

MFC BANCORP LTD

FORM 20-F

(Annual and Transition Report (foreign private issuer))

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Industry	Misc. Financial Services
Sector	Financial
Fiscal Year	12/31

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 20-F

// REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF
THE SECURITIES EXCHANGE ACT OF 1934 or

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000, or

// TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No.: 1-4192

MFC BANCORP LTD.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

YUKON TERRITORY, CANADA
(JURISDICTION OF INCORPORATION OR ORGANIZATION)

17 DAME STREET, DUBLIN 2, IRELAND
(ADDRESS OF OFFICE)

Securities registered or to be registered pursuant to Section 12(b) of the Act:
NONE

Securities registered or to be registered pursuant to Section 12(g) of the Act:

COMMON SHARES WITHOUT PAR VALUE
(TITLE OF CLASS)

Securities for which there is a reporting obligation pursuant to Section 15(d)
of the Act: NONE

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

12,088,156 COMMON SHARES WITHOUT PAR VALUE

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the SECURITIES EXCHANGE ACT OF 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No //

Indicate by check mark which financial statement item the registrant has elected to follow. Item 17 // Item 18 /X/

**MFC BANCORP LTD.
FORM 20-F
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IN THIS ANNUAL REPORT, PLEASE NOTE THE FOLLOWING:

- REFERENCES TO "WE", "OUR", "US" OR "MFC" MEAN MFC BANCORP LTD. AND ITS SUBSIDIARIES UNLESS THE CONTEXT OF THE SENTENCE CLEARLY SUGGESTS OTHERWISE;
- ALL REFERENCES TO MONETARY AMOUNTS ARE IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED; AND
- SELECTED FINANCIAL INFORMATION HAS BEEN PROVIDED IN U.S. DOLLARS FOR INFORMATIONAL PURPOSES USING AN EXCHANGE RATE OF ONE CANADIAN DOLLAR BEING EQUAL TO U.S.\$0.6666, BEING THE FEDERAL RESERVE BANK OF NEW YORK RATE OF CONVERSION FOR CANADIAN DOLLARS TO U.S. DOLLARS AS AT DECEMBER 31, 2000.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

FORWARD-LOOKING STATEMENTS

The statements in this annual report that are not based on historical facts are called "forward-looking statements" within the meaning of the UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. These statements appear in a number of different places in this annual report and can be identified by words such as "estimates", "projects", "expects", "intends", "believes", "plans", or their negatives or other comparable words. Also look for discussions of strategy that involve risks and uncertainties. Forward-looking statements include statements regarding the outlook for our future operations, forecasts of future costs and expenditures, evaluation of market conditions, the outcome of legal proceedings, the adequacy of reserves, or other business plans. You are cautioned that any such forward-looking statements are not guarantees and may involve risks and uncertainties. Our actual results may differ materially from those in the forward-looking statements due to risks facing us or due to actual facts differing from the assumptions underlying our predictions. Some of these risks and assumptions include:

- general economic and business conditions, including changes in interest rates;
- prices and other economic conditions;
- natural phenomena;
- actions by government authorities, including changes in government regulation;
- uncertainties associated with legal proceedings;
- technological development;
- future decisions by management in response to changing conditions;
- our ability to execute prospective business plans; and
- misjudgments in the course of preparing forward-looking statements.

We advise you that these cautionary remarks expressly qualify in their entirety all forward-looking statements attributable to us or persons acting on our behalf.

EXCHANGE RATES

In this annual report, unless otherwise specified, all monetary amounts are expressed in Canadian dollars. The following table sets out the exchange rates, based on the noon buying rates in New York City for cable transfers in foreign currencies, as certified for customs purposes by the Federal Reserve Bank of New York (the

"Noon Buying Rate"), for the conversion of Canadian dollars into U.S. dollars in effect at the end of the following periods, and the average exchange rates (based on the average of the exchange rates on the last day of each month in the period) and the range of high and low exchange rates for such periods.

	YEARS ENDED DECEMBER 31,				
	2000	1999	1998	1997	1996
End of period.....	0.6666	0.6925	0.6504	0.6999	0.7301
High for period.....	0.6984	0.6925	0.7105	0.7487	0.7513
Low for period.....	0.6397	0.6535	0.6341	0.6945	0.7235
Average for period.....	0.6732	0.6744	0.6714	0.7221	0.7332

The following table sets out the range of high and low exchange rates, based on the Noon Buying Rate, for the conversion of Canadian dollars into U.S. dollars, for the following periods.

	HIGH	LOW
2000		
October.....	0.6702	0.6527
November.....	0.6566	0.6397
December.....	0.6691	0.6439
2001		
January.....	0.6709	0.6590
February.....	0.6711	0.6484
March.....	0.6509	0.6331
April 1 to April 23.....	0.6484	0.6319

The information set forth in this annual report is as at December 31, 2000, unless an earlier or later date is indicated. On April 23, 2001, the noon rate of exchange, as reported by the Federal Reserve Bank of New York, for the conversion of Canadian dollars into U.S. dollars was U.S.\$0.6467 per Canadian dollar.

Our financial statements are presented in U.S. dollars for informational purposes only and are translated to U.S. dollars using exchange rates for convenience, which are the year-end exchange rates, as required by Regulation S-X.

SELECTED FINANCIAL DATA

The following table summarizes selected consolidated financial data for us prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Additional information is presented to show the difference which would result from the application of United States generally accepted accounting principles ("U.S. GAAP") to MFC's financial information. For a description of the differences between Canadian GAAP and U.S. GAAP, see Note 16 of our consolidated financial statements included elsewhere in this annual report. The information in the table was extracted from the more detailed consolidated financial statements and related notes included herein and should be read in conjunction with such financial statements and with the information appearing under the heading, "Item 5. Operating and Financial Review and Prospects".

CANADIAN GAAP

	YEARS ENDED DECEMBER 31,				
	2000	1999	1998	1997	1996
	(in thousands, other than per share amounts)				
Revenues.....	\$156,220	\$125,526	\$123,310	\$ 86,060	\$ 75,467
Income from continuing operations.....	39,163	36,328	30,235	23,617	13,994
Income from continuing operations per share					
Basic(1).....	3.24	3.00	2.48	1.95	1.52
Fully diluted(1).....	2.78	2.60	2.20	1.79	1.37
Net income.....	39,163	31,389	30,235	23,617	13,994
Net income per share					
Basic(1).....	3.24	2.59	2.48	1.95	1.52
Fully diluted(1).....	2.78	2.28	2.20	1.79	1.37
Total assets.....	332,063	270,107	238,109	226,890	160,368
Net assets.....	216,915	173,773	156,808	122,964	94,216
Debt.....	35,421	30,917	40,091	41,602	42,937
Shareholders' equity.....	213,134	170,811	154,396	120,156	91,516
Capital stock.....	65,138	65,498	65,706	70,368	66,281
Cash dividends(2).....	--	--	369	106	--
Cash dividends per share(2).....	--	--	0.03	0.01	--
Cash dividends (U.S.\$)(2).....	--	--	251	N/A	--
Cash dividends per share (U.S.\$)(2).....	--	--	0.02	N/A	--
Weighted average common stock outstanding, fully diluted (in thousands of shares)(1)....	15,224	15,245	14,913	13,691	10,237

(1) All amounts have been adjusted to reflect a 1 to 1.5 stock split effected in March 1996.

(2) Paid on MFC's common shares.

U.S. GAAP

	YEARS ENDED DECEMBER 31,				
	2000	1999	1998	1997	1996
	(in thousands, other than per share amounts)				
Revenues.....	\$162,694	\$128,270	\$118,842	\$ 83,138	\$ 72,094
Income from continuing operations.....	45,637	40,313	31,922	12,365	13,329
Income from continuing operations per share					
Basic(1).....	3.78	3.33	2.62	1.07	1.45
Diluted(1).....	3.51	3.12	2.42	1.00	1.41
Net income.....	45,637	35,374	31,922	12,365	13,329
Net income per share					
Basic(1).....	3.78	2.92	2.62	1.07	1.45
Diluted(1).....	3.51	2.75	2.42	1.00	1.41
Total assets.....	336,523	265,658	229,529	223,528	173,597
Net assets.....	221,375	169,325	149,381	115,529	98,031
Debt.....	35,421	30,917	40,091	41,602	42,937
Shareholders' equity.....	217,594	166,363	146,969	112,721	95,331
Capital stock.....	65,138	65,498	65,706	70,368	66,281
Cash dividends(2).....	--	--	369	106	--
Cash dividends per share(2).....	--	--	0.03	0.01	--
Cash dividends (U.S.\$)(2).....	--	--	251	N/A	--
Cash dividends per share (U.S.\$)(2).....	--	--	0.02	N/A	--
Weighted average common stock outstanding, fully diluted (in thousands of shares)(1)....	13,438	13,422	13,706	12,246	9,131

(1) All amounts have been adjusted to reflect a 1 to 1.5 stock split effected in March 1996.

(2) Paid on MFC's common shares.

RISK FACTORS

Our primary risks are transaction risks, credit or counterparty risks, and market risks. In addition, we have been and may continue to be affected by many other factors, including but not limited to: (i) economic and market conditions, including the liquidity of capital markets; (ii) the volatility of market prices, rates and indices; (iii) the timing and volume of market activity; (iv) inflation; (v) the cost of capital, including interest rates; (vi) political events, including legislative, regulatory and other developments; (vii) competitive forces, including our ability to attract and retain personnel; (viii) support systems; and (ix) investor sentiment. In determining whether to make an investment in the capital stock of MFC, you should consider carefully all of the information set forth in this annual report and, in particular, the following risk factors.

TRANSACTION RISKS

WE ARE SUBJECT TO TRANSACTION RISKS.

We manage transaction risk through allocating and monitoring our capital investments, only underwriting securities in circumstances where the risk to our capital is minimal, carefully screening clients and transactions, and engaging qualified personnel to manage transactions. Nevertheless, transaction risks can arise from, among others, our investment banking and proprietary investing activities and relate to the risks of the proposed transaction. These risks include market and credit risks associated with our role in providing advisory services.

We often make investments in highly unstructured situations and in companies undergoing severe financial stress. Such investments often involve severe time constraints. These investments may expose us to significant transaction risks. An unsuccessful investment may result in the total loss of such investment and may have a material adverse effect on our business, results of operations and financial condition.

WE MAY FACE A LACK OF SUITABLE ACQUISITION OR MERGER OR OTHER PROPRIETARY INVESTMENT CANDIDATES.

In order to grow our business we may seek to acquire or invest in new companies and proprietary investments. Our failure to make acquisitions or investments may limit our growth. In pursuing acquisition and investment opportunities, we may be in competition with other companies having similar growth and investment strategies. Competition for these acquisitions or investment targets could result in increased acquisition or investment prices and a diminished pool of businesses, technologies, services or products available for acquisition or investment.

CREDIT OR COUNTERPARTY RISKS

COUNTERPARTIES OR OTHERS MAY DEFAULT ON THEIR OBLIGATIONS.

We manage credit risk on an individual transaction, counterparty level and on a portfolio basis. Credit limits for clients and counterparties are established by our credit officers and management with knowledge of the client's creditworthiness. In addition, we have established policies and limitations with respect to our securities lending practices. Our management also reviews and monitors exposure concentrations at a portfolio level. Nevertheless, we are exposed to the risk that parties owing us money, securities or other assets will not perform their obligations. These parties include our trading counterparties, clients, clearing agents, exchanges and other financial intermediaries, as well as issuers whose securities we hold. These parties may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons. These counterparty obligations may arise, for example, from placing money market deposits, the extension of credit in trading and investment activities, and participation in payment and securities transactions on our behalf and as an agent on behalf of our clients.

WE MAY NOT OBTAIN SUFFICIENT OR ACCURATE CREDIT RISK INFORMATION.

To reduce credit risk, we only place money market deposits with banks selected for their financial strength and reliability. Further, we otherwise attempt only to deal with creditworthy counterparties and obtain collateral where appropriate. However, although we regularly review our credit exposure to specific clients and counterparties and to specific industries, countries and regions that we believe may present credit concerns, default risk may arise from events or circumstances that are difficult to detect, such as fraud. We may also fail to receive full information with respect to the trading risks of a counterparty. In addition, in cases where we have

extended credit against collateral, we may find that we are undersecured, for example, as a result of sudden declines in market values that reduce the value of collateral.

MARKET RISKS

Market risk relates to fluctuations in the liquidity of securities, as well as volatility in market conditions generally. The markets for securities and other related products are affected by many factors over which we have little or no control. These factors include the financial performance and prospects of specific companies and industries, world markets and economic conditions, the availability of credit and capital, political events and perceptions of market participants.

WE ARE EXPOSED TO THE RISK OF A MARKET DOWNTURN.

As a financial services company, our business is materially affected by conditions in the financial markets and economic conditions generally. In the event of a market downturn, our business, results of operations and financial condition could be adversely affected. In addition, you cannot be assured that an active public market for our securities will continue.

A market downturn could lead to a decline in the number and size of transactions that we execute for our clients, including transactions in which we provide financial advisory and other services, and to a corresponding decline in the revenues we receive from fees. In addition, because the fees that we charge for managing our clients' portfolios are in many cases based on the value of those portfolios, a market downturn that reduces the value of our clients' portfolios or increases the amount of withdrawals would reduce the revenue we receive from our asset management business. If we were unable to reduce expenses at the same pace, our profit margins would erode or be eliminated.

A downturn in a market could further result in losses to the extent that we own assets in such market. Conversely, to the extent that we have sold assets we do not own (i.e., if we have short positions) in any market, an upturn in such market could expose us to potentially unlimited losses as we attempt to cover our short positions by acquiring assets in a rising market.

Even in the absence of a market downturn, we are exposed to substantial risk of loss due to market volatility.

WE ARE EXPOSED TO POLITICAL, ECONOMIC, LEGAL, OPERATIONAL AND OTHER RISKS AS A RESULT OF OUR GLOBAL OPERATIONS.

In conducting our business in major markets around the world we are subject to political, economic, legal, operational and other risks that are inherent in operating in other countries. These risks range from difficulties in settling transactions in emerging markets to possible nationalization, expropriation, price controls and other restrictive governmental actions. We also face the risk that exchange controls or similar restrictions imposed by foreign governmental authorities may restrict our ability to convert local currency received or held by us in their countries into Swiss francs, Canadian dollars, U.S. dollars or other currencies, or to take those other currencies out of those countries.

FLUCTUATIONS IN INTEREST RATES AND FOREIGN CURRENCY EXCHANGE RATES MAY AFFECT OUR RESULTS.

Fluctuations in interest rates may affect the fair value of our financial instruments sensitive to interest rates. An increase in interest rates may decrease the fair value of our financial instrument assets and a decrease in interest rates may decrease the fair value of our financial instrument liabilities, thereby resulting in a reduction in our equity. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk--Interest Rate Risk" for additional information with respect to our interest rate risk.

Similarly, fluctuations in foreign currency exchange rates may affect the fair value of our financial instruments sensitive to foreign currency exchange rates. Our reporting currency is the Canadian dollar. We hold financial instruments primarily denominated in U.S. dollars and Swiss francs. A depreciation of such currencies against the Canadian dollar will decrease the fair value of our financial instrument assets denominated in such currencies and an appreciation of such currencies against the Canadian dollar will increase the fair value of our financial instrument liabilities denominated in such currencies, thereby resulting in a reduction in our equity.

See "Item 11. Quantitative and Qualitative Disclosures About Market Risk--Foreign Currency Exchange Rate Risk" for additional information with respect to our foreign currency exchange rate risk.

A RISE IN INFLATION MAY AFFECT OUR RESULTS.

We do not believe that inflation has had a material impact on revenues or income over the past three fiscal years. In addition, since our assets to a large extent are liquid in nature, they are not significantly affected by inflation. However, increases in inflation could result in increases in our expenses, which may not be readily recoverable in the price of services provided to our clients. To the extent inflation results in rising interest rates and has other adverse effects on capital markets, it could adversely affect our business, results of operations and financial condition.

OUR RISK MANAGEMENT STRATEGIES MAY NOT PREVENT LOSSES.

We use derivative foreign exchange contracts to manage our exposure and our clients' exposure to foreign currency exchange rate risks. If any of the variety of instruments and strategies we utilize to manage our exposure to various types of risk are not effective, we may incur losses. Many of our strategies are based on historical trading patterns and correlations. However, these strategies may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk. Unexpected market developments may affect our risk management strategies during this time, and unanticipated developments could impact our risk management strategies in the future.

MARKET RISK MAY INCREASE THE OTHER RISKS THAT WE FACE.

