-Haus AG.		
of the net earnings	KDM	26,922
including carry forward (pre-year KDM 12,023)	KDM	10,737
together	KDM	37,659
were allocated to other reserves	-KDM	8,000
Balance sheet profit shown	<u>KDM</u>	<u>29,659</u>

In the group the net earnings were	KDM	28,598
of which this sum was accounted for by dividends to third-party shareholders	-KDM	1,137
	KDM	27,461

Group b/s profit from the pre-year	KDM 23,776	
dividend for 1998	<u>-KDM 18,000</u>	
together	KDM	5,776
Allocation to other profit reserves	-KDM	33,237
Group b/s profit shown	<u>KDM</u>	<u>25,231</u>

The discrepancies between the group and Kampa-Haus AG. are essentially based on the justified non-collection of a limited-liability dividend and the potential tax demand associated with this. The corresponding participation earnings will only take effect in Kampa-Haus AG. after they have been offset against the losses carried forward and not used up in previous years, (Statement by the main technical committee at the [German] Institute of Certified Public Accountants 1/1991).



12. Special items with a reserve element

Untaxed reserves (Release of funds for investment purposes § 10 Austrian Income Tax Law 1988) are shown in the group by the Austrian subsidiary.

13. Provisions

The provisions for pensions and similar obligations increased not only for Kampa-Haus AG., but also within the group by KDM 100. Taking into consideration the changes in the mortality tables this would give rise to an increase of KDM 16, which can be spread over a maximum of three years. The tax provisions include those for latent corporate tax at Kampa-Haus AG. amounting to KDM 721 (Previous year KDM 1,796), which have been incurred within the group.

The tax provisions at Kampa-Haus AG. have fallen by KDM 3,363 including latent tax, and in the group they have fallen by KDM 978. Amongst the remaining provisions within the group, the provisions for claims made under warranty, which are calculated as a lump sum as a percentage of turnover at KDM 14,177 together with the other provisions at KDM 17,194 are of particular significance.

14. Liabilities

Within the group the liabilities to banks have fallen by KDM 10,092 from KDM 17,962 to KDM 7,870. Security amounting to KDM 7,224 (Previous year KDM 10,778) has been provided for them by means of liens on property. In addition to this, there is an assignment of KDM 5,547 (Previous year KDM 6,483) on mobile assets by bill of sale as a security.

Within the group, the payments on account received were reduced by KDM 9,531 and the liabilities from accounts payable were reduced by KDM 848. Of the other liabilities within the group, amounting to KDM 19,151, KDM 9,409 were accounted for by taxes (Previous year KDM 9,859), KDM 5,620 were accounted for by social security payments (Previous year 4,898). KDM 2,323 were shown as liabilities to other shareholders accounted for by dividend payments and residual purchase prices

Group liabilities in KDM	1999			1998	
	of which total with a remaining term			total	of which with a remaining term
		less than 1 year	from 1 -5 years		of more than 1 year
Banks	7,870	1,265	6,605	17,962	10,152
Payments on account received	44,066	44,066	0	53,597	
Accounts payable	18,577	18,577	0	19,426	
Other liabilities	19,151	19,151	0	22,896	919
of which from tax	(9,409)	(9,859)		(9,859)	
of which in respect of social security	(5,620)	(4,898)		(4,898)	
	89,664	83,059	6,605	113,881	11,071

(Previous year KDM 3,698). Compared with the previous year, the other liabilities shown were KDM 3,745 lower.

Liabilities

Kampa-Haus AG. has made guarantee promise with regard to the bank guarantee limits for two subsidiaries amounting to KDM 600 (Previous year KDM 2,600).

Within the group, the property owned by one subsidiary is encumbered with a land charge as a security for external liabilities to parties outside the group, wich amounted to KDM 149 on the date of the balance sheet.

Funds statement

In 1998 and in 1999 the funds statement takes into account the changes in the consolidated companies only with regard to those amounts which affect liquidity, as stipulated in the statement by the HfA 1/95 of the (German) Institute of Certified Public Accountants.

