

Annual Report 2003

(Consolidated Balance Sheet)



the expert connection.

InfoGenie 2003 at a glance

Infogenie in Numbers

Key figures (Tsd. Euro)	2003	2002	2001
Total revenues	4.587	2.971	2.755
Earnings before taxes	8	-3.893	-4.653
Financial resources	433	220	1.269
Shareholders' equity:	10.628	-98 ¹	3.046
Total assets	14.325	1.635	4.497
Cash flow on current business activity	703	-1.918	-4.003
Earnings per share (in)	0,29 ²	-0,87 ³	-0,73
Workforce (annual average)	27	29	53

¹ 1. Shortfall of EUR 98 k not covered by equity; letter of comfort by ebs Holding AG

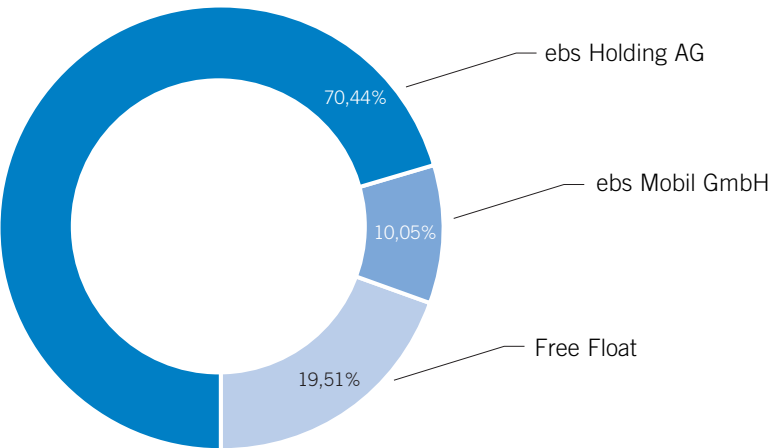
² 2. Including EUR 2,000 k in deferred taxes carried as assets

³ 3. The increased loss per share was the result of the capital stock reduction in a ratio of 6:1 performed in November 2002

Stock related Data:

Year established:	1996
Market segment	CDAX Prime All Share, Prime Standard
primary instrument:	No-par-value bearer common stock
Stock markets:	Frankfurt, Hamburg, Berlin, Bremen, Stuttgart, Düsseldorf, XETRA
ISIN:	DE0007472060
WKN:	747 206
End of fiscal year:	31 December
Group accounting category	Exempting consolidated financial statements in accordance with US-GAAP
Total capital stock:	EURO 10.533.947,00
Beginning of stock-market listing:	25 October 2000
Board of Management:	Jochen Hochrein, Thomas Dehler (until 22.12.2003)
Supervisory Board:	Klaus Rehnig (Chairman), Ralf Stark, Alfons Henseler

Shareholder structure:



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For the first time in the company's five-year corporate history, InfoGenie reached break-even point in its consolidated earnings.

Preface

Dear Shareholders,

This annual report represents the first time in the five-year history of InfoGenie Europe AG that the Company managed to reach operative break-even point in terms of consolidated earnings.

In fiscal 2003, we consistently followed up the restructuring process initiated as early as 2002. We gradually adjusted our range of products and services and focused on our core competences, first and foremost.

With Click2Pay GmbH and net sales GmbH, we managed to acquire two further forward-looking enterprises within the scope of an increase in non-cash capital against a stock issue using approved capital.

net sales GmbH successfully markets advertising space on a well established Internet portal. Click2Pay GmbH has an exclusive license to the Internet payments system of the same name developed on behalf of ebs Holding AG by the company Wire Card AG as a micro and macro payments solution for European dealers and major Internet portals.

With Click2Pay GmbH, we are reinforcing the international structure of our Internet Payment Services business division, in which the product Click2Pay will play a central role in the future.

Following the continual further development of our IP infrastructure and of our technical platforms, we now have one of the most ultra-modern operating systems for our products and services in Germany / Europe. We combined the telephony sector in a uniform systems environment with other forms of communications, such as SMS, e-mail, Internet relay chat or Web-based video-conferencing.

We automated our extensive business processes and optimized the related services to our customers. For instance, all customers now have real-time online statistics with which they can inspect and analyze all the relevant key figures relating to our services.

As a further key result of our advanced technical development, in future we will be able to offer our business models subject to a substantially lower number of personnel and offer our customers a great deal more services. Business trends in the field of telephone-based payment systems of our subsidiary InfoGenie Global GmbH did not meet our expectations.

Due to the unforeseeable legislative changes in the fall of 2003, both in terms of their timing and extent, the market in Germany saw a dramatic collapse. In future, this sector is no longer likely to yield a comparable level of income. Unfortunately, our UK subsidiary InfoGenie Ltd. lost several customers in 2003 and the shortfall could not be fully offset by new customer acquisition, resulting in a slight loss in the UK.

In Germany, we managed to acquire a number of new customers of note, including Presto GmbH, DATA BECKER GmbH & Co. and Bild.T-Online.de AG & Co. KG. On balance, in Germany the trend relating to new customer operations and potential increases of our portfolio customers unfortunately remained behind our expectations to a significant degree.

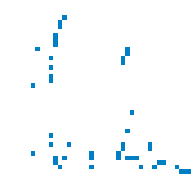
On 22 December 2004, Board member Mr. Thomas Dehler was recalled from the Board of Management after his mandate expiring at year-end was not renewed. Effective as of 1 January 2004, the Supervisory Board appointed Mr. Stefan Grell as the Board member responsible for Marketing and Distribution.

With regard to the market trend for InfoGenie stocks, we acknowledge that the restructuring measures initiated have been assessed as highly positive both in our market environment and by our shareholders.

This may correlate with the further development of the Payment Services division, with which we are also opening up an extremely attractive growth market. We can therefore look back on an encouraging, stable price trend from substantially less than one euro in January 2003 to considerably more than EUR 2.50 in December 2003.

Thanks to the expansion of our portfolio and the reduced cost structure, we look forward to fiscal 2004 with a great deal more optimism.

Berlin, 31 March 2004



Jochen Hochrein
CEO (Speaker of the board of Management) InfoGenie Europe AG

According to the current 2004 statistics of the EITO (European Information Technology Observatory) in cooperation with the IDC, an increase of EUR 477 billion was forecast for 2003, to more than EUR 2.423 billion in 2007.

Company Profile

InfoGenie Europe AG is one of the leading providers of communications solutions for enterprises in Germany. The consultancy and information services are offered via virtual call center structures and with the aid of all modern communications media. The company was founded in 1996 and has been listed on the German Stock Exchange since October 2000.

Communications solutions

By deploying decentralized contact center structures, persons seeking advice and experts on the most varied of subjects are brought together by means of all modern communications media. InfoGenie Europe AG provides end customers with expert knowledge on cooperation partner products requiring support services. In 2003, as was already the case in the previous year, this market segment was one of the strongest revenue earners of InfoGenie Europe AG.

B2B outsourcing partners

Publishers or media enterprises use InfoGenie's services as an instrument to foster customer loyalty and offer their readers and viewers facilities to gain in-depth knowledge. In the process, only the name of the partner company ranks foremost when providing the service in question. Companies that want to have their products explained to their end customers by InfoGenie experts decide between toll-free and/or billable support hotlines. Support hotlines for more than 100 well-known software and hardware producers (Lexware, Map&Guide, Ubi Soft, Presto, Data Backer) achieve excellent advice quality thanks to individual product training sessions and targeted deployment of qualified experts. Other customers include publishing houses (Axel Springer, the WEKA Group) and retail chains (ProMarkt, Karstadt, Gameworld). Customer-specific solutions are created on request in order to guarantee the greatest possible flexibility in setting up the support hotlines. Its virtual organization gives InfoGenie a cost-efficient, flexible structure available at short notice.

The business model

Our business model is based on a decentralized network of experts: a pool of experienced users and academics from the most varied fields of expertise (such as computers, the Internet, games, health, taxes, law and nature healing) facilitates speedy and professional information mining services and efficiency at all times. A careful selection process is employed to choose the experts and they are constantly given on-the-job appraisals, ensuring that a very high standard of advice exists on a permanent basis. InfoGenie makes the required communications technology available to the experts via links to the central database computer.

The highly specialized intermediary or exchange service software (vACD) ensures that a direct link is always established with an expert on the relevant subject area desired. In the process, the experts at work are quite independent in spatial terms from the location of our company's headquarters. The wealth of newly gained experience of the InfoGenie experts is consolidated in a constantly updated knowledge database. The product-specific databases supplied by the respective software producers are also available to the selected experts for information purposes and for updates.