In addition to the market risks described above, market risk could exacerbate other risks that we face. For example, if we incur substantial trading losses, our need for liquidity could rise sharply while our access to liquidity could be impaired. In addition, in conjunction with a market downturn, our clients and counterparties could incur substantial losses of their own, thereby weakening their financial condition and increasing our credit risk.

COMPETITION RISKS

WE FACE SIGNIFICANT GLOBAL COMPETITION.

We conduct our business in a global environment that is highly competitive and unpredictable. Many of our competitors are national or international companies with far greater resources, capital and access to information than us. Competition includes firms traditionally engaged in financial services such as banks, broker-dealers and investment dealers, along with other sources such as insurance companies, mutual fund groups, on-line service providers and other companies offering financial services in Europe and globally. Increased competition may lead us to become involved in transactions with more risk. In addition, many non-bank competitors are not subject to the same extensive regulations that govern us.

LEGAL AND REGULATORY RISKS

WE ARE EXPOSED TO LEGAL LIABILITY.

We are exposed to legal risks in our business and the volume and amount of damages claimed in litigation against financial intermediaries are increasing. These risks include potential liability under securities or other laws for materially false or misleading statements made in connection with securities and other transactions, potential liability for advice we provide to participants in corporate transactions and disputes over the terms and conditions of complex trading arrangements. We also face the possibility that counterparties in complex or risky trading transactions will claim that we improperly failed to tell them of the risks or that they were not authorized or permitted to enter into these transactions with us and that their obligations to us are not enforceable. During a prolonged market downturn, we would expect these types of claims to increase.

These risks often may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. We incur significant legal expenses every year in defending against litigation, and we expect to continue to do so in the future. See "Item 8. Financial Information--Legal Proceedings" for additional information with respect to our legal and regulatory proceedings.

EXTENSIVE REGULATION OF OUR BUSINESS LIMITS OUR ACTIVITIES.

The financial services industry is subject to extensive regulation. Our banking operations are subject to various Swiss regulatory requirements, including capital requirements administered by the Swiss Federal Banking Commission (the "SFBC"). The SFBC is our primary banking regulator and establishes minimum capital requirements for our banking subsidiary. Our failure to meet minimum capital requirements can result in mandatory, and possibly additional discretionary action by the SFBC that, if undertaken, could have a direct material effect on us. Under risk-based capital adequacy guidelines established by the SFBC, banks in Switzerland must meet specific capital guidelines that involve quantitative measures of assets, liabilities and other off-balance sheet items, as calculated under Swiss regulatory accounting practices. Our banking operations are required to file certain reports with the SFBC and we are subject to their examination. Our banking subsidiary is subject to restrictions on loans and extensions of credit to, and on certain other types of transactions with, affiliates.

The requirements imposed by our regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties which deal with us and are not designed to protect our shareholders. Consequently, these regulations often serve to limit our activities, including through net capital, customer protection and market conduct requirements.

EMPLOYMENT RISKS

WE DEPEND ON THE SERVICES OF OUR KEY EMPLOYEES.

Our future success depends, in significant part, upon the continued service and performance of our senior management and other key employees. Losing the services of some or all of these individuals could impair our ability to manage our company, obtain new or maintain existing client engagements and complete new proprietary investments.

ENFORCEMENT RISKS

YOU MAY BE UNABLE TO ENFORCE CIVIL LIABILITIES.

The enforcement of civil liabilities by investors under applicable U.S. federal and state securities laws will be adversely affected because we are organized under the laws of the Yukon Territory, Canada, none of our officers or directors are residents of the U.S., and substantially all of our assets are located outside of the U.S.

As a result, it may be difficult or impossible for U.S. investors to effect service of process upon us or our officers or directors within the United States. It may also be difficult to realize against us or them, in the United States, upon judgments of U.S. courts for civil liabilities under applicable U.S. federal and state securities laws. Courts in Canada or elsewhere may not enforce: (i) judgments of U.S. courts obtained in actions against us or our officers or directors predicated upon the civil liability provisions of applicable U.S. federal and state securities laws; and (ii) in original actions, liabilities against us or officers or directors predicated upon such laws.

YOU MAY HAVE TROUBLE ENFORCING U.S. BANKRUPTCY LAWS AND OTHER LAWS IN CANADA OR ELSEWHERE.

We are organized under the laws of the Yukon Territory, Canada and our principal operating assets are located outside of the United States. Under bankruptcy laws in the United States, courts typically have jurisdiction over a debtor's property, wherever it is located, including property situated in other countries. Courts outside of the United States may not recognize the U.S. bankruptcy court's jurisdiction. Accordingly, you may have trouble administering a U.S. bankruptcy case involving a Canadian debtor with property located outside of the United States. Any orders or judgments of a bankruptcy court in the United States may not be enforceable.

MISCELLANEOUS RISKS

OUR RISK MANAGEMENT POLICIES AND PROCEDURES MAY LEAVE US EXPOSED TO UNIDENTIFIED OR UNANTICIPATED RISK.

We have adopted comprehensive risk management processes to facilitate, control and monitor risk taking. Nonetheless, our policies and procedures we rely on to identify, monitor and manage risks may not be fully effective. Some of our methods of managing risk are based upon our use of observed historical market behaviour. As a result, these methods may not predict future risk exposure, which could be significantly greater than the historical measures indicate.

Other risk management methods depend upon evaluation of information regarding markets, clients or other matters that is publicly available or otherwise accessible by us. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, and these policies and procedures may not be fully effective.

CERTAIN FACTORS MAY INHIBIT A TAKEOVER THAT OUR SHAREHOLDERS MAY CONSIDER FAVOURABLE.

Certain provisions of our charter documents and the corporate legislation which governs us may discourage, delay or prevent a change of control or changes in our management that shareholders consider favourable. Such provisions include authorizing the issuance by our board of directors of preferred stock in series, providing for a classified board of directors with staggered, three-year terms and limiting the persons who may call special meetings of shareholders. We also have a shareholder protection rights plan designed to protect us and our shareholders from unfair, abusive or coercive acquisition tactics. See "Item 10. Additional Information--Articles and Bylaws".

In addition, the INVESTMENT CANADA ACT (the "ICA") imposes limitations on the rights of non-Canadians to acquire our common shares. See "Item 10. Additional Information--Exchange Controls".

If a change of control or change in management is delayed or prevented, the market price of our common stock could decline.

ITEM 4. INFORMATION ON THE COMPANY

HISTORY AND DEVELOPMENT OF THE COMPANY

MFC is a corporation organized under the laws of the Yukon Territory in Canada. We were originally incorporated in June 1951 by letters patent. We were continued under the CANADA BUSINESS CORPORATIONS ACT in March 1980 and under the BUSINESS CORPORATIONS ACT (Yukon) in August 1996. Our name was changed to "Nalcap Holdings Inc." in August 1987, to "Arbatax International Inc." in March 1996 and to "MFC Bancorp Ltd." in February 1997. We have an office address at 17 Dame Street, Dublin 2, Ireland (Tel: (3531) 679-1688).

BUSINESS OVERVIEW

We are a financial services company that focuses on merchant banking. We provide specialized banking and corporate finance services internationally. We advise clients on corporate strategy and structure, including mergers and acquisitions and capital raising. We also commit our own capital to promising enterprises and invest and trade to capture investment opportunities for our own account. We seek to invest in businesses or assets whose intrinsic value is not properly reflected in their share price or value. Our proprietary investing is generally not passive and we seek investments where our financial expertise and management can either add or unlock value. Our operations are primarily conducted in Europe and North America.

Our business focuses on providing innovative finance and advisory services for corporate finance transactions and capital raising. We counsel clients on business and financing strategy and the execution of transactions that advance their strategic goals, including mergers, acquisitions, reorganizations and divestitures, and assist in structuring and raising capital. We focus on meeting the financial needs of small to mid-sized

companies and other business enterprises primarily in Europe and North America. We believe that many of these clients, particularly in Europe, are underserved by the large global investment banks and financial service providers. We specialize in advising and structuring business enterprises involved in unstructured and novel situations where a strong financial partner is needed and traditional, off-the-shelf solutions are not workable. In addition, from time to time, we act as a bridge lender or provide interim financing to business enterprises pending reorganization or prior to their going public to generate fee income and in conjunction with our investment strategy. In furtherance of this strategy, we often advise and help restructure enterprises that are undergoing financial stress or have or are near debt defaults.

Our experience and operating structure permit us to respond more rapidly to our clients' needs than many of our larger competitors. These traits are important to small and mid-sized business enterprises, many of which do not have large internal corporate finance departments to handle their capital requirements. We develop a partnership approach to assist those clients. These activities are principally conducted through our wholly-owned subsidiary, MFC Merchant Bank S.A. ("MFC Bank"). We acquired MFC Bank in February 1997 for \$27.4 million. MFC Bank is a licensed full-service Swiss bank based in Geneva, Switzerland. In September 1997, we also acquired Bank Rinderknecht AG ("BRA") for \$9.6 million. BRA was headquartered in Zurich, Switzerland and was active in private banking and securities trading until it was placed in liquidation by the SFBC in August 1997. Following its acquisition, we merged BRA with MFC Bank and rationalized the combined operations, including transferring all administrative activities to Geneva, Switzerland. The acquisition of BRA increased our client base and provided us with future tax benefits, including tax loss carry-forwards of approximately \$44.0 million. Since 1999, client assets relating to our private banking services have been placed with a large Swiss bank and other financial institutions. These arrangements let us maintain key client relationships and mandates where we can provide value-added advisory services and yet offer clients the capability and economies of scale of a large banking institution.

Our sources of revenues include fees, interest income and related trading income. We earn advisory fees by providing strategic and financial advice for clients. We earn interest income through interest earned on our capital.

Our proprietary investing consists of investing our own capital and utilizing our expertise to capture investment opportunities. We seek to invest in businesses or assets whose intrinsic value is not properly reflected in their share price or value. Our investing is generally not passive and we invest where we believe our expertise in financial restructuring and management can add or unlock value. We invest globally and our objective is to maximize total return measured through both long-term appreciation and recognized gains. In 1997, we completed the acquisition of the MFC Securities group of companies ("MFC Securities"), a bond trading enterprise based in Zurich, Switzerland. We acquired MFC Securities for its approximate book value of \$15.7 million plus a contingent variable annual fee payable in cash or in common shares of MFC, at the option of the vendors, and based upon MFC Securities' future net-after-tax profits.

One of our proprietary investments is an indirect interest in a mineral royalty (the "royalty interest") in the Wabush Iron Ore Mine (the "Wabush Mine") located in the Province of Newfoundland, Canada. It has provided an uninterrupted source of fairly predictable revenue for over 30 years, which we have used to finance our proprietary investments. The royalty interest consists of a mining sub-lease of the lands upon which the Wabush Mine is situated that commenced in 1956 and expires in 2055. The terms of the mining sub-lease do not provide for renewal. Revenues from the royalty interest are subject to a minimum annual royalty of \$3.25 million and are dependent on both the price levels for iron ore and the amount of iron ore shipped from the Wabush Mine. Revenues from the royalty interest were \$12.3 million, \$11.2 million and \$12.9 million in 2000, 1999 and 1998, respectively.

Other proprietary investments include a portfolio of real estate assets which are located in the State of Washington. We are conducting pre-development work relating to infrastructure, rezoning, subdivision and permitting on a substantial portion of the properties to the extent necessary to protect or enhance their value. We intend to divest or otherwise monetize these real estate assets and redeploy the proceeds in our merchant banking activities.

At December 31, 2000, we also had investments of approximately \$3.2 million relating to insurance obligations with respect to our insurance operations which we originally acquired in 1991. All of the policies of our insurance operations have expired and we manage and administer the outstanding claims in the ordinary course.

Our operations are primarily conducted in Europe and North America. The following is a summary of our revenues by geographic region for the years set forth:

	2000	1999	1998
	-----	-----	-----
	(in thousands)		
Canada.....	\$ 10,459	\$ 17,851	\$ 31,392
Western Europe.....	136,671	88,075	88,237
United States.....	9,090	19,600	3,681
	-----	-----	-----
	\$156,220	\$125,526	\$123,310
	=====	=====	=====

Our banking operations are subject to various Swiss regulatory requirements, including capital requirements administered by the SFBC. The SFBC is our primary banking regulator and establishes minimum capital requirements for MFC Bank. Our failure to meet minimum capital requirements can result in mandatory, and possibly additional discretionary, action by the SFBC that, if undertaken, could have a direct material effect on us. Under risk-based capital adequacy guidelines established by the SFBC, banks in Switzerland must meet specific capital guidelines that involve quantitative measures of assets, liabilities and other off-balance sheet items, as calculated under Swiss regulatory accounting practices. Our banking operations are required to file certain reports with the SFBC and we are subject to their examination. MFC Bank is subject to restrictions on loans and extensions of credit to, and on certain other types of transactions with, affiliates. We believe that the capital of our banking operations is sufficient for its current and reasonably foreseeable operations.

Our banking operations place substantially all of their client deposits with other major financial institutions on a fiduciary or trust basis and earn a fee on the amount of money received from the counterparty. This is in contrast to most North American banks, which generate revenue from the spread between their cost of funds and the credit received. These fiduciary or trust deposits are off-balance sheet items and permit us to generate revenues without committing or tying up significant amounts of capital.

COMPETITION

We conduct our business in a global environment that is highly competitive and unpredictable. We encounter intense competition in all aspects of our business and compete directly with other financial services companies, brokerage firms, investment banks, merchant banks and other investment managers. We face competition in Switzerland from other banks, asset managers and a range of non-bank financial institutions and internationally from investment banks and securities dealers. Many of our competitors are national or international companies with far greater resources, capital and access to information than us. As a result, we may become involved in transactions with more risk.

ORGANIZATIONAL STRUCTURE

The following is a listing of our significant operating subsidiaries as at April 23, 2001:

NAME OF SUBSIDIARY	JURISDICTION OF INCORPORATION OR ORGANIZATION	SHAREHOLDING AT APRIL 23, 2001
-----	-----	-----
MFC Merchant Bank S.A.....	Switzerland	100%
TriMaine Holdings, Inc.....	State of Washington	81%

PROPERTY, PLANTS AND EQUIPMENT

Our offices are located in Dublin, Ireland, Geneva and Zurich, Switzerland and Berlin, Germany. All of our premises are leased.

We indirectly participate in the royalty interest. The royalty interest consists of a mining sub-lease of the lands upon which the Wabush Mine is situated that commenced in 1956 and expires in 2055. The lessor is Knoll Lake Minerals Limited ("Knoll Lake"), which holds a mining lease from the Province of Newfoundland, Canada. The lease requires the payment of royalties to Knoll Lake of \$0.22 per ton on shipments of iron ore from the Wabush Mine. Iron ore is shipped from the Wabush Mine to Pointe Noire, Quebec, Canada, where it is pelletized. Geological studies done on the Wabush Mine to date have estimated that the mine has iron ore deposits of approximately 713 million tons averaging 34.5 fe. In 1998, 1999 and 2000, 5.6 million, 5.5 million and 5.9 million tons of iron ore, respectively, were shipped from the Wabush Mine.

The Wabush Mine is operated by an unincorporated joint venture consisting of Wabush Iron Company Limited (U.S.A.), Steel Company of Canada Limited (Canada) and Dominion Foundries & Steel Limited (Canada) (collectively, the "Consortium"), which pays royalties to the holder of the royalty interest based upon the amount of iron ore shipped from the Wabush Mine. These royalties are not to be less than \$3.25 million annually until 2055. In 1987, the royalty rate specified in the base price was amended to require a base royalty rate of \$1.685 per ton with escalations as defined by agreement. Iron ore is typically sold either as a concentrate, whereby the iron ore is in granular form, or as a pellet, whereby iron ore concentrate has been mixed with a binding agent, formed into a pellet and then fired in a furnace. Iron ore pellets can be charged directly into blast furnaces without further processing and are primarily used to produce pig iron which is subsequently transformed into steel. As such, the demand and, consequently, the pricing of iron ore is dependent upon the raw material requirements of integrated steel producers. Demand for blast furnace steel is in turn cyclical in nature and is influenced by, among other things, the level of general economic activity. As the operator of the Wabush Mine is owned by the Consortium of steel producers, production from the mine has been generally maintained at relatively consistent levels.

We also indirectly own approximately 52 acres of undeveloped real property which is annexed to the City of Gig Harbor, Washington. Of the total acreage, 35 acres are zoned for medium density residential use and 17 acres are zoned for business park/professional office use. We may develop all or part of the remaining land through partnerships, joint ventures or other economic associations with local developers. Our current involvement with the property is limited to pre-development work, including infrastructure (roads, sewer and water services), preliminary permits, market studies, feasibility studies and related activities.