I. Definition of funds

Cash in hand, postal giro balances, and cash at banks

Immediately marketable
securities held as cash reserves

1999 DM	1998 DM
58,551,391.45	69,018,684.33
+ 13,409,453.93	+ 10,062,500.00
71,960,845.38	79,081,184.33

II. Indirect calculation of funds inflow from current business activity

1. Net income
2. Depreciation of fixed assets
Additions to fixed assets
3. Increase in provisions
4. Other income not affecting earnings
(Retained equity profits)
5. Profit from the disposal of fixed assets
Losses from the disposal of fixed assets
6. Decrease in inventories
Increase - / decrease + in trade accounts receivable
Decrease in payments made on account
Other assets including adjusting items
7. Increase + / decrease - in advance payments received
8. Decrease in liabilities from trade accounts payable
9. Decrease in other liabilities
including adjusting items
Funds inflow from current business activity

28,251,231.14	26,940,267.56
+ 15,686,375.73	+ 17,156,763.54
0.00	- 4,321,812.55
+ 4,929,804.52	+ 214,223.61
- 6,515.78	- 3,830.44
- 438,970.51	- 500,266.97
+ 85,596.56	+ 7,554.61
+ 8,902,294.16	+ 2,813,827.85
- 1,499,396.38	+ 7,710,792.80
+ 5,310,566.53	+ 266,805.19
- 9,873,763.04	- 1,151,382.68
- 1,414,412.59	- 5,656,518.76
- 4,110,393.75	+ 3,146,539.56
45,822,416.59	46,622,963.32

III. Funds outflow from investment activity

1. Inpayments from disposals of fixed assets
2. Outpayments for investments in fixed assets
3. Outpayments for goodwill from the capital
consolidation offset against reserves
Funds outflow from investment activity

+ 3,291,792.23	+ 2,735,486.56
- 22,585,569.10	- 23,211,460.73
0.00	- 8,782,165.02
19,293,776.87	29,258,139.19

IV. Funds outflow from financing activity

1. Acquisition of shares from outside shareholders
2. Dividend payment to shareholders
3. Profits from the current year to which shareholders from outside the group are entitled
4. Outpayments for the repayment of financial loans
5. Increase in financial resources from consolidation
of the Novy companies in 1999 / Libella companies in 1998
Outflow of funds from financing activities

- 5,024,582.73	- 223,000.00
- 18,000,000.00	- 20,000,000.00
- 1,136,798.04	- 508,138.44
- 10,456,975.69	0.00
+ 969,377.79	+ 2,391,091.62
33,648,978.67	18,340,046.82

V. Financial resources at end of period

1. Funds inflow from current business activities
2. Funds outflow from capital spending
3. Funds outflow from financing activities
4. Financial resources at beginning of period
Financial resources at end of period

+ 45,822,416.59	+ 46,622,963.32
- 19,293,776.87	- 29,258,139.19
- 33,648,978.67	- 18,340,046.82
+ 79,081,184.33	+ 80,056,407.02
71,960,845.38	79,081,184.33

V. Explanation of the profit and loss account

The sales revenue of Kampa-Haus AG. includes a sum of KDM 48,048 for rent and services from affiliated companies and KDM 1,696 revenues from third parties.

External sales revenues in the group stand at KDM 473,852, representing a drop of KDM 8,028 (1.7%) from the previous year. Changes to work in progress, other work and services effected by the group for itself and carried as assets, and other operating income together total KDM 475,803 compared with KDM 487,988 in the previous year.

The cost of materials within the group was reported at KDM 192,741. This is a reduction of KDM 11,410 (5.6%) from the previous year. Gross trading profit was KDM 283,062, a reduction of KDM 775 (0.3%) from the previous year.

At Kampa-Haus AG. staff expenses have increased by KDM 333 up to KDM 13,341. Depreciation decreased by KDM 1,914 down to KDM 8,826. Other operating expenditure went up from KDM 11,771 by KDM 1,663. The expenditure for old age pensions included in the staff expenses for Kampa-Haus AG. amounted to KDM 261 (Previous year KDM 210). In 1999 the wages and expenses within the group increased by KDM 1,316 to KDM 127,593. Depreciation was KDM 15,917, having dropped by KDM 3,557. The other operating expenses went up by KDM 5,226 to KDM 91,296. The largest items here were the expenditures for commission and for advertising, building costs as well as for general overheads. The expenditure included for old age pensions went up from KDM 255 in the previous year up to KDM 341 in 1999. In 1999 it was no longer possible to claim special depreciation in accordance with § 4 of the (German) Assisted Area Act (Previous year KDM 2,785).