Virtual call centers (VCC)

A VCC has convincing advantages over stationary call centers. Companies that outsource call center services aim to reduce their costs. A VCC additionally lowers the costs of availability and intermediary services, enables flexible information services to be rendered on demand and supplies constant quality control. Quality assurance at InfoGenie operates in several directions.

For one thing, within the scope of the helplines such criteria as reachability, expert capacity utilization, average length of conversation and the assessment of the talks by callers are monitored. However, quality assurance is also considered to be in the nature of a filter to guarantee a consistently high quality of the advisory services provided by the experts. Test calls are made on a regular basis to assess such aspects as know-how, efficiency and correct processing along with a friendly manner and attitude to those seeking advice.

B2C

However, end-consumers can also reach the InfoGenie experts directly via the helplines on many and various topics, by phone, fax or e-mail. Since early 2004, contact facilities to the final consumer have been expanded. In the past, in the Business-to-Consumer (B2C) division InfoGenie Bereich was visible on the lawyer platform <www.kanzleigenie.de>. In January 2004, InfoGenie launched a new B2C product – the consultancy platform known as www.talk2experts to be developed in the course of 2004.

Extension of core operations

The business model of InfoGenie Europe AG has been systematically extended since 2003 to include the Internet Payment Systems division. In the process, InfoGenie is complementing its spectrum of products and services in the field of communications solutions with the field of payment services. According to the current 2004 statistics of the EITO (European Information Technology Observatory) in cooperation with the IDC, an increase of EUR 477 billion was forecast for 2003, to more than EUR 2.423 billion in 2007. These figures relate to Europe and comprise the Business-to-Consumer (B2C) and the Business-to-Business (B2B) markets. The new subsidiary, Click2Pay GmbH, has an exclusive license to the Internet payment system of the same name being marketed as a micro and macro payments solution for international eCommerce and sport betting providers along with European media portals.

The Product

The product Click2Pay was developed in 2003 by Wire Card AG, commissioned by ebs Holding AG. Unlike rival products, Click2Pay (C2P) combines the requirements of the end-customer in terms of security, user friendliness and transparency with maximum protection from payment defaults for merchants and can be used both for settlement of Internet content and services and for the purchase of merchandise. The choice of payment alternatives available, i.e. credit card or direct debits, always leave it up to the customer to decide on how to pay for an Internet offer or purchase from time to time.

For instance, Click2Pay is ideal for deployment in the growing market for settlement and payment of Internet pay content. This includes entertainment/media content, software and game downloads as well as online games. The first game producer and distributor will be using C2P in the near future. For music downloads, C2P had already managed to acquire a proven track record in global operation prior to the market launch, within the scope of a pilot project with Tiscali for the Nelson Mandela foundation. (Give One Minute of Your Life to Stop Aids - www.46664.com). Other target segments for settlement of portal services are available in such fields as virtual communities, media storage and video streaming. The deployment potential is quite diverse.

Customer dialog in eCommerce

Modern call centers today are already on their way to becoming a flexible contact service center. If customers can enter into dialog with companies using all state-of-the-art communications channels, they will in future also be open to an extension to include electronic payment processes beyond those available on the Internet: information services, call center orders and other distribution channels will in future manage to bundle the range on offer.

InfoGenie and its Click2Pay ePayment system are focusing on international eCommerce traders, eGaming and sport bets providers along with European media portals.

Sectoral Trend

Telecommunications industry

As was the case in 2002, the telecommunications industry in Germany ended the fiscal 2003 without recording any growth, with revenues amounting to approx. 131 billion euros as in 2002. Last year, roughly a further 30,000 jobs were lost. As a result, in the two-year slump the industry shed more than 60,000 jobs. At present, some 750,000 persons are employed in the information & telecommunications industry.

Following two years in the doldrums, in 2004 the German high-tech industry of Information, Telecommunications and Communications Technology sector has detected initial signs of an upturn, however.

Following two years in the doldrums, in 2004 the German high-tech industry of Information, Telecommunications and Communications Technology (German acronym: ITK) sector has detected initial signs of an upturn, however. According to the industry association BITKOM in Hanover, the trend reversal was initiated last year. This body indicated that orders were picking up for 2004 and that a growth rate of two per cent was expected in Germany, to 134 billion euros.

However, Germany – the world's third most important individual market – also remains significantly behind global industry trends in 2004. For this country, the association anticipates an increase of five per cent, to 2.3 billion euros. Western Europe, with a three per-cent increase, to 609 billion euros, is also expected to record stronger growth than the German market. As a result, while Germany will continue to lose significance on an international scale, it will certainly manage to defend its third position in the world with 5.9 per cent in market share.

As in the past, the U.S. has the biggest share of the market (32 per cent), followed by Japan (12 per cent).

Call center industry

The stagnation observed in the telecommunications industry also affected the call center industry in the year under review. Business in 2003 was shaped by outsourcing and consolidation. At the same time, call center services have undergone a change in terms of quality. Additional communications channels such as fax, video, Internet and e-mail are being included and high-speed transfer technologies will facilitate multimedia or video call centers. Technical developments and increased specializations call for increased requirements as regards the specialist technical and social skills of call center employees.

According to the market study "Contact Center-Trends" already performed for the second time on behalf of Aspect Communications, expectations of call center managers in the German-language market are highly positive for the year 2004. The industry is preparing to boost the strategic importance of call centers as an effective and economic unit for professional customer contacts even further.

This will also call for increased requirements on the part of call centers to optimize processes and cost structures and adopt a strategically clear orientation on account of the increasingly dynamic market development. Investments in forward-looking technology, such as for cross-channel distribution of phone calls, are the basis used to address and do justice to the requirements in question.

InfoGenie has accepted the challenges it faces on the market. InfoGenie's virtual and decentralized call center structure made it possible for the company to avoid the high overheads of a fully employed staff team of agents. Seasonal and event-related fluctuations in capacity utilization (e.g. product launch of a customer) are absorbed by a decentralized network of experts and an internally developed, highly efficient router software. Via many and various communications channels – by phone (return call function), web mail, text and video chat or SMS - the consumer seeking advice can decide which to use - InfoGenie offers its clients a wide variety of direct contact facilities.

Internet-based payment systems

In the fiscal year under review, in terms of the contribution in kind of Click2Pay GmbH, InfoGenie Europe AG managed to accomplish a further extension of business operations in the field of favorably priced, innovative payment solutions. With its product Click2Pay (C2P), it offers a secure and user-friendly micro and macro payment solution for electronic merchants and major Internet portals.

This is the case even though merchants and purchasers are initially hesitant to use a new infrastructure until new, cheap payment systems acquire the critical mass required on a sustained basis to trigger speedy, short-term growth. Comparable, during the last two years internationally released, business models which are both quoted on stock exchange: NETeller, Inc.¹ and Firepay².

The strategy of linking operations with online debit cards and smartcards already being used for traditional business transactions provides optimum potential for international acceptance. The attractiveness of the network asset C2P rises to a disproportionately high degree with the number of users and offers system benefits throughout the entire value added chain of electronic and mobile transactions without merchants having to make an advance investment.

¹ www.neteller.com (Börse London, NLR.L)

² www.firepay.com, www.optimalgrp.com (Nasdaq NM: OPMR)

Generally speaking, a distinction is drawn in online payment systems between the macro-payment process (credit card, direct debit, etc.) and the micro-payment process (tiny amounts of money). As in the past, the market remains dominated by conventional payment types via credit card or direct debit, but the industry has forecasted an accelerating structural change in the direction of secure online payment systems for a joint platform solution.

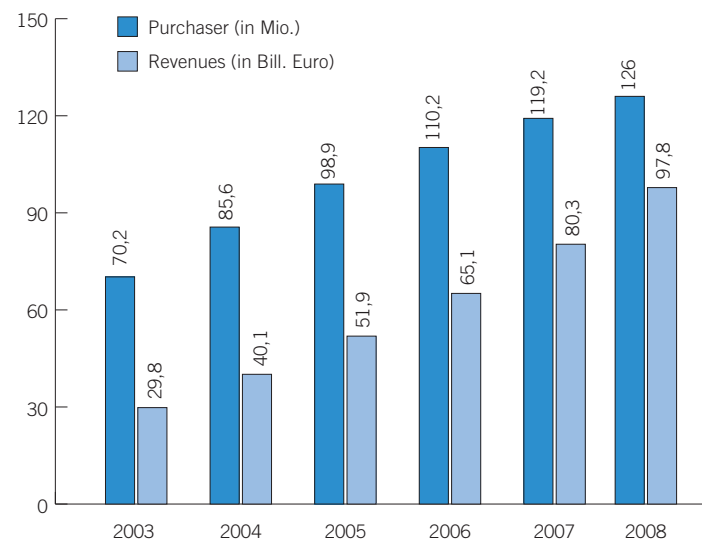
Unlike the rather subdued outlook for brick & mortar based trading activities, the forecast for online purchases for the next several years is optimistic...