We also indirectly own a 17.2 acre property located in Federal Way, Washington. This property is zoned business park and all utilities are available to the site. The site is encumbered by a wetland area which has been estimated at 2.4 acres exclusive of setback requirements. Currently, site approval applications have been made for an 800-unit self-storage facility and an 80,000 square foot warehouse/office facility.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis of our financial condition and results of operations for the three years ended December 31, 2000 should be read in conjunction with our consolidated financial statements and related notes included in this annual report. Our financial statements included herein were prepared in accordance with Canadian GAAP. For a reconciliation of our financial statements included herein to U.S. GAAP, see Note 16 to the financial statements. We have made certain reclassifications to the prior periods' financial statements to conform to the current period's presentation.

OPERATING RESULTS

We are a financial services company that focuses on merchant banking. We provide specialized banking and corporate finance services internationally. These activities are primarily conducted through our wholly-owned subsidiary, MFC Bank. We also commit our own capital to promising enterprises and invest and otherwise trade to capture investment opportunities for our own account. We seek to invest in businesses or assets whose

intrinsic value is not properly reflected in their share price or value. Our investing is generally not passive. We seek investments where our financial and management expertise can add or unlock value.

Our results of operations may be materially affected by market fluctuations and economic factors. In addition, our results of operations have been and may continue to be affected by many factors of a global nature, including economic and market conditions, the availability of capital, the level and volatility of equity prices and interest rates, currency values and other market indices, technological changes, the availability of credit, inflation and legislative and regulatory developments. Our results of operations may also be materially affected by competitive factors. Competition includes firms traditionally engaged in financial services such as banks, broker-dealers and investment dealers, along with other sources such as insurance companies, mutual fund groups, on-line service providers and other companies offering financial services in Europe and globally.

In recent years, the financial services industry has experienced consolidation and convergence as financial institutions involved in a broad spectrum of services have merged or combined. The trend to consolidate is expected to continue and produce global financial institutions with much greater capital and other resources than MFC. As a result of the economic and competitive factors discussed above, our results may vary significantly from period to period. We intend to manage our business for the long term and to mitigate the effect of such factors by focusing on our core operations of meeting the financial needs of small to mid-sized companies and other business enterprises internationally.

YEAR ENDED DECEMBER 31, 2000 COMPARED TO THE YEAR ENDED DECEMBER 31, 1999

The following table provides selected quarterly financial information for MFC for each quarter of 2000:

	2000			
	----- DECEMBER 31	----- SEPTEMBER 30	----- JUNE 30	----- MARCH 31
	(in thousands, other than per share amounts)			
Revenues.....	\$ 57,736	\$ 28,614	\$ 42,209	\$ 27,661
Expenses.....	43,061	16,509	33,316	21,468
Net income.....	12,766	12,085	8,147	6,165
Fully diluted earnings per share.....	0.89	0.85	0.59	0.46
Total assets.....	332,063	304,846	285,613	291,393
Shareholders' equity.....	213,134	195,801	186,171	174,910

In 2000, our revenues increased to \$156.2 million from \$125.5 million in 1999, primarily as a result of investment activities. Our portfolio remains principally invested in investment grade securities. In 1999, we transferred our private banking services largely as a result of economies of scale.

In 1999, we began electronic banking and equities trading for our clients through our NetBanking website. In March 2000, we discontinued operation of the website due to changing economic fundamentals in Europe. As a result, we took a one-time loss from such discontinued operations of \$4.9 million, or \$0.32 per share on a fully diluted basis, for the year ended December 31, 1999.

Expenses from continuing operations increased to \$114.4 million in 2000 from \$89.4 million in 1999, primarily as a result of higher investment expenses. In 2000, investment expenses increased to \$88.9 million from \$65.3 million in 1999. General and administrative expenses increased to \$21.2 million in 2000 from \$19.3 million in 1999. Interest expense decreased to \$4.2 million in 2000 from \$4.9 million in 1999, primarily as a result of lower outstanding indebtedness during 2000 compared to 1999.

In 2000, net earnings were \$39.2 million, or \$3.24 per share on a basic basis (\$2.78 per share on a fully diluted basis). In 1999, net earnings were \$31.4 million, or \$2.59 per share on a basic basis (\$2.28 per share on a fully diluted basis). Income from continuing operations in 1999 was \$36.3 million, or \$3.00 per share on a basic basis (\$2.60 per share on a fully diluted basis).

YEAR ENDED DECEMBER 31, 1999 COMPARED TO THE YEAR ENDED DECEMBER 31, 1998

In 1999, our revenues increased to \$125.5 million from \$123.3 million in 1998, primarily as a result of investment activities. Our investment portfolio remains principally invested in investment grade securities. In 1999, we transferred our private banking services largely as a result of economies of scale.

In 1999, we began electronic banking and equities trading for our clients through our NetBanking website. In March 2000, we discontinued operation of the website due to changing economic fundamentals in Europe. As a result, we took a one-time loss from such discontinued operations of \$4.9 million, or \$0.32 per share on a fully diluted basis, for the year ended December 31, 1999.

Expenses from continuing operations decreased to \$89.4 million in 1999 from \$92.8 million in 1998, primarily as a result of lower investment expenses. General and administrative expenses decreased marginally to \$19.3 million in 1999 from \$19.4 million in 1998. Interest expense increased marginally to \$4.9 million in 1999 from \$4.8 million in 1998.

In 1999, net earnings were \$31.4 million, or \$2.59 per share on a basic basis (\$2.28 per share on a fully diluted basis). Income from continuing operations in 1999 was \$36.3 million, or \$3.00 per share on a basic basis (\$2.60 per share on a fully diluted basis). In 1998, net earnings were \$30.2 million, or \$2.48 per share on a basic basis (\$2.20 per share on a fully diluted basis). Net earnings in 1998 included \$8.1 million on the purchase of debt securities.

LIQUIDITY AND CAPITAL RESOURCES

The following table is a summary of selected financial information concerning MFC for the periods indicated:

	DECEMBER 31,		DECEMBER 31,	
	2000	1999	2000	1999
	(U.S. Dollars in thousands)		(Canadian Dollars in thousands)	
Cash and cash equivalents.....	\$ 45,677	\$ 34,343	\$ 68,524	\$ 49,567
Securities.....	53,582	46,981	80,384	67,808
Total assets.....	221,346	187,145	332,063	270,107
Debt.....	23,611	21,421	35,421	30,917
Shareholders' equity.....	142,070	118,348	213,134	170,811

We maintain a high level of liquidity, with a substantial amount of our assets held in cash and cash equivalents, marketable securities and customer loans collateralized by marketable securities. The highly liquid nature of these assets provides us with flexibility in managing our business and financing. We also use this liquidity in client related services where we act as a financial intermediary for third parties and in our own proprietary investing activities.

At December 31, 2000, our cash and cash equivalents were \$68.5 million, compared to \$49.6 million at December 31, 1999. At December 31, 2000, we had securities of \$80.4 million, compared to \$67.8 million at December 31, 1999.

At December 31, 2000, our debt was \$35.4 million, compared to \$30.9 million at December 31, 1999. At December 31, 2000, all of our borrowings were denominated in U.S. dollars, with maturities of \$7.8 million in 2002, \$6.4 million in 2003 and \$21.1 million thereafter. See Note 7 of our consolidated financial statements included elsewhere in this annual report.

OPERATING ACTIVITIES

Operating activities provided cash of \$30.8 million in 2000, compared to \$29.9 million in 1999. In 2000, a decrease in amounts due from investment dealers provided cash of \$3.7 million, compared to an increase in amounts due from investment dealers using cash of \$11.1 million in 1999. An increase in receivables used cash of \$3.5 million in 2000, compared to a decrease in receivables providing cash of \$1.7 million in 1999. An increase in accounts payable and accrued expenses provided cash of \$2.1 million in 2000, compared to a decrease in accounts payable and accrued expenses using cash of \$1.0 million in 1999. We expect to generate sufficient cash flow from operations to meet our working capital requirements.

INVESTING ACTIVITIES

Investing activities used cash of \$31.2 million in 2000, compared to \$35.7 million in 1999. In 2000, a net increase in loans used cash of \$31.7 million, compared to \$34.7 million in 1999.

FINANCING ACTIVITIES

Net cash provided by financing activities was \$16.9 million in 2000, compared to \$26.8 million in 1999. Net borrowings provided cash of \$4.0 million in 2000, compared to net debt repayments using cash of \$7.2 million in 1999. In 2000, a net increase in deposits provided cash of \$13.3 million, compared to \$34.3 million in 1999. The net repurchase of common shares in 2000 used cash of \$0.4 million, compared to \$0.2 million in 1999. We did not pay dividends on our common shares in 2000 or 1999.

FOREIGN CURRENCY

Substantially all of our operations are conducted in international markets and our consolidated financial results are subject to foreign currency exchange rate fluctuations, in particular, those in Switzerland.

We translate foreign assets and liabilities into Canadian dollars at the rate of exchange on the balance sheet date. Revenues and expenses are translated at the average rate of exchange prevailing during the period. Unrealized gains or losses from these translations are recorded as shareholders' equity on the balance sheet and do not affect our net earnings.

As a substantial amount of our revenues are received in Swiss francs, our financial position for any given period, when reported in Canadian dollars, can be significantly affected by the exchange rate for Swiss francs prevailing during that period. In the year ended December 31, 2000, we reported approximately a net \$3.5 million foreign exchange translation gain and, as a result, our cumulative foreign exchange translation loss at December 31, 2000 was \$0.8 million, compared to \$4.3 million at December 31, 1999.

Since both our principal sources of revenues and expenses are in Swiss francs, we use derivatives to manage our foreign exchange exposure. See "Item 11.--Quantitative and Qualitative Disclosures About Market Risk".

Based upon the period average exchange rates in 2000, the Canadian dollar increased by approximately 3.0% in value against the Swiss franc and decreased by approximately 2.8% in value against the U.S. dollar since December 31, 1999. As at December 31, 2000, the Canadian dollar decreased by approximately 2.1% in value against the Swiss franc and approximately 3.7% in value against the U.S. dollar since December 31, 1999.

DERIVATIVE INSTRUMENTS

Derivatives are financial instruments, the payments of which are linked to the prices, or relationships between prices, of securities or commodities, interest rates, currency exchange rates or other financial measures. Derivatives are designed to enable parties to manage their exposure to interest rates and currency exchange rates, and security and other price risks. We use derivatives to provide products and services to clients and to manage our foreign exchange exposure for our own account.

INFLATION

We do not believe that inflation has had a material impact on revenues or income over the past three fiscal years. Because our assets to a large extent are liquid in nature, they are not significantly affected by inflation. However, increases in inflation could result in increases in our expenses, which may not be readily recoverable in the price of services provided to our clients. To the extent inflation results in rising interest rates and has other adverse effects on capital markets, it could adversely affect our financial position and profitability.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS AND SENIOR MANAGEMENT; BOARD PRACTICES

Our Articles provide for three classes of directors with staggered terms. Each director holds office until the expiry of his term or until his successor is elected or appointed, unless his office is earlier vacated in accordance with our Bylaws or with the provisions of the BUSINESS CORPORATIONS ACT (Yukon). At each annual meeting of MFC, a class of directors is elected to hold office for a three year term. Successors to the class of directors whose terms expire are identified as being of the same class as the directors they succeed and are elected to hold office for a term expiring at the third succeeding annual meeting of shareholders. A director appointed or elected to fill a vacancy on the board of directors holds office for the unexpired term of his predecessor. Officers of MFC serve at the discretion of the board of directors.

The following table sets out certain information concerning our directors and executive officers:

NAME	PRESENT POSITION WITH MFC	PRINCIPAL OCCUPATION	DATE OF COMMENCEMENT OF OFFICE WITH MFC	EXPIRATION OF TERM OF OFFICE WITH MFC
Michael J. Smith(1)	Director and President	President, Chief Executive Officer and Director of MFC	1986 1996	2002
Roy Zanatta	Director and Secretary	Secretary and Director of MFC	1996 1996	2002
Sok Chu Kim(1)	Director	Senior Vice-President, Korea Exchange Bank, 1967 to 1985; President of Korea International Merchant Bank, 1985 to 1989; Advisor to Sukura Bank (Seoul, Korea); Director of Korea Liberalization Fund Ltd.	1996	2001
Oq-Hyun Chin(1)	Director	Business Advisor, The Art Group Architects & Engineers Ltd.	1994	2001
Julius Mallin	Director	Retired Businessman	1994	2003
Dr. Stefan Feuerstein	Director	Managing Director of the Industrial Investment Council of the New German States; President of the Thuringian Economic Development Corporation (Germany) from 1992 to 1997	2000	2003

(1) Member of the Audit Committee.

There are no arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which any person referred to above was selected as a director or executive officer, nor are there any family relationships between any of the persons referred to above.

Our Audit Committee is responsible for, among other things: (1) meeting with the external auditors separate from management to review specific issues; (2) reviewing with the external auditors their annual report and reports to our board of directors, from time to time, with respect to internal audit and accounting procedures; and (3) making recommendations relating to the appointment and remuneration of external auditors.

We do not have a Remuneration Committee of our board of directors. Our executive compensation program is administered by our Chief Executive Officer under the supervision of our board of directors.

EMPLOYMENT AGREEMENTS AND TERMINATION OF EMPLOYMENT OR CHANGE OF CONTROL

Mr. Smith and Mr. Zanatta (each an "Executive") each entered into an amended and restated employment agreement with MFC in 2000. Each agreement generally provides, subject to certain termination provisions, for the continued employment of the Executive for a period of 36 months with automatic one month renewals, so that each agreement at all times has a remaining term of 36 months. Each agreement provides for an annual base salary and other compensation to be paid to the Executive as determined by our board of directors. In the event he is terminated without cause or resigns for good reason (as defined in each agreement) within three years of a change of control (as defined in each agreement), the Executive will be entitled to a lump sum severance payment of three times the sum of: (i) his current annual salary under the agreement; and (ii) the higher of his current annual bonus under the agreement and the highest variable pay and bonus received by him in the previous five fiscal years. If the Executive is terminated without cause or resigns for good reason after three years of a change of control, he will be entitled to the same payments in equal installments over 12 months.

In addition, all unvested rights in any stock options or other equity awards of the Executive will vest in full in the event of a change of control. The Executive will also be entitled, for a period of 365 days following the earlier of the date of his termination and the date of the change of control, to require us to purchase all or any part of our common shares held by such Executive on the date of termination or date of change of control at a price equal to the average closing market price of our common shares on the Nasdaq National Market (the "Nasdaq") on the ten preceding trading days.

COMPENSATION

During the fiscal year ended December 31, 2000, we paid an aggregate of approximately \$1.5 million in cash compensation to our directors and officers. This amount does not take into account incentive stock options granted to or exercised by such directors and officers or other non-cash compensation, as more particularly described below. No other funds were set aside or accrued by MFC during the fiscal year ended December 31, 2000 to provide pension, retirement or similar benefits for our directors or officers pursuant to any existing plan provided or contributed to by MFC.

We are required, under applicable securities legislation in Canada, to disclose to our shareholders details of compensation paid to certain executive officers. The following fairly reflects material information regarding compensation paid to such persons.

EXECUTIVE COMPENSATION

The following table provides a summary of compensation paid by us during each of the last three fiscal years to our Chief Executive Officer and to our next four most highly paid executive officers who received a

combined salary and bonus during the fiscal year ended December 31, 2000 in excess of \$100,000 (the "Named Executives"):

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	FISCAL YEAR ENDED DECEMBER 31,	ANNUAL COMPENSATION(1)			LONG-TERM COMPENSATION	
		SALARY (\$)	BONUS (\$)	OTHER ANNUAL COMPENSATION (\$)	AWARDS SECURITIES UNDER OPTIONS GRANTED (#)	ALL OTHER COMPENSATION (\$)
Michael J. Smith	2000	289,198	259,017	17,596	--	2,290
President, Chief Executive Officer and Director	1999	212,944	256,809	--	--	--
	1998	221,876	231,365	--	77,000	--
Claudio Morandi	2000	212,333	133,974	5,278	25,000	2,290
President	1999	179,171	154,085	10,102	--	--
MFC Bank	1998	117,010	101,222	--	75,000	--
Roy Zanatta	2000	85,161	10,000	--	--	--
Secretary and Director	1999	104,852	119,844	--	--	--
	1998	192,500	101,222	--	60,000	--
John Musacchio	2000	272,803	--	--	--	--
Vice-President	1999	283,833	--	--	--	--
	1998	--	--	--	50,000	--
Jean Paul Abgottspon	2000	139,768	31,903	7,484	--	28,678
Senior Vice-President	1999	165,800	18,862	--	--	--
MFC Bank	1998(2)	171,828	--	--	8,000	--

(1) On a cash basis, unless otherwise stated.