When balancing interest expenditure with interest payments received, the latter exceeded the former in the group by KDM 630 (Previous year KDM 852). KDM 841 of the interest revenue was accounted for by Kampa-Haus AG. (Previous year KDM 821) and KDM 1,574 of the interest expenditure was accounted for by the affiliated companies (Previous year KDM 1,622).

Compared with the previous year, Kampa-Haus AG. reported the sum of KDM 27,609 for profits from participations, a figure which was KDM 10,051 less than in the previous year. Revenues from profit transfer agreements were KDM 507 (Previous year KDM 535). Additional expenditures incurred as a result of loss assumption were KDM 4,446 (Previous year KDM 4,529).

The results from ordinary business activities for Kampa-Haus AG. fell by KDM 2,144 from KDM 40,685 down to KDM 38,541. The taxes on income, which amount to KDM 11,522 (Previous year KDM 15,839) concern the profits from ordinary business activity. In 1999 there was an income amounting to KDM 1,075 for the writing back of a provision for latent taxes (Previous year KDM 528) and KDM 236 was shown as an asset (Previous year KDM 0).

Taking into account taxation at a dividend of KDM 20,000 and a tax rate of 30% (Previous year KDM 18,000), the net income of Kampa-Haus AG. improved from KDM 24,715 up to KDM 26,921.

The profit from ordinary business activity in the group dropped by KDM 3,980 from KDM 52,872 down to KDM 48,892.

With respect to the taxes on income in the group KDM 19,710 (Previous year KDM 24,186) the latent tax contained in the Kampa-Haus AG. account was not included. The taxes incurred within the group are corporation tax, solidarity surcharge, and trade tax.

Net income in the group, after deduction of the profit share of KDM 1,137 (Previous year KDM 1,012) due to other shareholders, is KDM 27,461 as against KDM 26,985 in the previous year. Including retained profits brought forward and after allocating KDM 8,005 (Previous year KDM 8,000) to other profit reserves, the balance sheet profit amounts to KDM 25,232 compared with KDM 23,777 in the previous year.

For the segment report single and two-family house construction is divided into three divisions.

(in mill DM)	Kampa	Creaktiv	Libella	Cellars	Commercial con.
External sales	247.6 (264.4)	89.9 (60.9)	80.7 (76.8)	27.6 (25.3)	28.1 (54.5)
Depreciation ¹	10.1 (12.4)	1.8 (3.5)	3.0 (2.4)	0.9 (1.1)	0.1 (0.1)
Net income	18.5 (20.3)	6.3 (5.0)	1.3 (0.7)	2.5 (1.9)	0.0 (0.1)
Investments	14.0 (9.0)	3.3 (2.4)	4.9 (34.1) ²	0.3 (0.4)	0.1 (0.1)
Balance sheet total	190.2 (197.8)	41.5 (36.9)	52.6 (60.5)	12.7 (11.0)	9.6 (14.0)
¹ of intangible and fixed assets					
² including contribution of assets by outside shareholders					

VI. Other compulsory information

1. Number of employees

The average number of employees for the year, excluding trainees, was

Kampa-Haus AG.

	1999	1998
Clerical	99	116
Industrial		
Employees	-	-
	99	116

Group

	1999	1998
Clerical	474	489
Industrial		
Employees	951	932
	1,425	1,421

The group figures for 1999 include 8 clerical staff and 22 industrial employees from the Novy-companies.

2. Remuneration of Supervisory Board and Executive Board

The supervisory board of Kampa-Haus AG. received a total remuneration of DM 190,693.43 (Previous year DM 177,000.00). The executive board received a total of DM 2,879,344.07 (Previous year DM 2,723,082.84)

3. Company Organs

a) Supervisory Board

Dietrich Walther, Iserlohn
Entrepreneur
In addition to this Mr Walther is the chairman of the supervisory board in the following companies:
ce Consumer Electronic AG, Munich
Gerry Weber International AG, Halle
Hunzinger Information AG, Frankfurt
Mensch und Maschine Software AG, Weßling near Munich
Porta Systems AG, Porta Westfalica
Schleicher & Co. International AG, Markdorf
Mr Walther is a member of the supervisory board at PSI AG, Berlin

Wilfried Kampa
Architect and entrepreneur
Deputy chairman
Mr Kampa is the deputy chairman of the supervisory board at Porta Systems AG, Porta Westfalica

Wilfried Koschorreck, Wilhelmshorst
Ministerial councillor retired
Mr Koschorreck does not sit on any other supervisory boards