Even though the challenges of secure payment transactions were initially underestimated in electronic cross-border online trading activities, current business trends are being eclipsed by dynamic development trends both on the supply and demand side.

In 2003, European Internet users purchased an average of more than 400 euros' worth of digital content and services as well as merchandise and thus spent money on a similar scale on the Web as their U.S. counterparts. At present, there are more than 70 million online purchasers in Western Europe; this is equivalent to a penetration rate of approx. 44 per cent.

On average, according to calculations made by market researchers from Jupiter Research each of these buyers spends an average of 425 euros online. Accordingly, total revenues are estimated at 29.8 billion euros. The number of purchasers will continue to grow until 2008, albeit at reduced growth rates.

Unlike the rather subdued outlook for brick & mortar based trading activities, the forecast for online purchases for the next several years is optimistic: by the year 2008, approx. 126 million online buyers in Western Europe are expected to generate 97.8 billion euros in transaction sales. In this regard, the average amount spent per user on the Internet is expected to increase to 776 euros.

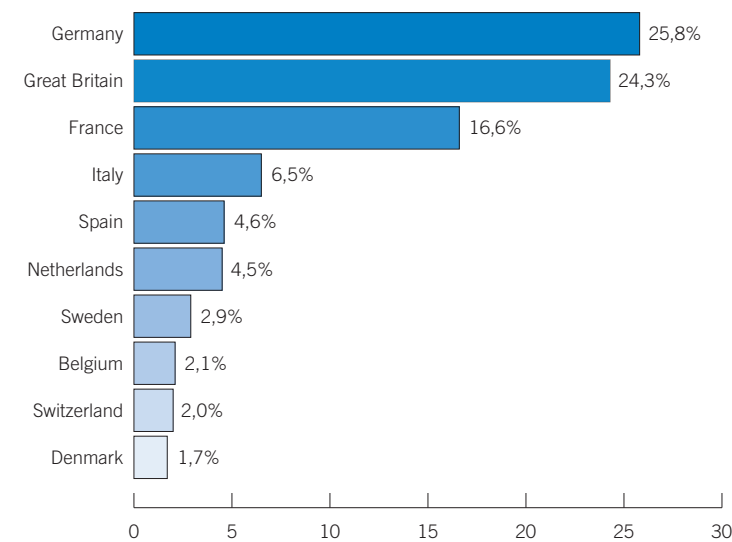


Online purchaser and sales revenues in Western Europe

Source: Jupiter Research

Europe's highest online sales in 2008 will be achieved in Germany; the analysts from Jupiter Research anticipate a figure of 25.8 billion euros, followed by the UK and France in 2nd and third position (at 24.3 billion euros and 16.6 billion euros, respectively).

As far as the micro-payments sector in Germany is concerned, research houses (IDC, VDZ/Sapient) predict some 225 million euros in online revenues for 2004.



eCommerce sales revenues 2008 (in billion Euros)

Source: Jupiter Research

In particular, micro payments under EUR 10 for multimedia content that cannot be settled by credit card without incurring high charges will grow ten-fold from EUR 850 million in 2001 by 2005, according to Deutsche Bank Research. However, revenues will not only rise on account of the growing number of online purchasers.

The increased acceptance of Internet-based payment systems – both among users and online merchants – is based particularly on ever increasingly easy to use settlement systems and substantially higher security standards.

In the process, online merchants are especially interested in minimizing high costs and payment default risks, while purchasers consider such issues as security, user friendliness and transparency of paramount importance when making payments.

The Click2Pay product developed by Wire Card AG on behalf of ebs Holding AG meets all critical success factors for speedy market penetration. Click2Pay GmbH has a five-year exclusive product license. In addition, Wire Card has implemented the product as a white label payment solution for large-scale customers as C2P acceptance partners on its enterprise solution finance platform.

ebs Holding AG (which has a majority holding in InfoGenie AG) and its cooperative enterprise partners meanwhile is in the process of carving out the biggest market share as an eCommerce payment service provider in Europe.

„Corporate governance not so much entails dealing with current problems but organizing the future“

Daniel Goeudevert, german top-line manager

Status Report of InfoGenie 2003

Business model and performance in 2003

InfoGenie Europe AG develops, operates and charges telephony-based information services via a virtual call center. By providing the appropriate infrastructure, freelance experts working on a decentralized basis can answer questions raised by customers on topics from such fields of activity as computers, games, law, taxes and leisure & recreation. Clients receive consultancy services by calling toll-based service numbers.

The exchange system developed by InfoGenie Europe AG automatically routes calls to experts with the necessary know-how and skills. InfoGenie Europe AG pays the experts in question a percentage share of the amount charged to the customer by the latter placing a call to a toll service number. The call center operated by InfoGenie Europe AG predominantly receives in-bound calls.

Call center enterprises are subject to strong seasonal fluctuations both in daily capacity utilization and in line with the structure of orders placed. In the field of software and hardware in particular, in most cases inquiries relating to updates and upgrades are generated when the application is used for the very first time. These special characteristics also applied to the fluctuating monthly business trends at InfoGenie Europe AG in 2003.

Despite the difficult economic situation, it was possible to raise the volume of minutes (the sales unit relevant for billing purposes) to 1.4 million minutes in 2003 (previous year: 1.2 million). A total workforce of 21 employees were engaged in running and further extending InfoGenie Europe AG's operations as at 31 December 2003; of these, 3 staff members were engaged in development, 6 in distribution and 12 in administration.

Capital measures

The increase in the subscribed capital relates for the one part to the capital increase by 6.5 million shares at a par value of EUR 1 each via the contribution in kind of 100% of the shares in InfoGenie Global GmbH. The capital increase was effected on the basis of a resolution adopted at the General Meeting on 27 December 2002. The increase in the contribution in kind was entered in the Commercial Register on 24 March 2003. The contribution in kind made in the previous year and paid by end-2002, amounting to EUR 0.75 million (which was necessary to perform the capital increase adopted on 28 August 2002) was entered in the Commercial Register on 9 January 2003.

In August 2003, due to changes to the legal position (prohibition of telephony-based charges via value added service numbers in Germany and abroad), the business activities of Crosskirk s. l., Palma de Mallorca, Spain (part of InfoGenie Global) were severely restricted. This induced the Board of Management of InfoGenie Europe AG, with the consent of the Supervisory Board, to reduce the foreseeable risks of a lower billing base by selling the distribution company Crosskirk s. l. in terms of an agreement of purchase and sale dated 20 October 2003 effective as of 30 September 2003 to the company Marketel Ltd., London, UK.

The future inflow of funds from the software license agreement with InfoGenie Global remaining in place is being realized on the basis of international billing revenues but without the entrepreneurial risk relating to Crosskirk s. l. Based on reduced future revenue markets, an adjustment of the recognized participation in the individual financial statements of InfoGenie Global GmbH was determined, amounting to EUR 2.2 million, and reported under depreciation/amortization of financial assets. In the 2003 consolidated financial statements of InfoGenie Europe AG, a similar amortization of goodwill amounted to EUR 0.1 million.

In November 2003, InfoGenie Europe AG extended its business model to include Internet payment systems and effected a capital increase in the form of two new contributions in kind, using the conditional capital approved as early as the year 2000, amounting to 2.225 million shares.

In contributing 50% of the shares in net sales GmbH, which successfully markets advertising space on an Internet portal, the capital stock of InfoGenie Europe AG was increased by 175,000 shares, and by contributing 100% of the shares in Click2Pay GmbH, engaged in the field of Internet-based payments, the common stock of InfoGenie Europe AG was increased by a further 2,050,000 shares at a par value of EUR 1 each.

For both companies, the contributions in kind were classified as valuable by the competent Local Court of Berlin. Both increases in the level of contributions in kind were entered in the Commercial Register on 25 November 2003.

The remaining 50% of shares in net sales GmbH were acquired by InfoGenie Europe AG as early as the 3rd quarter of 2003, which meant that InfoGenie Europe AG held 100% of the shares in net sales GmbH as at 31 December 2003.

With the aid of these further capital measures, the InfoGenie Group continued its reorientation that already commenced in 2002 and plans to successfully implement it in the course of the current year.

These measures are to enable the company to continue its course of restructuring consistently and reach positive earnings territory as planned.