(2) Mr. Abgottspon commenced employment with MFC in June 1998. His compensation for fiscal 1998 is presented on an annualized basis.

DIRECTORS' COMPENSATION

We did not pay any compensation to our directors for their services as directors during the year ended December 31, 2000, nor are there any arrangements for any such compensation to be paid. Our directors are, however, reimbursed for reasonable expenses incurred in connection with their services as directors of MFC.

OPTIONS TO PURCHASE SECURITIES

We have a stock option plan that provides for grants of options in respect of directors, officers and key employees of, and other persons providing ongoing services to, MFC. Our stock option plan is administered by our board of directors. The maximum number of our common shares which may be reserved and set aside for issuance under our stock option plan is 1,512,000. Each option upon its exercise entitles the grantee to one common share. The exercise price of an option may not be less than the closing market price of our common shares on the Nasdaq on the day prior to the grant of the option. In the event our common shares are not traded on such day, the exercise price may not be less than the average between the closing bid and ask prices of our common shares on the Nasdaq for the ten trading days immediately prior to the date the option is granted. Options may be granted under our stock option plan exercisable for a period of up to ten years from the date of grant of the option.

Option Grants During the Most Recently Completed Financial Year

The following table sets forth the grant of incentive stock options to our Named Executives and directors during the financial year ended December 31, 2000.

NAME	SECURITIES UNDER OPTIONS GRANTED (#)	% OF TOTAL OPTIONS GRANTED IN FINANCIAL YEAR	EXERCISE OR BASE PRICE (\$/SECURITY)	MARKET VALUE OF SECURITIES UNDERLYING OPTIONS ON THE DATE OF GRANT (\$/SECURITY)	EXPIRATION DATE
Claudio Morandi	25,000	19.2%	U.S.\$7.00	U.S.\$6.94	April 11, 2005
Dr. Stefan Feuerstein	50,000	38.5%	U.S.\$7.00	U.S.\$7.00	March 29, 2005

EMPLOYEES

We currently employ approximately 31 people. As at December 31, 2000, 1999 and 1998, we employed approximately 36, 37 and 35 people, respectively.

We do not have any involvement with labour unions. We do not employ a significant number of temporary employees.

SHARE OWNERSHIP

The following table sets forth information, as of April 23, 2001, concerning the beneficial ownership of our common shares by each of our Named Executives and directors.

NAME OF BENEFICIAL OWNER	NUMBER OF COMMON SHARES	PERCENTAGE OF CLASS
Michael J. Smith	612,000	4.8%
Claudio Morandi	-- (1)	--
Roy Zanatta	-- (2)	--
John Musacchio	-- (3)	--
Jean Paul Abgottspon	--	--
Sok Chu Kim	--	--
Julius Mallin	--	--
Oq-Hyun Chin	--	--
Dr. Stefan Feuerstein	-- (4)	--

(1) Mr. Morandi has incentive stock options entitling him to acquire an aggregate of 145,000 of our common shares at an exercise price of U.S.\$7.25 per share in respect of options to purchase 45,000 shares expiring July 25, 2002, U.S.\$6.00 per share in respect of options to purchase 75,000 shares expiring October 28, 2003 and U.S.\$7.00 per share in respect of options to purchase 25,000 shares expiring April 11, 2005.

(2) Mr. Zanatta has incentive stock options entitling him to acquire an aggregate of 125,000 of our common shares at an exercise price of U.S.\$7.25 per share in respect of options to purchase 65,000 shares expiring July 25, 2002 and U.S.\$6.00 per share in respect of options to purchase 60,000 shares expiring October 28, 2003.

(3) Mr. Musacchio has incentive stock options entitling him to acquire 50,000 of our common shares at an exercise price of U.S.\$6.00 per share expiring October 28, 2003.

(4) Dr. Feuerstein has incentive stock options entitling him to acquire 50,000 of our common shares at an exercise price of U.S.\$7.00 per share expiring March 29, 2005.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

MAJOR SHAREHOLDERS

The following table sets forth certain information as at April 23, 2001 concerning the ownership of our common shares as to each person known to us, based solely upon public records and filings, to be the direct and/or indirect owner of more than five percent of our common shares:

IDENTITY OF PERSON OR GROUP -----	AMOUNT OWNED -----	PERCENT OF CLASS -----
Peter Kellogg.....	3,141,550(1)	24.8%
FMR Corp.....	763,800	6.0%

(1) In his public filings, Mr. Kellogg disclaims beneficial ownership of 2,881,550 of the shares, or approximately 22.8% of our issued and outstanding common shares.

Our officers and directors, as a group, own or control, directly or indirectly, an aggregate of 612,000 common shares and have options on 745,000 common shares, representing approximately 10.1% of our common shares on a fully diluted basis.

All common shareholders have identical voting rights.

SHAREHOLDER DISTRIBUTION

As at April 23, 2001, there were approximately 664 holders of record of our common shares and a total of 12,653,156 common shares were outstanding. Approximately 10,675,625 or 84% of our common shares are held of record by 588 U.S. holders, including depositories and clearing agencies.

RELATED PARTY TRANSACTIONS

Other than as disclosed in this annual report, to the best of our knowledge, there have been no material transactions since January 1, 2000 to which MFC was or is a party and in which a director or officer of MFC, any relative or spouse of any director or officer, or any individual owning, directly or indirectly, an interest in the voting power of MFC that gives it significant influence over MFC, has or will have a direct or indirect material interest, nor were any directors or officers of MFC, any relatives or spouses of such directors or officers, or any individuals owning, directly or indirectly, an interest in the voting power of MFC that gives them significant influence over MFC, indebted to MFC during this period.

At December 31, 2000, we had a note payable to an affiliate in the amount of \$7.8 million from whom we earned fees of \$1.1 million during 2000. Our President and Chief Executive Officer is also the President and a director of the affiliate.

We are the lessee of the Wabush Mine located in the Province of Newfoundland, Canada. The Wabush Mine is operated by an independent party who pays royalties based on the amount of iron ore it extracts from the Wabush Mine. The royalties are paid to an affiliate, which acquired the rights to the royalties during a prior year in exchange for preferred shares which provide for a variable annual dividend rate. During 2000, the amount of preferred dividends earned amounted to \$5.4 million and we earned management fees of \$0.8 million from the affiliate. We had a payable to the affiliate of \$4.3 million at December 31, 2000 which will be paid in the normal course.

ITEM 8. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

See "Item 18. Financial Statements" for financial statements filed as part of this annual report.

SIGNIFICANT CHANGES

No significant changes have occurred since the date of the financial statements provided in Item 18 below.

LEGAL PROCEEDINGS

We are subject to routine litigation incidental to our business and are named from time to time as a defendant in various legal actions arising in connection with our activities, certain of which include large claims for punitive damages. We are also involved, from time to time, in investigations and proceedings by governmental and self-regulatory agencies. Some of these legal actions, investigations and proceedings may result in adverse judgments, penalties or fines.

In view of the inherent difficulty of predicting the outcome of such matters, particularly in cases in which substantial damages are sought, we cannot state what the eventual outcome of pending matters will be. We are contesting the allegations made in each pending matter and believe, based on current knowledge and after consultation with counsel, that the outcome of such matters will not have a material adverse effect on our consolidated financial condition, but may be material to our operating results for any particular period, depending on the level of our income for such period.

DIVIDEND INFORMATION

The actual timing, payment and amount of dividends paid on our common shares is determined by our board of directors, based upon things such as our cash flow, results of operations and financial condition, the need for funds to finance ongoing operations and such other business considerations as our board of directors considers relevant. In June 1997, we paid a dividend of \$0.01 per share and, in June 1998, we paid a dividend of U.S.\$0.02 per share. We did not pay any dividends in 1999 or 2000.

ITEM 9. THE OFFER AND LISTING

MARKETS AND PRICE HISTORY

Our common shares are quoted on the Nasdaq under the symbol "MXBIF" and on the Frankfurt Stock Exchange under the symbol "MFC GR". The following table sets forth the high and low sales prices of our common shares on the Nasdaq for the periods indicated:

	NASDAQ (1)	
	HIGH	LOW
ANNUAL HIGHS AND LOWS		
1996.....	U.S.\$ 7.38	U.S.\$ 3.27
1997.....	11.56	5.45
1998.....	14.38	4.69
1999.....	12.25	5.81
2000.....	10.00	6.75
QUARTERLY HIGHS AND LOWS		
1999		
First Quarter.....	U.S.\$ 9.00	U.S.\$ 6.50
Second Quarter.....	8.31	5.81
Third Quarter.....	12.25	6.31
Fourth Quarter.....	9.50	7.50
2000		
First Quarter.....	10.00	6.75
Second Quarter.....	8.38	6.81
Third Quarter.....	8.56	6.94
Fourth Quarter.....	8.88	7.50
2001		
First Quarter.....	8.50	7.13

	NASDAQ (1)	
	HIGH	LOW
MONTHLY HIGHS AND LOWS		
2000		
October.....	U.S.\$ 8.19	U.S.\$ 7.88
November.....	8.88	7.63
December.....	8.13	7.50
2001		
January.....	8.50	7.69
February.....	8.47	7.75
March.....	8.38	7.13
April 1 to April 23.....	8.17	7.63

(1) Our common shares were quoted on the OTC Bulletin Board from May 1996 to May 1997. Since May 1997, our common shares have been quoted on the Nasdaq.

ITEM 10. ADDITIONAL INFORMATION

ARTICLES AND BYLAWS

We are incorporated under the laws of the Yukon Territory, Canada and have been assigned corporate access number 25686.

Our Articles and Bylaws do not contain a description of our objects and purposes, except insofar as to restrict us from carrying on the business of a railway, steamship, air transport, canal, telegraph, telephone or irrigation company. We may perform any and all corporate activities permissible under the laws of the Yukon Territory.

Our Articles and Bylaws do not restrict a director's power to vote on a proposal, arrangement or contract in which the director is materially interested, vote compensation to themselves or any other members of their body in the absence of an independent quorum or exercise borrowing powers. There is no mandatory retirement age for our directors and our directors are not required to own securities of MFC in order to serve as directors.

Our authorized capital consists of common shares and class A preferred shares. Our class A preferred shares may be issued in one or more series and our directors may fix the number of shares which is to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series. Currently, we have authorized 140,000 class A preferred shares, series 1 (the "Series 1 Shares"), 140,000 class A preferred shares, series A (the "Series A Shares"), 100,000 class A preferred shares, series 2 (the "Series 2 Shares") and 20,000 class A preferred shares, series 3 (the "Series 3 Shares").

Holders of our common shares are entitled to vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote, receive any dividend declared by MFC and, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares, receive the remaining property of MFC upon dissolution.

Our class A preferred shares of each series rank on a parity with our class A preferred shares of any other series and are entitled to a preference over our common shares with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding-up of MFC.

Holders of our Series 1 Shares and Series A Shares are entitled to dividends of \$5.00 per share per annum. Our Series 1 Shares and Series A Shares are redeemable at our option at a price of \$100.00 and carry retraction rights entitling a holder to require us to redeem their Series 1 Shares or Series A Shares, respectively, at any time after five years from the date of issuance for a price of \$100.00. Our Series 1 Shares and Series A Shares are also convertible into such number of our common shares as is specified in our Articles at any time after five years from the date of issuance or in the event the Series 1 Shares or Series A Shares, respectively, are called for redemption.

Holders of our Series 2 Shares and Series 3 Shares are entitled to dividends of \$3.00 per share per annum. Our Series 2 Shares and Series 3 Shares are redeemable at our option at a price of \$100.00.

The provisions in our Articles attaching to our common shares and class A preferred shares may be altered, amended, repealed, suspended or changed by the affirmative vote of the holders of not less than two-thirds of the common shares and two-thirds of the class A preferred shares, respectively.

Our Articles provide for three classes of directors with staggered terms. Each director holds office until the expiry of his term or until his successor is elected or appointed, unless his office is earlier vacated in accordance with our Bylaws or with the provisions of the BUSINESS CORPORATIONS ACT (Yukon). At each annual meeting of MFC, a class of directors is elected to hold office for a three year term. Successors to the class of directors whose terms expire are identified as being of the same class as the directors they succeed and are elected to hold office for a term expiring at the third succeeding annual meeting of shareholders. A director appointed or elected to fill a vacancy on the board of directors holds office for the unexpired term of his predecessor.

An annual meeting of shareholders must be held at such time in each year not later than 15 months after the last preceding annual meeting and at such place as our board of directors, or failing it, our Chairman, Managing Director or President, may from time to time determine. The holders of not less than five percent of our issued shares that carry the right to vote at a meeting may requisition our directors to call a meeting of shareholders for the purposes stated in the requisition. The quorum for the transaction of business at any meeting of shareholders is two persons present in person or by proxy who together hold or represent by proxy in aggregate not less than one-third of our outstanding shares entitled to vote at the meeting. Only persons entitled to vote, our directors and auditor and others who, although not entitled to vote, are otherwise entitled or required to be present, are entitled to be present at a meeting of shareholders.

Except as provided in the ICA, there are no limitations specific to the rights of non-Canadians to hold or vote our common shares under the laws of Canada or the Yukon Territory, or in our charter documents. See "Exchange Controls" below for a discussion of the principal features of the ICA for non-Canadian residents proposing to acquire our common shares.

As set forth above, our Articles and Bylaws contain certain provisions that would have an effect of delaying, deferring or preventing a change in control of MFC, including authorizing the issuance by our board of directors of preferred stock in series, providing for a classified board of directors with staggered, three-year terms and limiting the persons who may call special meetings of shareholders. Our Articles and Bylaws do not contain any provisions that would operate only with respect to a merger, acquisition or corporate restructuring of MFC.

In 1993, we adopted a shareholder protection rights plan to protect us and our shareholders from unfair, abusive or coercive acquisition tactics. Generally, the plan provides for the issuance to the holders of each of our outstanding common shares of a right to purchase one of our common shares at an exercise price determined in accordance with the plan upon the commencement of a take-over bid. We have waived the application of the plan to an existing shareholder to permit such shareholder to acquire up to 25% of our common shares.

Our Bylaws do not contain any provisions governing the ownership threshold above which shareholder ownership must be disclosed.

MATERIAL CONTRACTS

We have not entered into any material contracts, other than in the ordinary course of business, during the preceding two years.

EXCHANGE CONTROLS

There are presently no governmental laws, decrees or regulations in Canada which restrict the export or import of capital, or which impose foreign exchange controls or affect the remittance of interest, dividends or other payments to non-resident holders of MFC's common shares. However, any remittances of dividends to United States residents are subject to a 15% withholding tax (5% if the beneficial owner of the dividends is a corporation owning at least 10% of our voting shares) pursuant to the Canada-U.S. Tax Convention (1980), as amended (the "Treaty"). See "Item 10. Additional Information--Taxation".

Except as provided in the ICA, there are no limitations specific to the rights of non-Canadians to hold or vote our common shares under the laws of Canada or the Yukon Territory, or in our charter documents. The following summarizes the principal features of the ICA for non-Canadian residents proposing to acquire our common shares. THIS SUMMARY IS OF A GENERAL NATURE ONLY AND IS NOT INTENDED TO BE, AND SHOULD NOT BE CONSTRUED TO BE, LEGAL ADVICE TO ANY HOLDER OR PROSPECTIVE HOLDER OF OUR COMMON SHARES, AND NO OPINION OR REPRESENTATION TO ANY HOLDER OR PROSPECTIVE HOLDER OF OUR COMMON SHARES IS HEREBY MADE. ACCORDINGLY, HOLDERS AND PROSPECTIVE HOLDERS OF OUR COMMON SHARES SHOULD CONSULT WITH THEIR OWN LEGAL ADVISORS WITH RESPECT TO THE CONSEQUENCES OF PURCHASING AND OWNING OUR COMMON SHARES.

The ICA governs the acquisition of Canadian businesses by non-Canadians. Under the ICA, non-Canadian persons or entities acquiring "control" (as defined in the ICA) of a corporation carrying on business in Canada are required to either notify, or file an application for review with, Investment Canada, the federal agency created by the ICA. Investment Canada may review any transaction which results in the direct or indirect acquisition of control of a Canadian business, where the gross value of corporate assets exceeds certain threshold levels (such thresholds being favourably varied for U.S. citizens by legislation relating to the Canada-U.S. Free Trade Agreement) or where the activity of the business is related to Canada's cultural heritage or national identity. No change of voting control will be deemed to have occurred, for purposes of the ICA, if less than one-third of the voting control of a Canadian corporation is acquired by an investor.