Dr Harald Link, Bielefeld
Lawyer
Dr Link is a member of the supervisory board at VSM Vereinigte Schmirgel- und Maschinen-Fabriken AG, Hanover

Wilfried Kranepuhl*, Linthe
Leader of the assembly team at Kampa-Haus Fertigbau GmbH & Co. KG, Linthe
Mr Kranepuhl does not sit on any other supervisory boards

Torsten Michaelis*, Minden
Carpenter at Kampa-Haus Fertigbau GmbH & Co. KG, Minden
Mr Michaelis does not sit on any other supervisory boards

*Workers' representatives

Honorary member
Walther Watermann,
Retired notary, Minden

b) Executive Board

Günter Baum, Minden
Financial director

Hans-Jörg Binöder, Minden, from 1. 07. 1999
Technical director for prefabricated construction

Günter Kruse, Mainz/Minden
Director responsible for solid construction as well as hotels and commercial construction

Udo Zimmermann, Minden, from 1. 07. 1999
Sales and marketing director, prefabricated construction

Dietmar J. Tiemann, Ratingen, up 21. 06. 1999

4. Controlling interest

Mr Wilfried Kampa in Minden is the majority shareholder in accordance with § 16 of the (German) Companies Act. A total of 5,588,463 shares is held by the supervisory board. 306 shares are held by the executive board.

Minden, 3rd March 2000

The executive board of Kampa-Haus AG.


Günter Baum


Hans-Jörg Binöder


Günter Kruse


Udo Zimmermann

VII. Audit certificate

We have included the financial statement and bookkeeping of Kampa-Haus AG. as well as the group financial statements and its situational report compiled by Kampa-Haus AG. for the period from 1st January to 31st December 1999 in our audit of the financial statements. The legal representatives of the company are responsible for seeing that these documents are prepared in accordance with the regulations of German commercial law and the supplementary regulations in the articles of association. Our task is, on the basis of the audit conducted by ourselves, to submit an assessment of the financial statements, including the bookkeeping, as well as the group financial statement, and the situational report for Kampa-Haus AG. and for the group.

We carried out our audit on the financial statement and group financial statement in accordance with § 317 of the (German) Commercial Code taking into consideration the principles of proper auditing for financial statements laid down by the (German) Institute of Public Certified Accountants (IDW). Accordingly, the audit is to be planned and conducted in such a way that it is possible to identify with sufficient reliability inaccuracies which have a significant affect on the presentation of the picture of the asset, financial and earnings position of the company and of the group and breaches against the principles of proper bookkeeping. When stipulating the steps to be taken when the audit is to be carried out, the knowledge of the business activity and the economic and legal environment in which the company trades as well as the expectations of possible errors is to be taken into consideration. As part of the audit, the effectiveness of the internal controlling systems together with evidence for the entries in the bookkeeping, in the financial statements for the company and for the group and in the situational report for the company and for the group will, for the most part, be assessed on the basis on random checks. The audit shall include an assessment of the principles which have been applied in the preparation of the balance sheet and consolidation. It shall also include an assessment of the principles applied in the significant appraisals made by the legal representatives as well as the appraisal of the overall presentation of the company and group financial statements in addition to the situational report for the company and the group. We are of the opinion that our audit constitutes a sufficiently sound basis for our assessment.


Our audit did not lead to any objections.

We are convinced that the financial statements for the company and the group have been prepared in accordance with the principles of proper bookkeeping and present a true picture of the asset position, the financial position, and earnings position of the company and the group. All in all, the report on the situation of the company and the group provides an adequate description of the position of the company and the group and also provide an adequate presentation of future risks.

Bielefeld, 3rd March 2000

Allgemeine Treuhand- und Revisions-GmbH
Auditors
Tax consultants


Mrs Schmidt
(Auditor)


Mr Zahlmann
(Auditor)



Important dates for 2000/2001

Balance sheet press conference	27th April 2000
Telephone conference for analysts	28th April 2000
Shareholders’ General Meeting	15th June 2000
Dividend payment	16th June 2000
Interim report on the first quarter in 2000	26th May 2000
Interim report on the first two quarters in 2000	30th August 2000
Analysts’ event 2000	28th November 2000
Interim report on the first three quarters in 2000	28th November 2000
Balance sheet press conference 2001	26th April 2001
Shareholders’ General Meeting 2001	28th June 2001