Corporate governance and profit transfer agreement

On 24 June 2003, InfoGenie Global GmbH entered into a corporate governance and profit transfer agreement with InfoGenie as the controlling company, which was approved at the shareholders' meeting held 25 June 2003 and entered in the Commercial Register on 22 September 2003. In its individual financial statements, in 2003 InfoGenie generated EUR 1,394 k in income on the basis of the profit transfer for 2003.

Business trends of InfoGenie Ltd., Windsor, Berkshire, UK

The restructuring launched in 2002 failed to achieve the desired success in the year 2003. Despite massive cost-cutting measures, it was not possible to compensate for the revenue shortfalls by means of new customer acquisitions.

On account of the reduction in sales in mid-2003 to the company's principal customer, Norwich Union, revenues declined while the high infrastructure-related overheads remained in place. This development led to negative operating profit that could not be substantially reduced by additional savings measures.

By intensifying customer acquisition activities in 2004, an attempt is to be made to regain lost sources of revenue and break even at the end of the year.

Business trends of InfoGenie Connected Ltd., Windsor, Berkshire, UK

Operations of this company were already discontinued in 2002; it was closed down and liquidated on 4 November 2003.

In 2003, InfoGenie Global GmbH's high-margin license model made a substantial contribution to Group earnings.

Business trends of InfoGenie Global GmbH, Grasbrunn

In 2003, InfoGenie Global GmbH's high-margin license model made a substantial contribution to Group earnings. By providing a telephony-platform billing software using value added service numbers, this InfoGenie subsidiary generated percentage-based revenue shares of distribution activities such as the Spanish Crosskirk s. l., Palma de Mallorca, Spain. The licensed software makes it possible for Internet services carrying a toll to be billed via a special phone number and charged to the final customer via his or her telephone account.

The market for telephony-based billing for value added services numbers collapsed in August 2003. Legislative initiatives by consumer protection associations and other organizations induced the legislature in the Federal Republic of Germany but also in various other European countries to prohibit this particular business model. In view of the foreseeable and possible reductions in revenues, a decision was adopted to sell Crosskirk s. l. in October 2003. The agreement was signed on 20 October 2003.

Business trends of net sales GmbH, Grasbrunn

Since August 2003, net sales GmbH has been successfully marketing advertising space on a well-known Internet portal. These advertising banners are intended to induce visiting Internet users to switch to web pages of a particular advertising customer.

According to a marketing agreement entered into with Tiscali GmbH, Munich, net sales GmbH is entitled to non-exclusive marketing rights relating to banners and other advertising space on the Internet portal www.tiscali.de as well as on the international network. net sales acquired rights as part of a package deal to market 200,000 AdClicks per month for a period of at least 36 months at a profitable minimum price. By means of attractive reseller programs, net sales GmbH sells these AdClicks to customers, who have to pay a selling price for each successful deal concluded.

During the remaining months of 2003, net sales GmbH managed to perform successful marketing operations; as a result the short fiscal year for this company closed with positive earnings figures (EUR 19,560.73).

Business trends of Click2Pay GmbH, Grasbrunn

In the spring of 2003, ebs Holding AG commissioned Wire Card AG to realize an Internet-based payment solution known as Click2Pay (C2P). On completion of the relevant software packages, in the course of the 3rd quarter of 2003 ebs Holding AG gave the exclusive distribution rights for this C2P software solution to an independent company, Click2Pay.

In the course of the 4th quarter, Click2Pay GmbH and the attractive Internet-based payment system C2P were integrated into InfoGenie Europe AG with already existing test customers. The C2P project launch is scheduled for the 1st semester of 2004. In 2003, Click2Pay GmbH's earnings were negative due to startup costs incurred in marketing and distribution (-EUR 43,085.56).

Liquidation of InfoGenie France S.A.R.L. and InfoGenie Italia S.r.l.

The liquidation of the two companies indicated above, which had begun as early as 2002, was not fully completed during the fiscal year under review.

No special effects of note are anticipated for the residual liquidation since the values of the holdings have already been fully written off and no substantial liquidation and associated costs are anticipated either. Both companies were finally consolidated in the Group's 2003 financial statements. Appropriate provisions were set up for the costs of the residual liquidation in 2004.

Federal German Supreme Court (BGH) decision on 0190 phone numbers

On 4 March 2004, the 3rd division for civil matters of the Federal German Supreme Court (BGH, 04/03/2004 - III ZR 96/03) handed down a decision on increased charges for connections via 0190 or 900 value added service numbers accessed by 'dialers', stating that owners of the terminal device cannot be held liable on the basis of having violated their duty of care. This indirectly also concerns the software of InfoGenie Global GmbH used in the form of a license model since dialer applets are also used for billing the relevant value added services.

Order portfolio

Due to the strategic extension of the InfoGenie Group to include the new focus on such fields as "Internet-based payment solutions" and "marketing of advertising banners on the Internet" in addition to telephony-based billing solutions, the InfoGenie Group, in order to be independent of cyclical fluctuations, will endeavor to invest in disproportionately high growth fields in future. In the traditional field of activity of providing virtual call center solutions, it was possible to intensify and extend existing contractual relations particularly with portfolio customers; these activities will only contribute to corporate earnings in the course of the 1st semester of 2004, however. For instance, the Company managed to acquire the support functions for products of Data Becker, an electronic publishing house, and the services of the Presto publishing company as new clients for virtual communications services. With its Business-to-Business (B2B) activities listed, InfoGenie Europe AG generated approx. 75.7% of its total revenues in 2003.

With its Business-to-Business (B2B) activities listed, InfoGenie Europe AG generated approx. 75.7% of its total revenues in 2003.

The experts' portal "talk2experts" newly positioned in the B2C division began in the 4th quarter of 2003 with promising results and was in a position to offer information services by the end of that year with a team of more than 100 experts.

By means of this portal, service providers can offer their range of consultancy services not only by phone but all other telecommunications channels available, such as the Internet, e-mail, faxes or SMS. InfoGenie provides the technical infrastructure to this end and retains a system usage charge deducted from the services billed.

The successful marketing of AdClicks by net sales GmbH will continue in 2004. Thanks to a multi-year framework agreement with Tiscali GmbH, the order portfolio is secure well beyond the current fiscal year.

The international rollout of the Internet-based payment solution Click2Pay will make it cheaper for all portfolio customers along with a substantial potential of new prospects to collect their money for services rendered more safely, speedily and at lower cost. However, deployment of this product is not confined to services already being made available by InfoGenie Europe AG; a large number of additional deployment alternatives, along with an extremely attractive reseller program, have made C2P interesting as an electronic means of payment to a broad customer base.

Consolidation perimeter

During the fiscal year ended 31 December 2003, some changes were made to the consolidation perimeter of InfoGenie Europe AG. First of all, effective as of 24 March 2003 InfoGenie Global GmbH (with its immediate subsidiary Crosskirk s. l.) was included in the consolidation perimeter for the quarterly financial statements as at 31 March 2003.

Due to the sale of Crosskirk s. l. early in October 2003/at the beginning of the 4th quarter of 2003, in the consolidated financial statements as at 31 December 2003 (unlike the procedure adopted for the other quarterly reports in 2003) Crosskirk s. l. was no longer taken into account as an enterprise liable to consolidation. This has resulted in the fact that in the consolidated financial statements as at 31 December 2003 only the license revenues earned by InfoGenie Global GmbH (determined on the basis of gross earnings generated by Crosskirk s. l.) were included in the consolidated financial statements. The sales revenues (in addition to the cost of goods sold) of Crosskirk s. l. included in the individual quarterly reports of the year 2003 were no longer part of the consolidated financial statements as at 31 December 2003.

In contrast, the two new subsidiaries, net sales GmbH and Click2Pay GmbH, were taken into account in the Group's consolidation perimeter for the first time. Due to the transfer of effective control at the end of 2003, the initial consolidation of these subsidiaries was made effective as of the consolidated balance sheet date, 31 December 2003. The two subsidiaries in liquidation, InfoGenie Italia S.r.l. and InfoGenie France S.A.R.L. were finally consolidated in the Group's financial statements and already at the time of the quarterly financial statements (31 March 2003), respectively.

Material statements on the balance sheet and profit & loss statement

The InfoGenie Group managed to close the fiscal year 2003 with a positive contribution to Group earnings for the first time, amounting to EUR 2.0 million (previous year: -EUR 3.9 million), particularly due to EUR 2.0 million in deferred taxes being carried as assets. Had it not been for this capitalization of deferred taxes, the InfoGenie Group would have managed to reach positive Group earnings territory for the first time in the fiscal year under review. On the basis of EUR 4.6 million in Group revenues (previous year: EUR 3.0 million), it was possible to bring about an approx. 54% increase in sales year-on-year; the contribution made by InfoGenie Europe AG came to 54.1% (previous year: 62.4%). In fiscal 2003, InfoGenie Europe AG still recorded an annual deficit of -EUR 0.1 million (previous year: -EUR 7.7 million). Sales revenues in the fiscal year rose by approx. 33.9%, to EUR 2.5 million.