If an investment is reviewable under the ICA, an application for review in the form prescribed is normally required to be filed with Investment Canada prior to the investment taking place, and the investment may not be implemented until the review has been completed and the Minister responsible for Investment Canada is satisfied that the investment is likely to be of net benefit to Canada. If the Minister is not satisfied that the investment is likely to be of net benefit to Canada, the non-Canadian applicant must not implement the investment, or if the investment has been implemented, may be required to divest itself of control of the Canadian business that is the subject of the investment.

Certain transactions relating to our common shares would be exempt from the ICA, including:

- the acquisition of our common shares by a person in the ordinary course of that person's business as a trader or dealer in securities;
- the acquisition of control of MFC in connection with the realization of security granted for a loan or other financial assistance and not for a purpose related to the provisions of the ICA; and
- the acquisition of control of MFC by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate direct control in fact of MFC, through ownership of our common shares, remains unchanged.

TAXATION

CERTAIN CANADIAN FEDERAL INCOME TAX CONSEQUENCES

We consider that the following general summary fairly describes the principal Canadian federal income tax consequences applicable to a holder of our common shares who is a resident of the United States, who is not, will not be and will not be deemed to be a resident of Canada for purposes of the INCOME TAX ACT (Canada) (the "ITA") and any applicable tax treaty and who does not use or hold, and is not deemed to use or hold, his common shares of MFC in connection with carrying on a business in Canada (a "non-resident holder").

This summary is based upon the current provisions of the ITA, the regulations thereunder (the "Regulations"), the current publicly announced administrative and assessing policies of the Canada Customs and Revenue Agency and the Treaty. This summary also takes into account the amendments to the ITA and Regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals") and assumes that all such Tax Proposals will be enacted in their present form. However, no assurances can be given that the Tax Proposals will be enacted in the form proposed, or at all. This summary is not exhaustive of all possible Canadian federal income tax consequences and, except for the foregoing, this summary does not take into account or anticipate any changes in law, whether by legislative, administrative or

judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax consequences described herein.

THIS SUMMARY IS OF A GENERAL NATURE ONLY AND IS NOT INTENDED TO BE, AND SHOULD NOT BE CONSTRUED TO BE, LEGAL, BUSINESS OR TAX ADVICE TO ANY PARTICULAR HOLDER OR PROSPECTIVE HOLDER OF OUR COMMON SHARES, AND NO OPINION OR REPRESENTATION WITH RESPECT TO THE TAX CONSEQUENCES TO ANY HOLDER OR PROSPECTIVE HOLDER OF OUR COMMON SHARES IS MADE. ACCORDINGLY, HOLDERS AND PROSPECTIVE HOLDERS OF OUR COMMON SHARES SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE INCOME TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF OUR COMMON SHARES IN THEIR PARTICULAR CIRCUMSTANCES.

DIVIDENDS

Dividends paid on our common shares to a non-resident holder will be subject under the ITA to withholding tax at a rate of 25% subject to a reduction under the provisions of an applicable tax treaty, which tax is deducted at source by MFC. The Treaty provides that the ITA's standard 25% withholding tax rate is reduced to 15% on dividends paid on shares of a corporation resident in Canada (such as MFC) to residents of the United States, and also provides for a further reduction of this rate to 5% where the beneficial owner of the dividends is a corporation resident in the United States that owns at least 10% of the voting shares of the corporation paying the dividend.

CAPITAL GAINS

A non-resident holder is not subject to tax under the ITA in respect of a capital gain realized upon the disposition of a common share of MFC unless such share represents "taxable Canadian property" (as defined in the ITA) to the holder thereof. Our common shares generally will be considered taxable Canadian property to a nonresident holder if:

- the non-resident holder;
- persons with whom the non-resident holder did not deal at arm's length; or
- the non-resident holder and persons with whom such non-resident holder did not deal at arm's length,

owned or had an interest in an option in respect of not less than 25% of the issued shares of any class of our capital stock at any time during the five year period immediately preceding the disposition of such shares. In the case of a non-resident holder to whom shares of MFC represent taxable Canadian property and who is resident in the United States, no Canadian taxes will generally be payable on a capital gain realized on such shares by reason of the Treaty unless the value of such shares is derived principally from real property situated in Canada.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a general discussion of certain possible United States Federal foreign income tax matters under current law, generally applicable to a U.S. Holder (as defined below) of our common shares who holds such shares as capital assets. This discussion does not address all aspects of United States Federal income tax matters and does not address consequences peculiar to persons subject to special provisions of Federal income tax law, such as those described below as excluded from the definition of a U.S. Holder. In addition, this discussion does not cover any state, local or foreign tax consequences. See "Certain Canadian Federal Income Tax Consequences" above.

The following discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, published Internal Revenue Service ("IRS") rulings, published administrative positions of the IRS and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possibly on a retroactive basis, at any time. In addition, this discussion does not consider the potential effects, both adverse and beneficial, of any recently proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time. No assurance can be given that the IRS will agree with such statements and conclusions, or will not take, or a court will not adopt, a position contrary to any position taken herein.

THE FOLLOWING DISCUSSION IS FOR GENERAL INFORMATION ONLY AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL, BUSINESS OR TAX ADVICE TO ANY HOLDER OR PROSPECTIVE HOLDER OF OUR COMMON SHARES, AND NO OPINION OR REPRESENTATION WITH RESPECT TO THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO ANY SUCH HOLDER OR PROSPECTIVE HOLDER IS MADE. ACCORDINGLY, HOLDERS AND PROSPECTIVE HOLDERS OF COMMON SHARES SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF OUR COMMON SHARES.

U.S. HOLDERS

As used herein, a "U.S. Holder" includes a holder of our common shares who is a citizen or resident of the United States, a corporation created or organized in or under the laws of the United States or of any political subdivision thereof, any entity which is taxable as a corporation for U.S. tax purposes and any other person or entity whose ownership of our common shares is effectively connected with the conduct of a trade or business in the United States. A U.S. Holder does not include persons subject to special provisions of Federal income tax law, such as tax-exempt organizations, qualified retirement plans, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals or foreign corporations whose ownership of our common shares is not effectively connected with the conduct of a trade or business in the United States and shareholders who acquired their shares through the exercise of employee stock options or otherwise as compensation.

FOREIGN TAX CREDIT

A U.S. Holder who pays (or has had withheld from distributions) Canadian income tax with respect to the ownership of our common shares may be entitled, at the option of the U.S. Holder, to either a deduction or a tax credit for such foreign tax paid or withheld. Generally, it will be more advantageous to claim a credit because a credit reduces United States Federal income taxes on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer's income subject to tax. This election is made on a year-by-year basis and generally applies to all foreign income taxes paid by (or withheld from) the U.S. Holder during that year. There are significant and complex limitations which apply to the tax credit, among which is an ownership period requirement and the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder's United States income tax liability that the U.S. Holder's foreign source income bears to his or its worldwide taxable income. In determining the application of this limitation, the various items of income and deduction must be classified into foreign and domestic sources. Complex rules govern this classification process. There are further limitations on the foreign tax credit for certain types of income such as "passive income", "high withholding tax interest", "financial services income", "shipping income", and certain other classifications of income. **THE AVAILABILITY OF THE FOREIGN TAX CREDIT AND THE APPLICATION OF THESE COMPLEX LIMITATIONS ON THE TAX CREDIT ARE FACT SPECIFIC AND HOLDERS AND PROSPECTIVE HOLDERS OF OUR COMMON SHARES SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THEIR INDIVIDUAL CIRCUMSTANCES.**

PASSIVE FOREIGN INVESTMENT CORPORATION

We do not believe that we are a passive foreign investment corporation (a "PFIC"). If a U.S. Holder disposes of shares in a PFIC, any resultant gain will be subject to a tax that is determined by apportioning the gain pro rata over the entire holding period of the shares. The amount of gain that is apportioned to the current year, and to any pre-1987 holding period, is included in the U.S. Holder's current income.

The tax on the amount apportioned to any prior years beginning with 1987 is calculated using the highest tax rate in each applicable year. In addition, interest compounded daily is charged on the tax due for each prior year from the due date of the return for the respective year to the due date for the current year. The interest rate is set quarterly. The U.S. Holder's current year tax is increased by the special tax and interest on amounts apportioned to prior years.

A U.S. Holder can avoid this special tax and interest charge by making a permanent election to treat a PFIC as a "qualified electing fund" and to report in each year thereafter such shareholder's pro rata share of the ordinary earnings and net capital gains of a PFIC. If the election is not made in the first year that the

U.S. Holder owns the shares, a special election would have to be made to cleanse the effect of the prior year's holding periods.

These rules apply similarly to distributions from a PFIC that would be considered excess distributions. Complex rules govern the determination of applicable gains and excess distributions, the calculation of the amounts allocated pro rata to prior years, the resultant tax and applicable interest, and the qualified electing fund elections whether as pedigreed or non-pedigreed.

HOLDERS AND PROSPECTIVE HOLDERS OF COMMON SHARES OF A PFIC SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THEIR INDIVIDUAL CIRCUMSTANCES.

DOCUMENTS ON DISPLAY

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended. In accordance with these requirements, we file reports and other information with the Securities and Exchange Commission. These materials, including this annual report and the exhibits hereto, may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511, and 7 World Trade Center, Suite 1300, New York, New York 10048. Copies of the materials may be obtained from the principal office of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. The public may obtain information on the operation of the Commission's public reference facilities by calling the Commission in the United States at 1-800-SEC-0330. The Commission also maintains a web site at <http://www.sec.gov> that contains reports, proxy statements and other information regarding registrants that file electronically with the Commission.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in interest rates, foreign currency exchange rates and equity prices which may affect our results of operations and financial condition. We manage these risks through internal risk management policies. We also use derivative foreign exchange contracts to manage our exposure and our clients' exposure to foreign currency exchange rate risks. If any of the variety of instruments and strategies we utilize to manage our exposure to various types of risk are not effective, we may incur losses. Many of our strategies are based on historical trading patterns and correlations. However, these strategies may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk. Unexpected market developments may affect our risk management strategies during this time, and unanticipated developments could impact our risk management strategies in the future.

INTEREST RATE RISK

Fluctuations in interest rates may affect the fair value of financial instruments sensitive to interest rates. An increase in interest rates may decrease the fair value of our financial instrument assets and increase the fair value of our financial instrument liabilities. A decrease in interest rates may increase the fair value of our financial instrument assets and decrease the fair value of our financial instrument liabilities. Our financial instruments which may be sensitive to interest rate fluctuations are investments and debt obligations. The following tables provide information about our exposure to interest rate fluctuations for the carrying amount of financial instruments that may be sensitive to such fluctuations as at December 31, 2000 and 1999, respectively, and expected cash flows from these instruments.

AS AT DECEMBER 31, 2000 (IN THOUSANDS)

	CARRYING VALUE	FAIR VALUE	EXPECTED FUTURE CASH FLOW					THEREAFTER
			2001	2002	2003	2004	2005	
Investments(1).....	\$44,147	\$43,815	\$41,087	\$ 463	\$ 926	\$ --	\$ --	\$ 1,671
Debt obligations(2).....	21,131	13,946	--	--	--	--	--	21,131

(1) Investments consist of debt securities and preferred stock.

(2) Debt obligations consist of the bonds which mature on April 1, 2008 and bear interest at 8% per annum.

AS AT DECEMBER 31, 1999
(IN THOUSANDS)

	CARRYING VALUE	FAIR VALUE	EXPECTED FUTURE CASH FLOW					
			2000	2001	2002	2003	2004	THEREAFTER
Investments(1).....	\$29,965	\$30,086	\$26,474	\$ --	\$ --	\$ --	\$3,612	\$ --
Debt obligations(2).....	20,445	16,356	--	--	--	--	--	16,356

(1) Investments consist of debt securities.

(2) Debt obligations consist of the bonds which mature on April 1, 2008 and bear interest at 8% per annum.

FOREIGN CURRENCY EXCHANGE RATE RISK

Our reporting currency is the Canadian dollar. We hold financial instruments primarily denominated in U.S. dollars and Swiss francs. A depreciation of such currencies against the Canadian dollar will decrease the fair value of our financial instrument assets and liabilities. An appreciation of such currencies against the Canadian dollar will increase the fair value of our financial instrument assets and liabilities. Our financial instruments which may be sensitive to foreign currency exchange rate fluctuations are investments, loans, deposits and debt obligations. The following tables provide information about our exposure to foreign currency exchange rate fluctuations for the carrying amount of financial instruments that may be sensitive to such fluctuations as at December 31, 2000 and 1999, respectively, and expected cash flows from these instruments:

AS AT DECEMBER 31, 2000
(IN THOUSANDS)

	CARRYING VALUE	FAIR VALUE	EXPECTED FUTURE CASH FLOW					
			2001	2002	2003	2004	2005	THEREAFTER
Investments(1).....	\$63,208	\$73,882	\$57,129	\$ 463	\$ 926	\$ --	\$ --	\$ 4,690
Loans(2).....	77,420	77,420	74,194	329	2,862	11	24	--
Deposits(3).....	45,509	45,509	45,509	--	--	--	--	--
Debt obligations(4).....	35,421	28,236	--	7,845	6,445	--	--	21,131

(1) Investments consist of debt securities and equity securities, both of which are primarily denominated in U.S. dollars or Swiss francs.

(2) Loans are denominated in U.S. dollars or Swiss francs.

(3) Deposits consist of cash deposits with MFC Bank.

(4) Debt obligations consist of the bonds and other debt, all of which are denominated in U.S. dollars.

AS AT DECEMBER 31, 1999
(IN THOUSANDS)

	CARRYING VALUE	FAIR VALUE	EXPECTED FUTURE CASH FLOW					
			2000	2001	2002	2003	2004	THEREAFTER
Investments(1).....	\$59,548	\$61,493	\$53,035	\$ --	\$ --	\$ --	\$3,612	\$ 4,846
Loans(2).....	75,030	75,030	59,654	--	7,077	8,299	--	--
Deposits(3).....	47,563	47,563	47,563	--	--	--	--	--
Debt obligations(4).....	30,917	26,828	3,446	--	--	7,026	--	16,356

(1) Investments consist of debt securities and equity securities, both of which are primarily denominated in U.S. dollars or Swiss francs.

(2) Loans are denominated in U.S. dollars or Swiss francs.

(3) Deposits consist of cash deposits with MFC Bank.

(4) Debt obligations consist of the bonds and other debt, all of which are denominated in U.S. dollars.

EQUITY PRICE RISK

Changes in trading prices of equity securities may affect the fair value of equity securities or the fair value of other securities convertible into equity securities. An increase in trading prices will increase the fair value and a decrease in trading prices will decrease the fair value of equity securities or instruments convertible into equity securities. Our financial instruments which may be sensitive to fluctuations in equity prices are investments and debt obligations. The following tables provide information about our exposure to fluctuations in equity prices for the carrying amount of financial instruments sensitive to such fluctuations as at December 31, 2000 and 1999, respectively, and expected cash flows from these instruments:

AS AT DECEMBER 31, 2000 (IN THOUSANDS)

	CARRYING VALUE	FAIR VALUE	EXPECTED FUTURE CASH FLOW					
			2001	2002	2003	2004	2005	THEREAFTER
Investments(1)	\$39,408	\$49,242	\$32,149	\$ --	\$ --	\$ --	\$ --	\$ 7,259
Debt obligations(2)	21,131	13,946	--	--	--	--	--	21,131

(1) Investments consist of equity securities.

(2) Debt obligations consist of the bonds which are convertible into common shares of MFC at a fixed price.

AS AT DECEMBER 31, 1999 (IN THOUSANDS)

	CARRYING VALUE	FAIR VALUE	EXPECTED FUTURE CASH FLOW					
			2000	2001	2002	2003	2004	THEREAFTER
Investments(1)	\$37,843	\$38,614	\$31,748	\$ --	\$ --	\$ --	\$ --	\$ 6,866
Debt obligations(2)	20,445	16,356	--	--	--	--	--	16,356

(1) Investments consist of equity securities.