The continuation of the restructuring program and the Company's strategic re-orientation led to further cost savings in 2003 within the Group in such fields as distribution, general administrative and other operating expenses totaling EUR 1.1 million, up by 23.8% (previous year: EUR 1.9 million, or +18.9%). Within InfoGenie Europe AG, the continuation of the restructuring program led to cost savings in terms of personnel expenses, amortization/depreciation and other operating savings of EUR 1.7 million, or 35.8% in comparison with the previous year.

Following the capital increases performed in 2003 by means of the contributions in kind and the registration of the cash capital increase, the number of shares has risen substantially, from 1,058,947 to 10,533,947. Group earnings per share improved from -EUR 0.87 in the preceding year to EUR 0.29 in 2003. Disregarding the capitalization of deferred taxes, Group earnings per share would have amounted to EUR 0.00.

On-balance sheet equity as at 31 December 2003 in the individual financial statements of InfoGenie Europe AG amounted to EUR 8.4 million (previous year: -EUR 2.0 million) and, in the consolidated financial statements, to EUR 10.6 million (previous year: -EUR 0.1 million). The difference in on-balance sheet equity between the individual and the consolidated financial statements is essentially based on EUR 0.2 million in deferred taxes being carried as assets at Group level. The performance of on-balance sheet equity is additional evidence of the successful restructuring.

Changes to company entities

At the end of fiscal 2003, Mr. Thomas Dehler's agreement regarding his tenure on the Board of Management was not prolonged. Mr. Stephan Grell was appointed as a second member of the Board of Management effective as of 1 January 2004. The composition of the Supervisory Board remained unchanged in the year under review.

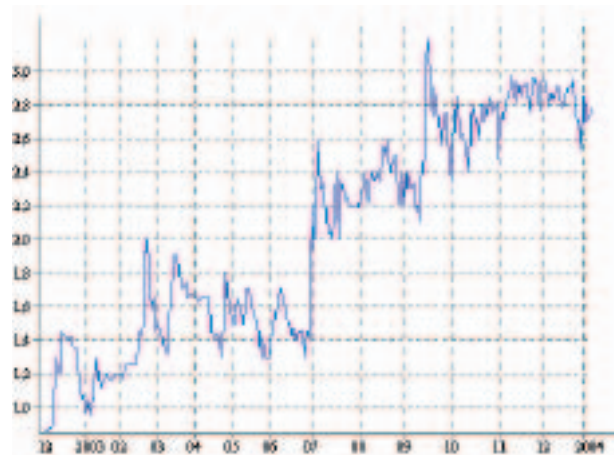
Employees

On an annual average, the workforce of InfoGenie Europe AG totaled 27 employees. At the end of the year, subsequent staff relocations became effective; accordingly, at the end of the fiscal year the Group had a total workforce of 26 employees (InfoGenie Europe AG: 23; InfoGenie Ltd.: 3). To some extent, in the individual subsidiaries certain functions were exercised by the same members of staff. The organizational adjustment to a cost-covering volume of revenues initiated in 2002 and the assumption of administrative functions by ebs Holding AG made a substantial contribution toward cutting costs. At InfoGenie Ltd., in the course of 2003 four persons had to be dismissed without being replaced.

Stock performance

The consolidation program for InfoGenie Europe AG's stock initiated toward the end of the preceding year continued in the course of 2003. With the Company's stock price increasing to a peak of EUR 3.15, investors regained confidence in InfoGenie AG's shares. The above-average increase in the stock price in relation to the beginning of the year was underpinned by the positive development trends throughout the year. At the end of 2003, the stock price recovered again to EUR 2.53, corresponding to an 181% increase year-on-year.

The shareholder structure changed significantly year-on-year due to the integration of the three new companies. Via direct and indirect holdings, as at 31 December 2003 ebs Holding AG owned over 80% of InfoGenie Europe AG's common stock.



Risk management

Pursuant to § 91 par. 2 of the German Companies Act (AktG), the Board of Management is obliged to set up a suitable early risk detection and monitoring system throughout the organization. The Board of Management has complied with this duty by defining appropriate guidelines for all strategic and operating management functions to ensure that suitable control and monitoring instruments are in place to facilitate early risk detection.

These instruments serve to secure the Company's ongoing business operations and show dangerous developments at an early stage to enable appropriate countermeasures to be taken to correct such trends. The Board of Management monitors risk management activities and reports to the Supervisory Board on a regular basis.

Report relating to dependencies

As regards relations with associated companies in fiscal 2003, the Board of Management has issued the following statement:

"Our Company received adequate consideration in respect of all legal transactions listed in the report on relations with associated companies in the circumstances known to us at the time the legal transactions took place. The Company was not adversely affected by any measures adopted or omitted."

Material changes following the end of the fiscal year

Effective as of 1 January 2004, Mr. Stefan Grell was appointed to the Board of Management for the division of sales and as General Manager of Click2Pay GmbH.

The functions of Chairman of the Board of Management were assumed by Mr. Jochen Hochrein, who is responsible on the Board for the fields of communications/services and corporate strategy and also has additional administrative functions.

Material risks

There still is a high level of dependency on a few large-scale customers and carriers. In addition, the Company's liquidity holdings are low. In future, a policy of proactive management of accounts receivable must be implemented to succeed in collecting debts outstanding on a timely basis. In addition, the Company has no reserves in the event that any extraordinary expenditure should arise; at present, this is not foreseeable, however.

A ruling on tax advisory helplines is expected in 2004; no substantial risks are anticipated here any longer.

A legacy risk still remains as regards the deductibility of input tax (sales tax in connection with the IPO). According to a ruling by the Nuremberg Court of Finance, upstream value added tax is not deductible as far as the cost of the IPO is concerned. For this reason, in 2002 an appropriate provision of EUR 80,000.00 was set up, which was reinforced to reach EUR 106,000.00 in fiscal 2003.

A ruling on tax advisory helplines is expected in 2004; no substantial risks are anticipated here any longer.

In the long term, 0190 access numbers are expected to be abolished (effective as of 1 January 2005). For InfoGenie, the risk this entails is considered surmountable since these phone numbers merely constitute a possible billing and collection instrument. Alternatively, InfoGenie will be able to offer its services via the 0900 access numbers newly introduced as of the year 2003. It must be noted, however, that a billing risk that may exist at any time will be shifted downstream to the company; collections will not longer be performed by the telephone company but by the provider of the services in question. This, along with other necessary measures, will be reflected at the level of the usual provisions relating to the collection risk. Once the plans concerning the necessary implementation have been finalized, a forecast will be prepared by end-2004.

Outlook

In the current fiscal year 2004, economic conditions will not see a substantial improvement either. This will also impact on growth of core business as far as InfoGenie AG is concerned. As in the fiscal year under review, above all new operations will be affected, while portfolio operations will reflect satisfactory development. Performance improvements in portfolio business and the further development of internal structures and processes are therefore gaining in relative importance. For one thing, this is necessary in order to enable the Company to continue to develop even in economically difficult times; for another, it is to ensure that the Company is ready to react once the level of economic activity picks up again.

Existing contractual relations will ensure that positive trends at net sales GmbH can safely be assumed for the forthcoming years, since the range of products and services on offer by the entertainment industry is always in demand among a certain clientele, irrespective of the economic situation.

By cooperating with major portal operators, with some of whom pilot projects have already been launched or preliminary agreements concluded, plans are under way to establish a large customer base for Click2Pay GmbH in the short term.

Attractive pricing and participation by portal operators in sales revenues will additionally serve to accelerate successful market entry. The aim is to establish C2P as the international industry standard for secure payments on the Internet – regardless of the industry sector or product in question.

Research and Development

The software systems in use at InfoGenie Europe AG and those marketed by Click2Pay GmbH are being continually developed to meet customers' requirements. Likewise, suitable measures are being adopted to harmonize internal processes with the aid of standard products, thus leading to an intrinsically closed system environment in the long term, with the possibility of future up-grades thanks to a modular system involving little by way of maintenance effort.

Branch offices

InfoGenie Europe AG and its subsidiaries did not operate any branch offices in fiscal 2003 either.

Berlin, March 2004

Jochen Hochrein
CEO InfoGenie Europa AG

Corporate Governance Kodex

Declaration of compliance with the German Corporate Governance Code pursuant to § 161 of the German Companies Act

In 2001 the German Federal government set up a commission to develop a German Corporate Governance Code. This code contains three types of standards:

1. Regulations describing German statutory norms
2. Recommendations
3. Suggestions

Regulations are of mandatory application for German businesses listed on the stock markets. As far as recommendations are concerned, § 161 of the German Companies Act (Aktiengesetz) provides for companies with a stock-market listing to issue a "comply or explain" declaration each year. In the case of suggestions, businesses are free to depart from the latter without having to give explanations.

The Board of Management and the Supervisory Board of InfoGenie Europe AG consider the Corporate Governance Code a sensible instrument to enhance the company's transparency and the rights of its shareholders, and the company is committed to these principles. Since the submission of the last declaration pursuant to § 161 of the German Companies Act (AktG), the Company has complied with the mandatory recommendations of the government commission on the German Corporate Governance Code (version of 7 November 2002) published in the electronic German government gazette and will continue to do so in future.

Neither the Board of Management nor the Supervisory Board is aware of any cases in which the mandatory (statutory) principles were ever violated.

Nonetheless, InfoGenie Europe AG departed from the Code in the past and will continue to do so in specific instances regarding recommended or suggested points in the future. These departures in line with the version of the Code of 21 May 2003 and that promulgated on 4 July 2003 are listed below:

2.3.1 According to the articles of incorporation, minority shareholders are not entitled to call for a General Meeting to be convened or for any agendas to be extended. Persons entitled to convene such meetings, pursuant to § 121 of the German Companies Act (AktG) are members of the Board of Management and, in justified cases envisaged by law, of the Supervisory Board if this is in the interests of the Company. If requested, the reports and records required by law for general meetings are to be made available for

inspection to shareholders by the Board of Management on the Company's premises or at the general shareholders' meeting. The annual report is also published on the Company's website. For competition-related reasons and in view of the increasing trend in the direction of 'competitive piracy', the Board of Management has decided not to make strategic corporate documents freely available on the Internet.

4.2.3 The Board members' total remuneration comprises fixed and variable components. Variable remuneration components include bonuses subject to operating results, and stock options. The impacts of the past stock option plan are published in the annual report and not on the Company's website. The Chairman of the Supervisory Board will introduce the newly planned stock option program at the next general shareholders' meeting.

4.2.4 Remuneration paid to members of the Board of Management is broken down in the Notes to the consolidated financial statements into fixed and performance-related components and components providing for long-term incentives in total and not on an individualized basis. The appropriate and in no way excessive salary scales in the Company are not subject to an individualized assessment by third parties.

5.1.2 The Supervisory Board generally appoints members of the Board of Management on a timely basis prior to expiry of the relevant agreements. An age limit of 65 years has been contractually stipulated for members of the Board of Management. It is in the interests of the Supervisory Board to guarantee long-term succession planning efforts jointly with the Board of Management. Not always are decisions by third parties foreseeable as was the case at the end of 2003.

5.2 The current Supervisory Board, consisting of three members, has not appointed any committees to date. The full Supervisory Board deals with transactions requiring consent.

5.3.1 At present, on account of the Company's scale and the small number of persons on the Supervisory Board, i.e. three members, no committees are appointed. According to the rules of procedure for the Supervisory Board, committees for specialist topics can be set up at any time.

5.4.2 The Supervisory Board does not consist of any former members of the Board of Management, and Supervisory Board members are not engaged by key competitors of the Company.

5.4.5 Remuneration of members of the Supervisory Board is defined by resolution adopted at the general shareholders' meeting and in the articles of incorporation. At present, the members of the Supervisory Board do not receive performance-based remuneration. In view of the low remuneration of members of the Supervisory Board in terms of the articles of incorporation, an itemized list in the consolidated financial statements for reasons of transparency is not necessary.

7.1.2 According to the recommendations of the DCGK, consolidated financial statements are to be published within 90 days of the end of a fiscal year; however, the reporting guidelines of the Prime Standard of the German Stock Exchange thus far have provided for a period of 4 months. Accordingly, the Company will adhere to these time limits in publishing its records. Likewise, the DCGK calls for interim reports to be published with 45 days, and the guidelines of the Prime Standard of the German Stock Exchange provide for publication within 2 months. The Company will adhere to the two-month period and, if its internal processes allow for this, it may even opt for earlier publication.

25 March 2004

Directors Dealings

On its website, InfoGenie Europe AG lists all transactions, directly accessible to everyone, performed by members of the Board of Management and the Supervisory Board and their immediate relatives involving the relevant securities of the company. Beyond the compulsory disclosures, each and every transaction is voluntarily listed, irrespective of the limit applicable to so-called trifling amounts, to create the greatest level of transparency possible for our shareholders. At present, the members of the Board of Management and of the Supervisory Board hold shares in InfoGenie Europe AG (as of December 31, 2003) as follows:

- [Jochen Hochrein](#) 18.000 shares in InfoGenie Europe AG

No stock options are held by members of the Board of Management and of the Supervisory Board.

Each and every entrepreneur has a superior, namely the market.

Balance sheet

Infogenie Europe AG (Group), Berlin - Consolidated balance sheet for the year ended Dezember 31, 2003 (US-GAAP)

		31.12.2003	21.12.2002
ASSETS	Comments	EUR	EUR
CURRENT ASSETS			
1.	cash and cash equivalents (4)	433.241,10	220.359,92
2.	Trade receivables	2.853.785,33	301.942,37
3.	Liabilities to associated companies	493.128,71	0,00
4.	Prepaid expenses	483.304,31	147.757,46
5.	Other assets	598.443,19	225.355,47
		4.861.902,64	895.415,22
DEFERRED TAXES (2, 9, 16)			
		2.000.000,00	0,00
FIXED ASSETS			
1.	Tangible fixed assets (5)	436.229,36	610.038,05
2.	Intangible assets (2)	191.692,10	129.564,19
3.	Goodwill (6, 16)	6.535.024,83	0,00
4.	Financial assets	300.000,00	0,00
		7.462.946,29	739.602,24
TOTAL ASSETS - of which short-term 2003: EUR 4.861.902,64 (prev.year: EUR 895.415,22)		14.324.848,93	1.635.017,46

		31.12.2003	21.12.2002
LIABILITIES	Comments	EUR	EUR
SHORT-TERM LIABILITIES			
1.	Trade payables	611.141,42	620.939,92
2.	Liabilities to associated companies	442.927,89	62.244,12
3.	Financial liabilities	137.246,00	23.110,05
4.	Accruals (7)	1.569.730,51	708.812,84
5.	Other short-term liabilities	737.936,31	106.298,00
		3.498.982,13	1.521.404,93
SPECIAL ITEM FOR GRANTS (2)		197.822,03	211.752,92
SHAREHOLDERS EQUITY (8)			
1.	Subscribed capital	10.533.947,00	1.058.947,00
2.	Deposit made to implement a capital increase passed	0,00	750.000,00
3.	Capital reserve	1,00	1,00
4.	Balance sheet profit (prev.year: Balance sheet loss)	72.077,46	-1.944.234,05
5.	cumulative other comprehensive income (2)	22.019,31	37.145,66
		10.628.044,77	- 98.140,39
TOTAL LIABILITIES - of which short-term 2003: EUR 3.557.142,01 (prev.year: EUR 1.577.141,67)		14.324.848,93	1.635.017,46

Profit and loss statement

Infogenie Europe AG (Group), Berlin - Consolidated profit&loss statement for the year 2003 (US-GAAP)

ASSETS	Erläuterungen	01.01.2003	bis 31.12.2003	01.01.2002	bis 31.12.2002
		EUR	EUR	EUR	EUR
Sales	(3, 10)		4.587.030,94		2.971.151,13
Cost of Sales			1.297.933,16		1.313.077,64
Gross profit on sales			3.289.097,78		1.658.073,49
Selling expenses		231.446,33		456.511,81	
General and administration expenses		3.104.581,01		3.433.823,88	
Other operating income		405.832,92		438.278,14	
Other operating expenses		255.824,84		820.978,47	
Amortization of goodwill	(2, 6)	110.644,07	3.296.663,33	1.287.567,17	5.560.603,19
Earnings before financial results			- 7.565,55		- 3.902.529,70
Other interest and similar income		16.699,28		24.546,20	
Interest and similar expenses		926,06	15.773,22	15.481,21	9.064,99
Earnings before taxes			8.207,67		- 3.893.464,71
Taxes on income and profits	(2), (16), (19)		- 2.008.103,84		21.075,03
Other taxes			0,00		24.835,54
Consolidated earnings			2.016.311,51		- 3.939.375,28
Loss carryover from previous year			1.944.234,05		7.442.154,88
Withdrawals from capital reserve			0,00		4.142.561,11
Income from Capital reductions			0,00		5.294.736,00
Addition to capital reserve			0,00		1,00
Consolidated balance-sheet					
(Previous year: Consolidated Balance-sheet loss)			72.077,46		1.944.234,05
Earnings per share					
Basis and dilluted earnings per share			0,29		- 0,87