(2) Debt obligations consist of the bonds which are convertible into common shares of MFC at a fixed price.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. [RESERVED]

ITEM 16. [RESERVED]

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

INDEX TO FINANCIAL STATEMENTS AND SCHEDULES

1. Independent Auditors' Report on the Consolidated Financial Statements of MFC as at December 31, 2000, 1999 and 1998.
2. Consolidated Balance Sheets at December 31, 2000 and 1999 (audited).
3. Consolidated Statements of Income for the years ended December 31, 2000, 1999 and 1998 (audited).
4. Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2000, 1999 and 1998 (audited).
5. Consolidated Statements of Cash Flows for the years ended December 31, 2000, 1999 and 1998 (audited).
6. Notes to Consolidated Financial Statements.
7. Independent Auditors' Report on Financial Statement Schedules.
8. Financial Statement Schedules:

I Condensed Financial Information of Registrant.

III Supplementary Insurance Information.

IV Reinsurance.

VI Supplemental Information Concerning Property--Casualty Insurance Operations.

INDEPENDENT AUDITORS' REPORT

To the Shareholders
MFC Bancorp Ltd.

We have audited the consolidated balance sheets of MFC Bancorp Ltd. and Subsidiaries as at December 31, 2000 and 1999, and the consolidated statements of income, changes in shareholders' equity and cash flows for the years ended December 31, 2000, 1999 and 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and 1999, and the results of its operations and its cash flows for the years ended December 31, 2000, 1999 and 1998, in accordance with generally accepted accounting principles in Canada, which differ from United States generally accepted accounting principles as described in Note 16 to the consolidated financial statements.

/s/ PETERSON SULLIVAN P.L.L.C.

*March 23, 2001
Seattle, Washington*

MFC BANCORP LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2000 AND 1999

(IN THOUSANDS)

	U. S. DOLLARS (INFORMATION ONLY)	CANADIAN DOLLARS	
	2000	2000	1999
	-----	-----	-----
ASSETS			
Cash and cash equivalents.....	\$ 45,677	\$ 68,524	\$ 49,567
Securities.....	53,582	80,384	67,808
Loans.....	79,398	119,113	81,728
Receivables.....	13,546	20,321	23,589
Due from investment dealers.....	9,005	13,510	17,007
Property held for development and sale.....	6,161	9,243	7,840
Excess cost of net assets acquired.....	11,353	17,032	17,851
Prepaid and other.....	2,624	3,936	4,717
	-----	-----	-----
	\$221,346	\$332,063	\$270,107
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits.....	\$ 42,376	\$ 63,572	\$ 47,563
Accounts payable and accrued expenses.....	10,769	16,155	17,854
Debt.....	23,611	35,421	30,917
	-----	-----	-----
Total liabilities.....	76,756	115,148	96,334
Minority interests.....	2,520	3,781	2,962
Shareholders' Equity			
Common stock, without par value;			
authorized unlimited number; 12,088,156			
and 12,041,156 issued and outstanding			
at December 31, 2000 and 1999, respectively.....	43,420	65,138	65,498
Cumulative translation adjustment.....	(515)	(771)	(4,291)
Retained earnings.....	99,165	148,767	109,604
	-----	-----	-----
	142,070	213,134	170,811
	-----	-----	-----
	\$221,346	\$332,063	\$270,107
	=====	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

MFC BANCORP LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

(IN THOUSANDS, EXCEPT EARNINGS PER SHARE)

	U.S. DOLLARS	CANADIAN DOLLARS		
	(INFORMATION ONLY) 2000	2000	1999	1998
Financial services revenue.....	\$104,133	\$156,220	\$125,526	\$123,310
Expenses				
Financial services.....	59,287	88,942	65,262	68,650
General and administrative.....	14,127	21,194	19,305	19,361
Interest expense.....	2,812	4,218	4,867	4,771
	76,226	114,354	89,434	92,782
Income from continuing operations before income taxes.....	27,907	41,866	36,092	30,528
Recovery of (provision for) income taxes.....	(1,126)	(1,689)	1,016	(622)
	26,781	40,177	37,108	29,906
Minority interests.....	(676)	(1,014)	(780)	329
Income from continuing operations.....	26,105	39,163	36,328	30,235
Discontinued operations				
Loss from operations of discontinued internet banking.....	--	--	(4,234)	--
Loss from disposal of internet banking operations.....	--	--	(705)	--
Loss from discontinued operations.....	--	--	(4,939)	--
Net income.....	\$ 26,105	\$ 39,163	\$ 31,389	\$ 30,235
Earnings per share				
Basic				
Income from continuing operations.....	\$ 2.16	\$ 3.24	\$ 3.00	\$ 2.48
Loss from discontinued operations.....	--	--	(.41)	--
Net income.....	\$ 2.16	\$ 3.24	\$ 2.59	\$ 2.48
Fully diluted				
Income from continuing operations.....	\$ 1.85	\$ 2.78	\$ 2.60	\$ 2.20
Loss from discontinued operations.....	--	--	(.32)	--
Net income.....	\$ 1.85	\$ 2.78	\$ 2.28	\$ 2.20

The accompanying notes are an integral part of these consolidated financial statements.

MFC BANCORP LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

(CANADIAN DOLLARS, IN THOUSANDS)

	COMMON STOCK		RETAINED EARNINGS	CUMULATIVE TRANSLATION ADJUSTMENT	TOTAL
	NUMBER OF SHARES	AMOUNT			
Balance at December 31, 1997.....	12,323,250	\$70,368	\$ 48,349	\$ 1,439	\$120,156
Net income.....	--	--	30,235	--	30,235
Shares issued for conversion of bonds.....	1,946	40	--	--	40
Shares issued for exercise of stock options...	218,500	2,275	--	--	2,275
Shares issued for cash.....	12,927	129	--	--	129
Repurchase of shares.....	(500,000)	(7,106)	--	--	(7,106)
Dividends paid on common shares.....	--	--	(369)	--	(369)
Translation adjustment.....	--	--	--	9,036	9,036
Balance at December 31, 1998.....	12,056,623	65,706	78,215	10,475	154,396
Net income.....	--	--	31,389	--	31,389
Shares issued for exercise of stock options...	8,000	70	--	--	70
Shares issued for cash.....	2,533	26	--	--	26
Repurchase of shares.....	(26,000)	(304)	--	--	(304)
Translation adjustment.....	--	--	--	(14,766)	(14,766)
Balance at December 31, 1999.....	12,041,156	65,498	109,604	(4,291)	170,811
Net income.....	--	--	39,163	--	39,163
Shares issued for exercise of stock options...	47,000	436	--	--	436
Shares issued for cash.....	500,000	5,230	--	--	5,230
Repurchase of shares.....	(500,000)	(6,026)	--	--	(6,026)
Translation adjustment.....	--	--	--	3,520	3,520
Balance at December 31, 2000.....	12,088,156	\$65,138	\$148,767	\$ (771)	\$213,134

The accompanying notes are an integral part of these consolidated financial statements.

MFC BANCORP LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

(CANADIAN DOLLARS, IN THOUSANDS)

	2000	1999	1998
	-----	-----	-----
Cash flows from continuing operating activities			
Income from continuing operations.....	\$ 39,163	\$ 36,328	\$ 30,235
Adjustments for:			
Amortization.....	2,041	2,361	1,906
Recovery of credit losses.....	--	(553)	(1,527)
Fee income received in common shares of an affiliate....	--	(3,169)	--
Gain on debt.....	--	--	(8,113)
Change in operating assets and liabilities			
Due from investment dealers.....	3,668	(11,052)	(7,805)
Securities.....	(12,209)	6,730	2,096
Receivables.....	(3,481)	1,668	(4,275)
Properties held for development and sale.....	(1,232)	28	1,124
Accounts payable and accrued expenses.....	2,064	(951)	(14,052)
Other.....	739	(1,449)	(541)
	-----	-----	-----
Cash flows from continuing operating activities.....	30,753	29,941	(952)
Cash flows from investing activities of continuing operations			
Net increase in loans.....	(31,661)	(34,659)	(169)
Purchases of subsidiaries, net of cash acquired.....	--	(738)	(742)
Other.....	430	(331)	(702)
	-----	-----	-----
Cash flows from investing activities of continuing operations.....	(31,231)	(35,728)	(1,613)
Cash flows from financing activities of continuing operations			
Net increase (decrease) in deposits.....	13,282	34,332	(10,123)
Debt repayments.....	(4,089)	(8,199)	(5,064)
Borrowings.....	8,135	969	15,415
Repurchase of common shares, net.....	(360)	(208)	(4,703)
Dividends paid.....	--	--	(369)
Other.....	(111)	(66)	(41)
	-----	-----	-----
Cash flows from financing activities of continuing operations.....	16,857	26,828	(4,885)
Exchange rate effect on cash and cash equivalents.....	2,578	(7,064)	4,099
	-----	-----	-----
Increase (decrease) in cash and cash equivalents from continuing operations.....	18,957	13,977	(3,351)
Net cash used in discontinued operations.....	--	(3,281)	--
	-----	-----	-----
Increase (decrease) in cash and cash equivalents.....	18,957	10,696	(3,351)
Cash and cash equivalents, beginning of year.....	49,567	38,871	42,222
	-----	-----	-----
Cash and cash equivalents, end of year.....	\$ 68,524	\$ 49,567	\$ 38,871
	=====	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and accompanying notes have been prepared in conformity with generally accepted accounting principles applicable in Canada. The notes are stated in Canadian dollars, as rounded to the nearest thousand (except per share amounts).

NATURE OF OPERATIONS

The Company is in the financial services industry which includes banking, merchant banking and proprietary investing on an international basis. These activities are managed as a unit and are treated as a single segment.

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions of continuing operations have been eliminated.

The excess cost of net assets acquired over fair value is amortized on the straight-line method over the estimated benefit period of 15 to 40 years unless a writedown is required to reflect an other than temporary decline in value. However, no writedowns of excess cost have been deemed necessary on any of the Company's acquisitions based on management's review of the related businesses, taking into account associated risks.

DISCONTINUED OPERATION

During the first quarter of 2000, the Company decided to discontinue its internet banking operations. This activity allowed customers to use the internet to initiate transactions at the Company's Swiss banking subsidiary. Since this operation began during 1999, restatement of the prior year's operations was not necessary.

The discontinued internet banking activity had expenses of \$4,251 and net losses from operations of \$4,234 in 1999, its only period of operation. All of the net assets of the internet banking activity amounting to \$705 were written off as of December 31, 1999. There was no income tax effect.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include highly liquid investments with original maturities of three months or less and are generally interest bearing. The Company regularly maintains cash balances in other financial institutions in excess of insured limits. Interest paid on a cash basis was \$4,990, \$5,449 and \$3,433 for the years ended December 31, 2000, 1999 and 1998, respectively. Income tax amounts paid were \$81, \$27 and \$377 during 2000, 1999 and 1998, respectively.

SECURITIES

Trading account securities, held by the Company's banking subsidiary, are stated at current market value with the unrealized gain or loss included in the results of operations. Short-term securities held by non-bank subsidiaries are carried at the lower of aggregate cost or current market value.

Long-term investment securities held by non-bank subsidiaries are purchased with the original intention to hold the securities to maturity or until market conditions render alternative investments more attractive. Equity securities are stated at cost and debt securities at amortized cost unless there has been an other than temporary decline in value, at which time the security is written down and the unrealized loss is included in the results of operations.

Realized gains or losses on sales of securities are determined based on the specific cost basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 1. THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LOANS

Loans are stated net of allowances for credit losses, accrued interest, reimbursable expenses and unamortized loan fees.

Loans are classified as impaired when there is no longer reasonable assurance of the timely collection of principal and interest. Whenever a contractual payment is 90 days past due, loans are automatically classified as impaired unless they are fully secured and in the process of collection. When a loan is deemed impaired, its carrying amount is reduced to its estimated realizable amount, measured by discounting the expected future cash flows at the effective interest rate in the loan or, as a practical expedient, based on a loan's observable market price or the fair value of collateral if the loan is collateral dependent. In subsequent periods, any increase in the carrying value of the loan is credited to the provision for credit losses. Impaired loans are returned to performing status when there is no longer reasonable doubt regarding timely collection of principal and interest, all amounts in arrears including interest have been collected, and all charges for loan impairment have been reversed. Where a portion of a loan is written off and the remaining balance is restructured, the new loan is carried on the accrual basis when there is no longer any reasonable doubt regarding collectibility of principal and interest, and payments are not 90 days past due. Collateral is obtained for loans (and other receivables) if, based on an evaluation of credit-worthiness, it is considered necessary for the overall borrowing facility.

Assets acquired in satisfaction of loans are recorded at the lesser of their fair value at the date of transfer or the carrying value of the loan. Any excess of the carrying value of the loan over the fair value of the assets acquired is written off. Operating results and gains and losses on disposal of such assets are treated as write-offs and recoveries.

Interest income from loans is recognized when earned using the interest method unless the loan is classified as impaired at which time recognition of interest income ceases. Interest on impaired loans is credited to the carrying value of the loan when received. Fees relating to lending activities, net of related expenses, are deferred and recognized over the term of the loan using the interest method.

ALLOWANCE FOR CREDIT LOSSES

The Company's allowance for credit losses is to be maintained at an amount considered adequate to absorb estimated credit-related losses. Such allowance reflects management's best estimate of the losses in the Company's credit portfolio and judgments about economic conditions. Estimates and judgments could change in the near-term, and could result in a significant change to a recognized allowance. Credit losses arise primarily from loans but may also relate to other credit instruments such as guarantees and letters of credit. An allowance for credit losses may be increased by provisions which are charged to income and reduced by write-offs net of any recoveries.

Specific provisions are established on a loan-by-loan basis. A general provision may be established to absorb potential credit losses attributable to the deterioration of credit quality on aggregate exposures for which specific provisions cannot yet be determined. A country risk provision may be made based on exposures in less developed countries and on management's overall assessment of the underlying economic conditions in those countries. Write-offs are generally recorded after all reasonable restructuring or collection activities have taken place and there is no realistic prospect of recovery.

No loans were considered impaired at December 31, 2000 and 1999, and the Company did not consider it necessary to reserve for any specific loans, country risks or general risks.

DERIVATIVES

During 2000 and 1999, the Company's banking subsidiary located in Switzerland used forward foreign exchange contracts to hedge contractual U.S. and Canadian revenues or expenses. Realized gains or losses are deferred

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 1. THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and amortized to income over the life of the hedged assets or liabilities. The banking subsidiary held three contracts at December 31, 2000, in a notational amount of \$21,114 and three contracts at December 31, 1999, in a notational amount of \$8,721. Fair value approximated replacement value at December 31, 2000 and 1999. None of the forward foreign exchange contracts are held for trading purposes and are less than one month in duration.

PROPERTY HELD FOR DEVELOPMENT AND SALE

Property held for development and sale consists of real estate which is stated at cost unless the estimated future undiscounted cash flows expected to result from disposition is less than carrying value in which case a loss is recognized based on the fair value of similar property in the same geographic region. No such losses have been recorded in these consolidated financial statements.

Cost of the property consists of all costs directly related to the acquisition, construction and development of the property. Such costs include land, roads, utilities, real estate taxes and interest related to the purchase and improvement of land until it reaches a salable condition.

FOREIGN CURRENCY TRANSLATION

The Company translates foreign assets and liabilities of its self-sustaining foreign subsidiaries at the rate of exchange at the balance sheet date. Revenues and expenses have been translated at the average rate of exchange throughout the year. Unrealized gains or losses from these conversions are included in the equity section of the balance sheet. Realized gains or losses have been included in general and administrative expenses in the statements of income. The translation adjustments did not recognize the effect of income tax because the Company expects to reinvest the amounts indefinitely.

TAXES ON INCOME

Beginning January 1, 2000, the Company adopted the liability method of accounting for income taxes as required by Section 3465 of the Handbook of the Canadian Institute of Chartered Accountants. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses to be carried forward to future years for tax purposes that are likely to be realized using expected tax rates in which the temporary differences are expected to be recovered or settled. Prior to January 1, 2000, the Company used the deferral method to account for income taxes. The Company retroactively adopted the liability method but has not restated prior period financial statements as allowed under the standard. However, there was no effect on the 2000 financial statements due to the retroactive adoption of the new accounting policy.

STOCK BASED COMPENSATION

The Company follows the intrinsic value based method of accounting for compensation resulting from the granting of stock options. No compensation expense has been recognized for the granting of options because the exercise price of the options approximates the market price for the common shares at the grant date.

EARNINGS PER COMMON SHARE

Basic earnings per common share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding in the period. Fully diluted earnings per common share takes into consideration common shares outstanding (computed under basic earnings per share) and potentially dilutive common shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 1. THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEW ACCOUNTING STANDARD

During 2000, the Canadian Institute of Chartered Accountants adopted accounting recommendation Section 3500, "Earnings Per Share." Section 3500 specifies the method of calculation and the presentation and disclosure requirements for earnings per share. This standard is effective for years beginning on or after January 1, 2001. All prior period earnings per share information presented are to be restated to conform with this standard.

NOTE 2. SECURITIES

UNREALIZED GAINS AND LOSSES ON NON-BANK SECURITIES

	2000				1999			
	CARRYING VALUE	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED MARKET VALUE	CARRYING VALUE	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED MARKET VALUE
Short-term securities								
Debt.....	\$10,701	\$ --	\$321	\$10,380	\$11,591	\$ --	\$ 174	\$11,417
Preferred shares...	1,500	--	55	1,445	7,232	--	153	7,079
Common shares.....	20,099	10,183	--	30,282	7,167	3,905	--	11,072
	32,300	10,183	376	42,107	25,990	3,905	327	29,568
Long-term securities								
Debt.....	--	--	--	--	3,317	295	--	3,612
Preferred shares...	1,671	--	--	1,671	1,671	--	--	1,671
Common shares.....	5,588	--	294	5,294	8,176	--	2,981	5,195
	7,259	--	294	6,965	13,164	295	2,981	10,478
Total non-bank securities.....	\$39,559	\$10,183	\$670	\$49,072	\$39,154	\$4,200	\$3,308	\$40,046

Bank trading securities at December 31, 2000, consisted of debt securities amounting to \$30,275 and equity securities of \$10,550. The debt securities are due \$17,032 in 2001, \$1,767 in 2002, \$1,871 in 2003, \$4,745 in 2004 and \$4,860 in 2006. At December 31, 1999, debt trading securities at the bank amounted to \$15,057 which were due principally in one year and equity securities of \$13,597. The change in carrying value of bank trading securities amounting to \$(4,311), \$912 and \$2,023 for the years ended December 31, 2000, 1999 and 1998, respectively, was included in the results of operations. At December 31, 2000 and 1999, bank trading account securities included common shares of an affiliate which were stated at an estimated value of \$768 and \$736, respectively. Common shares of this affiliate which cost \$2,540 were sold for \$7,487 (inclusive of \$6,782 from other affiliates) during 1999. At December 31, 2000, non-bank securities included preferred shares in an affiliate stated at cost of \$1,671 and at December 31, 1999, in two affiliates stated at cost of \$7,403, because no market exists for the shares. Also, at December 31, 2000, non-bank securities included common shares in an affiliate with a cost of \$1,892.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 3. LOANS

	2000	1999
	-----	-----
Bank loans, collateralized with traded securities.....	\$ 54,858	\$44,333
Non-bank loans, collateralized by traded securities, receivables, inventories and other tangible assets (due from two companies \$32,950 and \$23,493 at December 31, 2000 and 1999, respectively).....	64,255	37,395
	-----	-----
	\$119,113	\$81,728
	=====	=====

Loan maturities:

	WITHIN 1 YEAR	1 - 5 YEARS	2000 TOTAL
	-----	-----	-----
Bank loans.....	\$ 54,259	\$ 599	\$ 54,858
Non-bank loans.....	61,628	2,627	64,255
	-----	-----	-----
	\$115,887	\$3,226	\$119,113
	=====	=====	=====

The non-bank loans generally earn interest ranging from 6% to 12.5% as of December 31, 2000. Bank loans generally earn interest ranging from 3.375% to 11.5% as of December 31, 2000.

NOTE 4. RECEIVABLES

	2000	1999
	-----	-----
Short-term advances.....	\$ 1,413	\$ 8,362
Investment income.....	8,859	3,741
Affiliates.....	800	1,744
Taxes.....	--	5,614
Pension plan recovery.....	1,575	1,575
Fees.....	1,135	--
Contract receivable.....	5,222	677
Other.....	1,317	1,876
	-----	-----
	\$20,321	\$23,589
	=====	=====

NOTE 5. DEPOSITS

	2000	1999
	-----	-----
Clients.....	\$62,783	\$47,013
Banks.....	789	550
	-----	-----
	\$63,572	\$47,563
	=====	=====

All deposits at December 31, 2000, were payable on demand and non-interest bearing.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	2000	1999
	-----	-----
Accounts payable.....	\$ 7,025	\$ 9,470
Affiliates.....	5,448	--
Interest.....	1,015	1,286
Property and other taxes.....	1,664	2,226
Due securities brokers.....	296	4,816
Other.....	707	56
	-----	-----
	\$16,155	\$17,854
	=====	=====

NOTE 7. DEBT

	2000	1999
	-----	-----
Bonds payable, U.S. \$14,085 and U.S. \$14,165 as at December 31, 2000 and 1999, respectively, interest at 8% due semi-annually in October and April, principal due April 2008, unsecured. Convertible into common stock of the Company at \$19.83 (1,047,542 common shares reserved at December 31, 2000).....	\$21,131	\$20,445
Non-recourse notes payable, interest at 8% payable annually, principal due May 2003, unsecured.....	6,445	7,026
Note payable, interest at 8.25%, interest payable quarterly, principal due January 2002, unsecured.....	7,845	--
Non-recourse notes payable, interest at 15% due monthly, principal due June 2000, secured by property held for sale.....	--	3,446
	-----	-----
	\$35,421	\$30,917
	=====	=====

As of December 31, 2000, the principal maturities of debt are as follows:

MATURITY	AMOUNT
-----	-----
2002.....	\$ 7,845
2003.....	6,445
Thereafter.....	21,131

	\$35,421
	=====

The note payable of \$7,845 at December 31, 2000, is to an affiliate where the Company's president is also the president and director of the creditor. The Company also earned a fee of \$1,111 from this affiliate.

NOTE 8. INCOME TAXES

Income before income taxes, minority interests and discontinued operations consists of:

	2000	1999	1998
	-----	-----	-----
Canadian.....	\$ 5,739	\$ 7,294	\$ 2,495
Foreign.....	36,127	28,798	28,033
	-----	-----	-----
	\$41,866	\$36,092	\$30,528
	=====	=====	=====

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 8. INCOME TAXES (CONTINUED)

The recovery of (provision for) income taxes consists of the following:

	2000	1999	1998
	-----	-----	-----
Current			
Canadian.....	\$ 40	\$ 293	\$ 7
Foreign.....	(401)	(314)	(364)
Deferred			
Canadian.....	4	204	(265)
Foreign.....	(1,332)	833	--
	-----	-----	-----
	\$ (1,689)	\$ 1,016	\$ (622)
	=====	=====	=====

A reconciliation of the provision for income taxes calculated at applicable statutory rates in Canada to the provision in the consolidated statements of income is as follows:

	2000	1999	1998
	-----	-----	-----
Income before income taxes and minority interests and discontinued operations.....	\$ 41,866	\$ 36,092	\$ 30,528
	=====	=====	=====
Computed provision for income taxes at statutory rates.....	\$ (18,756)	\$ (16,169)	\$ (13,688)
(Increase) decrease in taxes resulting from:			
Nontaxable dividend income.....	2,421	2,421	2,421
Foreign source income.....	16,193	12,901	12,570
Other, net.....	(1,547)	1,863	(1,925)
	-----	-----	-----
Recovery of (provision for) income taxes.....	\$ (1,689)	\$ 1,016	\$ (622)
	=====	=====	=====

The tax effect of temporary differences that give rise to significant components of future tax assets at December 31, 2000, are as follows:

Non-capital tax loss carryforwards:	
Canada.....	\$ 2,803
Switzerland.....	4,361
United States.....	5,246

	12,410
Valuation allowance.....	(12,410)

	\$ --
	=====

Management believes that, due to the nature of its operations, the Company's available tax loss carryforwards may not be utilized prior to their expiration dates. Therefore, the resulting tax benefit has been fully reserved at December 31, 2000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 8. INCOME TAXES (CONTINUED)

At December 31, 2000, the Company had estimated accumulated noncapital losses which expire as follows:

YEAR	CANADA	U.S.	SWITZERLAND
2001.....	\$ 4	\$ --	\$ --
2002.....	3,098	--	--
2003.....	2,353	--	3,240
2004.....	802	--	11,295
2005.....	--	--	--
2006.....	--	--	--
2010-2019.....	--	15,428	--
	-----	-----	-----
	\$6,257	\$15,428	\$14,535
	=====	=====	=====

NOTE 9. EARNINGS PER COMMON SHARE

Earnings per share data for years ended December 31 from continuing operations is summarized as follows:

	2000	1999	1998
Income from continuing operations.....	\$ 39,163	\$ 36,328	\$ 30,235
Less dividend paid on preferred shares held by subsidiary's minority shareholders.....	(79)	(117)	(119)
Basic earnings from continuing operations.....	39,084	36,211	30,116
Effect of dilutive securities:			
Interest on convertible bonds.....	1,599	1,708	1,405
Interest on options.....	1,654	1,742	1,351
Diluted earnings from continuing operations.....	\$ 42,337	\$ 39,661	\$ 32,872
	=====	=====	=====
	SHARES		
	2000	1999	1998
Basic earnings per share, weighted number of shares outstanding.....	12,054,898	12,058,370	12,169,470
Effect of dilutive securities:			
Convertible bonds.....	1,047,542	1,055,333	1,147,970
Options.....	2,121,192	2,131,589	1,595,829
	15,223,632	15,245,292	14,913,269
	=====	=====	=====

NOTE 10. STOCK BASED COMPENSATION

1996 STOCK OPTION PLAN

During 1996, the Company issued options to employees and directors to acquire 900,000 common shares of stock at \$9.41 which vested upon grant and have a five-year term. The weighted fair value of these options was \$1.92. There were 900,000 options outstanding at December 31, 2000, 1999 and 1998, under this plan. No additional options to acquire shares will be offered under this plan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 10. STOCK BASED COMPENSATION (CONTINUED)

1997 AMENDED STOCK OPTION PLAN

The Company has a 1997 stock option plan which enables certain employees and directors to acquire common shares. Under the plan, options vest on grant and have a five-year term. The Company is authorized to issue up to 1,737,500 shares under this plan.

During 2000, options to acquire 30,000 shares at \$13.31 and 100,000 shares at \$10.50 were granted to officers and employees of the Company. At December 31, 2000, 130,000 of these shares were outstanding and have a remaining contractual life of 4.25 years. The weighted fair value of these options was \$3.34.

During 1998, options to acquire 750,000 shares at \$9.26 were granted to officers and employees of the Company. At December 31, 2000, 620,000 of these options were outstanding and have a remaining contractual life of 2.75 years. The weighted fair value of these options was \$2.11.

During 1997, options to acquire 742,500 shares at \$11.10 were granted to officers and employees of the Company. At December 31, 2000, 464,000 of these options were outstanding and have a remaining contractual life of 1.5 years. The weighted fair value of these options was \$2.59.

Following is a summary of the status of the plan:

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
	-----	-----
Outstanding at January 1, 1998.....	732,500	\$ 10.36
Granted.....	750,000	9.26
Exercised.....	(218,500)	10.41

Outstanding at December 31, 1998.....	1,264,000	9.96
Forfeited.....	(125,000)	(9.87)
Exercised.....	(8,000)	(8.70)

Outstanding at December 31, 1999.....	1,131,000	9.98
Granted.....	130,000	11.15
Exercised.....	(47,000)	(9.38)

Outstanding at December 31, 2000.....	1,214,000	\$ 10.12
	=====	=====

PROFORMA INFORMATION

Had compensation expense been recognized on the basis of fair value of the options granted under both plans, proforma net income and per share data would have been as follows compared to the amounts reported:

	2000	1999	1998
	-----	-----	-----
Net income			
As reported.....	\$39,163	\$31,389	\$30,235
	=====	=====	=====
Proforma.....	\$38,946	\$30,605	\$28,483
	=====	=====	=====
Earnings per share--as reported			
Basic.....	\$ 3.24	\$ 2.59	\$ 2.48
	=====	=====	=====
Fully diluted.....	\$ 2.78	\$ 2.28	\$ 2.20
	=====	=====	=====
Earnings per share--proforma			
Basic.....	\$ 3.22	\$ 2.54	\$ 2.33
	=====	=====	=====
Fully diluted.....	\$ 2.77	\$ 2.23	\$ 2.09
	=====	=====	=====

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 10. STOCK BASED COMPENSATION (CONTINUED)

The fair value of each option granted was estimated for proforma purposes on the grant date using the Black-Scholes Model. The assumptions used in calculating fair value are as follows:

	2000	1999	1998
	-----	-----	-----
Risk-free interest rate.....	7.0%	6.0%	6.0%
Expected life of the options.....	2 years	2 years	2 years
Expected volatility.....	42.65%	57.91%	57.91%
Expected dividend yield.....	0.0%	0.0%	0.0%

NOTE 11. COMMITMENTS AND CONTINGENCIES

LEASES

Future minimum commitments under long-term non-cancelable leases are as follows for the next five years:

YEAR	AMOUNT
----	-----
2001.....	\$ 94
2002.....	77
2003.....	77
2004.....	30
2005.....	2

	\$280
	====

Rent expense was \$548, \$586 and \$1,373 for the years ended December 31, 2000, 1999 and 1998, respectively.

GUARANTEES AND LETTERS OF CREDIT

The Bank issues guarantees and letters of credit to meet credit requirements of its customers. The amounts, which are collateralized, are not included in the consolidated financial statements. Guarantees amounted to \$9,561 and \$3,612 at December 31, 2000 and 1999, respectively.

LITIGATION

The Company and its subsidiaries are subject to litigation in the normal course of business. Management considers the aggregate liability which may result from such litigation not material at December 31, 2000.

REGULATIONS

The Company's wholly-owned banking subsidiary's offices are located in Geneva and Zurich, Switzerland and has no subsidiaries. The banking subsidiary is subject to the rules and regulations of the Swiss Federal Banking Commission. These regulations require legal reserves of equity capital amounting to \$5,647 to be maintained as of December 31, 2000.

NOTE 12. INTEREST RATE SENSITIVITY POSITION

Management has analyzed the bank subsidiary's interest rate sensitivity position at December 31, 2000. Because of the current nature (over 90% of assets and liabilities and off-balance sheet positions are due within three months) of the bank subsidiary's position, the total interest rate gap is not significant at December 31, 2000, assuming no interest rate hedging is undertaken over the next twelve months.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 13. SEGMENTED INFORMATION

The following table presents revenues attributed to Canada, the Company's country of domicile, and other geographic areas based upon the customer's location:

	2000	1999	1998
	-----	-----	-----
Canada.....	\$ 10,459	\$ 17,851	\$ 31,392
Western Europe.....	136,671	88,075	88,237
United States.....	9,090	19,600	3,681
	-----	-----	-----
	\$156,220	\$125,526	\$123,310
	=====	=====	=====

The following table presents total assets by geographic area based upon the location of the assets:

	2000	1999	1998
	-----	-----	-----
Canada.....	\$ 62,200	\$ 57,244	\$ 79,775
Western Europe.....	231,508	170,849	114,954
United States.....	38,355	42,014	43,380
	-----	-----	-----
	\$332,063	\$270,107	\$238,109
	=====	=====	=====

During 2000, one client represented approximately 11% of financial services revenues.

NOTE 14. TRANSACTIONS WITH AFFILIATES

The Company is the lessee of an iron ore mine located in Canada. Neither the Company nor any of its affiliates operate the mine. Instead, the mine is operated by an independent party who pays royalties based on the amount of ore it extracts from the mine. The royalties are paid to a 19% owned affiliate which acquired the rights to the royalties during a prior year in exchange for preferred shares which provide for a variable annual dividend rate. The amount of preferred dividends earned amounted to \$5,400 each for 2000, 1999 and 1998. During 2000, 1999 and 1998, the Company earned management fees of \$814, \$740 and \$2,328, respectively, from the affiliate. The Company had a payable to the affiliate of \$4,347 and \$1,734 at December 31, 2000 and 1999, respectively, which will be paid in the normal course.

Revenue for 1999 and 1998 includes \$1,114 and \$2,967, respectively, from an entity where the Company's president was a board member. The amount due from this entity was \$7,077 at December 31, 1999.