Capital flow

Infogenie Europe AG (Group), Berlin - Consolidated capital flow statement for fiscal 2003

	2003	2002
	EUR	EUR
Group earnings	2.016.311,51	-3.939.375,28
+/- Write-downs/Additions to tangible fixed assets - and reductions/Increases on account of foreign exchange fluctuations	287.198,35	337.846,18
+/- Write-downs/additions to assets	110.644,07	1.287.567,17
+/- Increase/ reduction in provisions	860.917,67	231.906,38
+/- Other expenses/income not impacting on payments	-2.000.000,00	-59.182,65
+/- Increase/reduction in trade receivables and other assets	-3.753.606,24	155.523,88
+/- Increase/reduction in trade payables and other liabilities	1.102.728,64	67.696,66
+/- Transactions arising from initial consolidations not impacting on payments	2.079.331,10	0,00
= Cash Flow on ordinary trading activity	703.525,10	-1.918.017,66
+ Deposits arising from disposal of tangible fixed assets	0,00	702,87
- Withdrawals for investment in tangible fixed assets	-18.424,09	-139.083,14
+ Deposits arising from disposal of intangible fixed assets	0,00	6.001,27
- Withdrawals for investment in intangible fixed assets	-157.093,48	-75.795,48
- Deposits relating to financial investments within the scope of short-term planning	-300.000,00	266.113,73
= Cash Flow from investments activity	-475.517,57	57.939,25
+ Deposits from additions to equity	0,00	750.000,00
+/- Deposit/disbursements from taking out/ repaying (financial) loans	0,00	61.741,36
= Cash Flow from investment activity	0,00	811.741,36
Changes in Financial resource fund impacting on payments	228.007,53	-1.048.337,05
+/- Exchange-rate/consolidation perimeter and valuation-related changes to the financial resource fund	-15.126,35	0,00
+ Financial resource fund at beginning of period	220.359,92	1.268.696,97
= Financial resource fund at end of period	433.241,10	220.359,92
Further particulars on the consolidated capital flow statement		
Additions to equity not impacting on payments of which	8.725.000,00	0,00
Investments in goodwill not impacting on payments	6.645.668,90	0,00

Consolidated statement of equity movements

Infogenie Europe AG (Group), Berlin - Consolidated statement of equity movements for fiscal 2003

	Subscribed capital		Deposit made to implement a capital increase passed		Capital reserve	Balance-sheet loss	Cumulative other comprehen-sice income	Total con-solidated share-holders equity
	Number of no-par-value shares issued	Par value	Number of no-par-value shares issued	Par value				
	EUR	EUR		EUR	EUR	EUR	EUR	EUR
As of December 31, 2001	6.353.683	6.353.683,00	0	0,00	4.142.561,11	-7.442.154,88	-8.440,58	3.045.648,65
Group earnings						-3.939.375,28		-3.939.375,28
Withdrawals from Capital reserve					-4.142.561,11	4.142.561,11		0,00
Reduction of subscribed capital by redeeming on share	-1	-1,00				1,00		0,00
Simplified capital reduction in a ratio of 6:1	-5.294.735	-5.294.735,00				5.294.735,00		0,00
Addition to capital reserve					1,00	-1,00		0,00
Increase in cash capital			750.000	750.000,00				750.000,00
Difference resulting from currency translation							46.300,38	46.300,38
Pricegains realized on securities							-714,14	-714,14
As of December 31, 2002	1.058.947	1.058.947,00	750.000	750.000,00	1,00	-1.944.234,05	37.145,66	-98.140,39
Group earnings						2.016.311,51		2.016.311,51
Increase in cash capital	750.000	750.000,00	-750.000	-750.000,00				0,00
Increase in tangible capital	8.725.000	8.725.000,00						8.725.000,00
Difference resulting from currency translation							-15.126,35	-15.126,35
Pricegains realized on securities							0,00	0,00
As of December 31, 2003	10.533.947	10.533.947,00	0	0,00	1,00	72.077,46	22.019,31	10.628.044,77

Notes to the consolidated financial status

(1) Company operations and legal situation

InfoGenie Europe AG, An den Treptowers 1, 12435 Berlin, Germany (hereafter referred to as "InfoGenie" or "the Company") was established on May 6, 1999. The Company and its UK subsidiary InfoGenie Ltd. (hereafter referred to "the past InfoGenie Group) develop, operate and market telephony-based information services. These comprise the subject areas of computers, games, law, taxes, health, animals/pets and telephony/electricity. Key customers of InfoGenie and its UK subsidiary are publishing houses, hardware and software merchants as well as trading companies offering their customers the services provided by the InfoGenie Group. During the period under review, the past InfoGenie Group predominantly operated in Germany and the United Kingdom.

In 2003 the companies InfoGenie Global GmbH, net sales GmbH and Click2Pay GmbH were integrated or acquired by InfoGenie (hereafter referred to as "the new InfoGenie Group"). This produced a diversification of the existing fields of business and, therefore, a reduction of the organization's one-sided dependence on business trends prevailing in the past InfoGenie Group's call center activities.

The (new) subsidiary InfoGenie Global GmbH is primarily engaged in developing software. The principal business partner of InfoGenie Global GmbH is Crosskirk s.l., a wholly owned subsidiary of InfoGenie Global GmbH until early October 2003. Objects of the subsidiary InfoGenie Global GmbH: development and realization of projects in the field of e-commerce, individual measures, production and distribution of payment solutions, software, media and entertainment products of every description along with all associated transactions, imports/exports, wholesale, mail order and retail trade, services offered by phone, on-line, by cable, satellite TV, CD-ROM, settlement and collection of charges for such services on behalf of third parties.

The objects of the (new) subsidiary Click2Pay GmbH include the development and realization of projects in the field of e-commerce, individual measures, production and distribution of payment solutions, software, media and entertainment products of every description along with all associated transactions, imports/exports, wholesale, mail order and retail trade, consultancy and other services on behalf of third parties, acquisition and allocation of licenses, services offered by phone, online, cable, satellite TV, CD-ROM, and settlement of charges for such services on behalf of third parties.

The objects of the (new) subsidiary net sales GmbH include setting up and marketing advertising space as well as taking care of and providing consultancy services to companies engaged in these fields of activity.

Business operations of the new InfoGenie Group in the year under review extended to include Germany and the United Kingdom and, temporarily, to Spain as well, via Crosskirk s.l.

As regards the Group's business models employed in 2003, kindly refer to the notes under No. (2) "Revenue recognition".

Please refer to No. (3) of the notes for a description of the corporate structure of the InfoGenie Group.

Since the beginning of 2003, ebs Holding AG has been the majority shareholder of the InfoGenie Group, accounting for more than app.80% in direct or indirect holdings. InfoGenie was included for the first time in the consolidated financial statements as at 31 December 2003 of ebs Holding AG.

(2) Summary of essential accounting and valuation policies

Accounting principles

The present consolidated financial statements of InfoGenie were prepared in accordance with the United States' Generally Accepted Accounting Principles ("US-GAAP"). The enterprises in which InfoGenie has a controlling interest were consolidated.

With regard to the final consolidations effected in 2003, reference is made to No. (3) of the Notes.

All material transactions between companies belonging to the consolidation perimeter were eliminated in the course of the consolidation.

All amounts are shown in EUR or, where indicated, also in EUR k and in EUR million. The Company's fiscal year ended on 31 December 2003 (balance sheet date).

Previous-year information

Not freely available cash and cash equivalents from lease guarantees amounting to EUR 61 k (previous year: EUR 74 k) were reclassified as other assets in the year under review. The previous year's figures were adjusted accordingly.

On the basis of CON 6, par. 25, 49 and 213, the item "Shortfall not covered by equity" (EUR 98 k) was no longer reported separately under assets and liabilities since, according to US-GAAP, this does not represent an asset. According to this the Balance-sheet amount of the previous year changed.

Use of estimates

The preparation of the consolidated financial statements in conformity with US-GAAP calls for estimates and assumptions to be made to a certain extent that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the year under review. The actual results may differ from the amounts estimated. No change was made to the method of performing estimates in 2003.