NOTE 15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of other financial instruments at December 31 is summarized as follows:

	2000		1999	
	CARRYING	FAIR	CARRYING	FAIR
	AMOUNT	VALUE	AMOUNT	VALUE
	-----	-----	-----	-----
Cash and cash equivalents.....	\$ 68,524	\$ 68,524	\$ 49,567	\$ 49,567
Loans.....	119,113	119,113	81,728	81,728
Deposits.....	63,572	63,572	47,563	47,563
Debt.....	35,421	28,236	30,917	26,828

The fair value of cash and cash equivalents is based on reported market value. The fair value of loans is based on the value of similar loans. The fair value of deposits approximates their carrying value as they are all due on demand. The fair value of debt was determined using discounted cash flows at prevailing market rates or based on reported market value for the Company's publicly traded debt.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 16. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The Company's consolidated financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in Canada, which conform in all material respects with those in the United States (U.S.), except as set forth below:

	DECEMBER 31		
RECONCILIATION OF NET INCOME	2000	1999	1998
Income from continuing operations in accordance with Canadian GAAP.....	\$39,163	\$36,328	\$30,235
Consolidation of investee.....	--	(510)	(193)
Equity accounting for an investee.....	(440)	--	--
Gain on debt.....	--	--	(8,113)
Adjustment of gain on sale of shares in investee.....	--	3,225	--
Change in unrealized gain on trading securities, net.....	6,914	1,270	2,635
Deferred income tax provision.....	--	--	(755)
Income from continuing operations.....	45,637	40,313	23,809
Loss from discontinued operations.....	--	(4,939)	--
Income before extraordinary item.....	45,637	35,374	23,809
Extraordinary item, gain on extinguishment of debt.....	--	--	8,113
Net income in accordance with U.S. GAAP.....	\$45,637	\$35,374	\$31,922
	=====	=====	=====
Basic earnings per common share U.S. GAAP			
Income from continuing operations.....	\$ 3.78	\$ 3.33	\$ 1.95
Loss from discontinued operations.....	--	(.41)	--
Extraordinary item.....	--	--	.67
	\$ 3.78	\$ 2.92	\$ 2.62
	=====	=====	=====
Diluted earnings per common share U.S. GAAP			
Income from continuing operations.....	\$ 3.51	\$ 3.12	\$ 1.83
Loss from discontinued operations.....	--	(.37)	--
Extraordinary item.....	--	--	.59
	\$ 3.51	\$ 2.75	\$ 2.42
	=====	=====	=====

Under Canadian GAAP, fully diluted earnings per share is calculated by adjusting net income available to common shareholders for imputed earnings on funds which would have been received on the exercise of options. U.S. GAAP requires the use of the treasury stock method, whereby diluted earnings per share are calculated as if options were exercised at the beginning of the year and funds received were used to purchase the Company's own stock.

	2000	1999	1998
Retained earnings in accordance with U.S. GAAP.....	\$153,478	\$107,841	\$72,467
	=====	=====	=====

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 16. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (CONTINUED)

COMPREHENSIVE INCOME

	2000	1999	1998
	-----	-----	-----
Net income in accordance with U.S. GAAP.....	\$45,637	\$ 35,374	\$31,922
Other comprehensive income, net of tax			
Foreign currency translation adjustment.....	3,520	(14,766)	9,036
Unrealized holding gain (loss) on available-for-sale securities arising during the period.....	2,435	(1,008)	(1,678)
	-----	-----	-----
Other comprehensive income (loss).....	5,955	(15,774)	7,358
	-----	-----	-----
Comprehensive income.....	\$51,592	\$ 19,600	\$39,280
	=====	=====	=====

The change in accumulated other comprehensive income is as follows:

	ACCUMULATED OTHER COMPREHENSIVE INCOME		
	FOREIGN CURRENCY TRANSLATION ADJUSTMENT	UNREALIZED LOSS ON SECURITIES	TOTAL
	-----	-----	-----
Balance at January 1, 1998.....	\$ 1,439	\$ --	\$ 1,439
Change in other comprehensive income (loss).....	9,036	(1,678)	7,358
	-----	-----	-----
Balance at December 31, 1998.....	10,475	(1,678)	8,797
Change in other comprehensive loss.....	(14,766)	(1,008)	(15,774)
	-----	-----	-----
Balance at December 31, 1999.....	(4,291)	(2,686)	(6,977)
Change in other comprehensive income.....	3,520	2,435	5,955
	-----	-----	-----
Balance at December 31, 2000.....	\$ (771)	\$ (251)	\$ (1,022)
	=====	=====	=====

CONSOLIDATION

The results of 1999 and 1998 operations of an entity in which the Company has a temporary investment are required to be consolidated under U.S. GAAP. "Consolidation of investee" in the above reconciliation gives effect to this requirement. In December 1999, the Company disposed of a substantial portion of this investment which resulted in the Company's ownership being less than 20% at December 31, 1999.

SECURITIES

U.S. GAAP requires that certain investments be classified into available-for-sale or trading securities categories and be stated at their fair values. Any unrealized holding gains or losses are to be reported as a component of comprehensive income until realized for available-for-sale securities, and included in earnings for trading securities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 16. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (CONTINUED)

Non-bank securities included trading securities at fair value and are summarized as follows:

	DECEMBER 31	
	2000	1999
Debt securities.....	\$10,380	\$11,417
Preferred shares.....	1,445	7,079
Common shares.....	25,349	8,389
	\$37,174	\$26,885
	=====	=====

The change in unrealized gain in trading securities is included in the income reconciliation above.

The non-bank available-for-sale securities consist of common shares, preferred shares and debt securities, and the bank available-for-sale securities consist of debt securities. At December 31, 2000, securities in two companies represented 79% of the total available-for-sale securities and 84% was represented by five companies at December 31, 1999. The proceeds from the sale of these securities amounted to \$6,603, \$1,080 and \$966, which resulted in realized gains (losses) of \$(364), \$96 and \$(738) during 2000, 1999 and 1998, respectively. The cost of these securities was \$8,700, \$13,164 and \$8,327 which resulted in unrealized losses in accumulated other comprehensive income of \$(251), \$(2,686) and \$(1,678) at December 31, 2000, 1999 and 1998, respectively.

INCOME TAXES

No tax is provided for the extraordinary item in 1998 because of the utilization of tax net operating losses.

SUPPLEMENTAL DISCLOSURES WITH RESPECT TO STATEMENTS OF CASH FLOWS

During 2000, the Company exchanged 402,500 of preferred shares of an affiliate for \$1,779 in cash and 2,597,060 common shares of that affiliate. The Company received collateral in the extinguishment of a receivable in the amount \$2,490 in 1999. During 1998, \$30,747 in bonds payable of a subsidiary were exchanged for Company bonds.

NEW UNITED STATES ACCOUNTING STANDARDS

Statement of Financial Accounting Standard No. 137, "Accounting for Derivative Instruments and Hedging Activities--Deferral of the Effective Date of FASB Statement No. 133," defers the effective date of FASB No. 133 (as amended by Financial Accounting Standard No. 138). Management has not determined the effect this standard may have on future disclosures.

Statement of Financial Accounting Standard No. 140 is generally effective on a prospective basis for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. Management has not determined the effect this standard may have on future disclosures.

FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation" was generally effective July 1, 2000, on a prospective basis. This interpretation clarifies APB Opinion No. 25, "Accounting for Stock Issued to Employees" under which the Company accounts for stock-based compensation. Management has not determined the effect this interpretation may have on future disclosures.

INDEPENDENT AUDITORS' REPORT

To the Shareholders
MFC Bancorp Ltd.

Our report on the consolidated financial statements of MFC Bancorp Ltd. is included on page 32 of this Form 20-F. In connection with our audits of such financial statements, we have also audited the related financial statement schedules I, III, IV and VI of this Form 20-F.

In our opinion, the financial statement schedules referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/s/ PETERSON SULLIVAN P.L.L.C.

*March 23, 2001
Seattle, Washington*

MFC BANCORP LTD.

SCHEDULE I: CONDENSED FINANCIAL INFORMATION OF REGISTRANT

(DOLLARS IN THOUSANDS)

BALANCE SHEETS

	AS AT DECEMBER 31,	
	2000	1999
ASSETS		
Cash and securities.....	\$148,908	\$117,375
Receivables.....	33,831	40,596
Loans and notes receivable.....	119,113	81,728
Real estate held for development and sale.....	9,243	7,840
Excess cost of net assets acquired.....	17,032	17,851
Other.....	3,936	4,717
	-----	-----
	\$332,063	\$270,107
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits.....	\$ 63,572	\$ 47,563
Accounts payable and accrued expenses.....	16,155	17,853
Debt.....	35,421	30,917
Minority interests.....	3,781	2,962
Shareholders' equity.....	213,134	170,812
	-----	-----
	\$332,063	\$270,107
	=====	=====

STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Financial services revenue.....	\$156,220	\$125,526	\$123,310
Expenses			
General and administrative.....	21,194	19,305	19,361
Financial services.....	88,942	65,262	68,650
Interest.....	4,218	4,867	4,771
Income taxes (recovery).....	1,689	(1,016)	622
Minority interest.....	1,014	780	(329)
	-----	-----	-----
	117,057	89,198	93,075
	-----	-----	-----
Income from continuing operations.....	39,163	36,328	30,235
Loss from discontinued operations.....	--	(4,939)	--
	-----	-----	-----
Net income.....	\$ 39,163	\$ 31,389	\$ 30,235
	=====	=====	=====

STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Net cash (used) provided by operating activities.....	\$ 30,753	\$ 26,660	\$ (952)
Net cash (used) provided by financing activities.....	16,857	26,828	(4,885)
Net cash (used) provided by investing activities.....	(31,231)	(35,728)	(1,613)
Exchange rate effect on cash and cash equivalents.....	2,578	(7,064)	4,099
	-----	-----	-----
Net change in cash.....	18,957	10,696	(3,351)
Cash and cash equivalent, beginning of year.....	49,567	38,871	42,222
	-----	-----	-----
Cash and cash equivalent, end of year.....	\$ 68,524	\$ 49,567	\$ 38,871
	=====	=====	=====

MFC BANCORP LTD.

SCHEDULE III: SUPPLEMENTARY INSURANCE INFORMATION

SEGMENT	DEFERRED POLICY ACQUISITION COST	FUTURE POLICY BENEFITS, LOSSES, CLAIMS AND LOSS EXPENSES	UNEARNED PREMIUMS	OTHER POLICY CLAIMS AND BENEFITS PAYABLE	PREMIUM REVENUE	NET INVESTMENT INCOME	BENEFITS, CLAIMS LOSS AND SETTLEMENT EXPENSES	AMORTIZATION OF DEFERRED POLICY ACQUISITION COST
Property and casualty:								
December 31, 2000....	--	\$1,307,000	--	--	--	\$288,000	--	--
December 31, 1999....	--	\$3,021,000	--	--	--	\$397,000	--	--
December 31, 1998....	--	\$5,353,000	--	--	--	\$612,000	--	--

SEGMENT	OTHER OPERATING EXPENSES	PREMIUMS WRITTEN
Property and casualty:		
December 31, 2000....	\$143,000	--
December 31, 1999....	\$ 40,000	--
December 31, 1998....	\$304,000	--

MFC BANCORP LTD.

SCHEDULE IV: REINSURANCE

	GROSS AMOUNT	CEDED TO OTHER COMPANIES	ASSUMED FROM OTHER COMPANIES	NET AMOUNT	PERCENTAGE OF AMOUNT ASSUMED TO NET
	-----	-----	-----	-----	-----
Property and casualty:					
December 31, 2000.....	\$ --	\$ --	\$ --	\$ --	N/A
December 31, 1999.....	\$ --	\$ --	\$ --	\$ --	N/A
December 31, 1998.....	\$ --	\$ --	\$ --	\$ --	N/A

MFC BANCORP LTD.

**SCHEDULE VI: SUPPLEMENTAL INFORMATION CONCERNING PROPERTY--CASUALTY INSURANCE
OPERATIONS AS AT DECEMBER 31, 2000**

THIS SCHEDULE IS OMITTED BECAUSE THE RELEVANT INFORMATION WAS EITHER SHOWN ON SCHEDULE III OR SCHEDULE IV.

ITEM 19. EXHIBITS

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
1.1	Articles of Incorporation.(1)
1.2	Certificate of Amendment dated February 24, 1997.(1)
1.3	Certificate of Amendment dated May 29, 1998.
1.4	Certificate of Amendment dated December 16, 1998.
1.5	Certificate of Amendment dated July 14, 2000.
1.6	Bylaws.(1)
2.1	Master Trust Indenture between Drummond Financial Corporation and Harris Trust Company of New York, as trustee, dated August 26, 1993. Incorporated by reference to Form S-1 filed June 7, 1993.
2.2	First Supplemental Indenture between Drummond Financial Corporation and Harris Trust Company of New York, as trustee, dated November 30, 1993.(1)
2.3	Second Supplemental Indenture between Drummond Financial Corporation and Harris Trust Company of New York, as trustee, dated October 23, 1996. Incorporated by reference to Drummond Financial Corporation's Form 10-QSB for the period ended September 30, 1996.
2.4	Third Supplemental Indenture between Drummond Financial Corporation, Harris Trust Company of New York and The Bank of Nova Scotia Trust Company of New York dated for reference May 13, 1997.(1)
2.5	Fourth Supplemental Indenture between Drummond Financial Corporation, The Bank of Nova Scotia Trust Company of New York and Drummond Financial (B.C.) Ltd. dated for reference February 4, 1998.(1)
2.6	Master Trust Indenture between MFC and Norwest Bank Minnesota, National Association, as trustee, dated March 31, 1998.(1)
4.1	Memorandum of Agreement between MFC and Wabush Iron Co. Limited, Stelco Inc. and Dofasco Inc. dated November 24, 1987.(2)
4.2	Amendment to Mining Lease between MFC and Wabush Iron Co. Limited, Stelco Inc. and Dofasco Inc. dated January 1, 1987.(2)
4.3	First Amendment to Memorandum of Agreement between MFC and Wabush Iron Co. Limited, Stelco Inc. and Dofasco Inc.(2)
4.4	Assignment Agreement between MFC and Prada Holdings Ltd. dated as of January 1, 1992.(1)
4.5	Separation Agreement between Mercer International Inc. and MFC dated for reference March 29, 1996.(1)
4.6	Purchase Agreement between MFC and Volendam Securities C.V. dated for reference May 16, 1996.(1)
4.7	Purchase Agreement between MFC and Volendam Securities C.V. dated for reference May 27, 1996.(1)
4.8	Share Purchase Agreement between MFC and Frederick Wong dated June 6, 1996.(1)
4.9	Subscription Agreement between MFC and Drummond Financial Corporation dated June 20, 1996. Incorporated by reference to Drummond Financial Corporation's Form 8-K dated June 27, 1996.
4.10	Share Purchase Agreement between MFC and Med Net International Ltd. dated June 20, 1996.(3)
4.11	Share Purchase Agreement among MFC and various shareholders of Logan International Corp. dated June 20, 1996.(3)

EXHIBIT NO. -----	DESCRIPTION OF EXHIBIT -----
4.12	Subscription Agreement between Drummond Financial Corporation and Logan International Corp. dated June 20, 1996. Incorporated by reference to Logan International Corp.'s Form 8-K dated June 27, 1996.
4.13	Share Purchase Agreement between Lehman Brothers Bankhaus AG and MFC dated October 3, 1996.(1)
4.14	Purchase Agreement between MFC and Robabond Holding AG dated June 27, 1997.(1)
4.15	Share Purchase Agreement between MFC and Procom Holding AG dated September 22, 1997.(1)
4.16	Supplementary Agreement to Share Purchase Agreement between MFC and Procom Holding AG dated September 22, 1997.(1)
4.17	Agreement between MFC and the holders of MFC's Class A Preferred Shares dated December 1, 1996.(1)
4.18	Subscription Agreement between MFC and Logan International Corp. dated December 2, 1996. Incorporated by reference to MFC's Schedule 13D/A (Amendment No. 1) dated December 16, 1996 with respect to Logan International Corp.
4.19	Shareholder Protection Rights Plan Agreement between MFC and Montreal Trust Company of Canada dated as of May 18, 1993.
4.20	Amended 1997 Stock Option Plan of MFC.
4.21	Amended and Restated Employment Agreement between MFC and Michael J. Smith made effective as of November 20, 2000.
4.22	Director's Indemnity Agreement between MFC and Michael J. Smith dated for reference November 20, 2000.
4.23	Amended and Restated Employment Agreement between MFC and Roy Zanatta made effective as of November 20, 2000.
4.24	Director's Indemnity Agreement between MFC and Roy Zanatta dated for reference November 20, 2000.
8.1	Subsidiaries of MFC.

(1) Incorporated by reference to MFC's Form 20-Fs filed in prior years.

(2) Incorporated by reference to MFC's Form 10-K for the year ended December 31, 1989.

(3) Incorporated by reference to MFC's Schedule 13D dated June 27, 1996 with respect to Logan International Corp.

SIGNATURES

Pursuant to the requirements of Section 12 of the SECURITIES EXCHANGE ACT OF 1934, the registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Dated this 23rd day of April, 2001.

MFC BANCORP LTD.

By: /s/ MICHAEL J. SMITH

Michael J. Smith
Chief Executive Officer

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