Foreign currency translation

The Company's financial statements are prepared in Euros. The functional currency of the foreign subsidiary, InfoGenie Ltd., Windsor, Berkshire, UK (hereafter referred to as "InfoGenie Ltd.") is the British pound sterling. The amounts relating to assets and liabilities of InfoGenie Ltd. reported in the consolidated balance sheet are translated at the exchange rate prevailing on the date of the financial statements. Shareholders' equity is translated at historical exchange rates. Revenues, expenses and income posted in the profit & loss statement are translated at average rates of exchange in effect during the year. Differences arising from foreign currency translation are recorded without this affecting the operating result and reported under cumulative other comprehensive income).

The level of other comprehensive income declined by EUR 15 k in fiscal 2003, from EUR 37 k to EUR 22 k. Of this sum, EUR 7 k relate to property, plant and equipment. For simplification purposes, foreign currency translations are consolidated along with additions in the consolidated fixed asset movement schedule. Further notes on other comprehensive income have been dispensed with as these are not material in nature.

Differences arising from foreign currency translation between the nominal value of a transaction when consummated and the date on which it is either settled or translated for inclusion in a consolidated balance sheet are recognized as impacting on profit and loss and included under "Other operating expenses" (previous year: "Other operating income"). Expenses associated with foreign currency translation and charged to operations amounted to EUR 1 k in fiscal 2003 (previous year: EUR 53 k in expenses).

Cash and cash equivalents

All highly liquid investments with maturities of no longer than three months are considered to be cash equivalents. The market value of cash and cash equivalents corresponds to the carrying values thereof. Not freely available cash and cash equivalents from lease guarantees amounting to EUR 61 k (previous year: EUR 74 k) were reclassified as other assets in the year under review and the previous-year figures were adjusted accordingly.

Trade accounts receivable

Appropriate adjustments are made to the values of receivables subject to discernible risks. Uncollectible claims are written off the accounts.

Trade accounts receivable from associated companies

As at 31 December 2003, trade accounts receivable from associated companies essentially comprise claims on ebs Electronic Billing Systems AG amounting to EUR 437 k, Wire Card Processing GmbH (EUR 35 k) and Wire Card AG (EUR 9 k).

Accounting for long-lived assets

At each date of its financial statements, the Company evaluates the recoverability of the carrying amount of its long-lived assets in accordance with Statement of Financial Accounting Standard (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be disposed of".

Whenever events or changes in circumstances indicate that the carrying amounts of those assets may not be recoverable over the remaining amortization period, the Company will compare undiscounted net cash flows estimated to be generated by those assets to the carrying amount thereof. To the extent that these expected net cash flows are less than the carrying amounts of the assets, the Company will record impairment losses to write the asset down to fair value.

For a breakdown of long-lived assets (historic acquisition costs, additions, disposals, cumulative amortisation and depreciation, write-downs in the year under review and carrying values) please refer to the attached fixed asset movement schedule.

Accounting for long-lived assets

Office equipment is stated at cost and depreciated using the straight-line method over the estimated useful life. For computer hardware this period is three to five years, and ten years for office equipment and furniture.

Any gains or losses on disposal of such assets are recorded as other operating income and expenses. Maintenance work and minor repairs are charged to operations as incurred.

(Normal) depreciation of property, plant and equipment (EUR 192 k) was recognized under general administrative expenses.

Accounting for intangible assets

Purchased software is stated at cost and depreciated using the straight-line method over the estimated useful life of the software, generally three years.

In accordance with SOP 98-1.24 and SOP 98-1.21, respectively, the costs incurred in fiscal 2003 in developing and perfecting the internally produced software system "VCC System and/or infogenie.net" amounting to approx. EUR 119 k were capitalized as additions in 2003 under intangible assets.

(Normal) amortization and depreciation of intangible assets (EUR 95 k) was recognized under general administrative expenses.

Notes to the consolidated financial status

Accounting for goodwill

Based on the projections of InfoGenie Global GmbH, the sale of Crosskirk s. l., Palma de Mallorca by InfoGenie Global GmbH and the high risk of obsolescence of the business model of telephony operations, in particular due to the new statutory restrictions and general conditions, the goodwill of InfoGenie Global GmbH was subjected to unscheduled amortization by EUR 111 k on a par-tial value of EUR 4,300 k (impairment charges) and recognized separately under amortization of goodwill. Unscheduled goodwill amortization in InfoGenie Ltd. in the previous year came to EUR 0 k.

Amortization of goodwill (EUR 111 k) is recognized separately within the consolidated profit & loss statement under the appropriate designation.

Accounting for financial assets

Financial assets, amounting to EUR 300 k, relate to a loan granted to United Payment GmbH, earning 5.25% in interest p.a. The loan was to expire on 31 December 2003 and was renewed for a further year. The loan was not classified as short-term in nature.

Advertising costs

Costs of advertising measures and trade fairs were recognized as expenses. In fiscal 2003 these came to EUR 88 k (previous year: EUR 73 k).

Revenue recognition

Revenues from the sale of services are recognized when there is sufficient evidence that a sales arrangement exists, service has been performed, the price is fixed or determinable, and it is probable that payment will be received.

The two companies InfoGenie Europe AG and InfoGenie Ltd. earn revenues from operating telephony-based consultancy services. For the most part revenues are generated with business customers such as publishing houses, software companies and hardware producers and trading enterprises, with these two companies acting as outsourcing partners. In doing so, two different business models are applied, requiring either the business customer itself to pay for the services provided by InfoGenie Europe AG or InfoGenie Ltd. or for the entity in question to act only as an intermediary, with the person seeking advice paying for the service in question.

These two models are implemented by using different types of telephone number ranges, with phone calls being free of charge for persons seeking advice or just the cost of a normal telephone call being billed on the one hand, or both the total cost of a phone call plus the cost of the advice received being billed on the other.

Under the first model, the two companies of the InfoGenie Group generate their revenues directly from their business customers (B2B). Under this model revenues recognized correspond to the amounts received from the business customers less the fees paid to the local telephone company.

Under the second model (B2C), the revenues correspond to the charges passed on by the telephone companies to the two member companies of the InfoGenie Group. The telephone companies are responsible for invoicing the final customer and for remitting the amounts to which the two companies are entitled. The charges are remitted to the Group one month after the service is provided. Using the second model, the business partners receive a commission carried as an expense.

Revenues are recognized at the end of the telephone call. Depending on the business model, revenues correspond to the net amounts payable by the telephone companies and by the business partners, respectively.

InfoGenie Global GmbH earns its revenues from licensing software to external third-party companies. In return, InfoGenie receives individually agreed license fees and royalties.

In the process, either a percentage of the revenues realized by the licensee is charged, or the licensee is billed with a fixed amount on a monthly basis. In the first case, netting of the license fee is partially delayed by one month since the licensee's monthly statement must be available as the basis for computing the license fees.

At net sales GmbH, the AdClicks (advertising banners generated/page impressions) sold are recorded on a monthly basis using appropriate electronic tools and used as the basis for determining the revenues realized. An advertising prompt is valued as a successful transaction and, therefore, as a source of revenue, once an Internet user is induced by an advertising banner to follow a link to which it points. The number of web page clicks is then multiplied by the contractually agreed price, booked as revenue and billed to the principal accordingly.

Click2Pay GmbH (C2P) is engaged in processing electronic payment solutions via the Internet and generates its revenues by retaining discounts of the invoice amounts and netting the relevant transaction charges.

By using an electronic "wallet", merchandise and services can be settled via the Internet. To do so, the wallet must initially be charged by the final user, which is done by debiting a credit card or by direct debit to an account. When purchasing a piece of merchandise, the selling price is

retained from this electronic wallet and disbursed to the shop operator/service provider (merchant). For each of the previously indicated transactions (charging the wallet, paying for the goods, paying out the money to the merchant), C2P retains a fraction for performing the relevant services, ultimately generating this company's revenues.

As a rule, settlement is effected on a monthly basis by determining and netting the total number of all transactions and the discount portion.

Allocations

Government grants are initially carried as liabilities under special items relating to grants and recognized as income over a period of 84 months (on a lump-sum basis). Such grants recognized as income amounted to EUR 58 k in fiscal 2003 (previous year: EUR 53 k).

Trade accounts receivable from associated companies

As at 31 December 2003, trade accounts receivable from associated companies essentially comprise EUR 383 k in liabilities to the parent company, ebs Holding AG, and EUR 60 k to United Payment GmbH.

Provisions

Provisions take account of all discernible risks and uncertain liabilities and have been set up to an appropriate extent in accordance with prudent judgment. All discernible risks were taken into consideration.

Income taxes

In recognizing deferred taxes, on principle the Company applies the 'liability method' in accordance with the Statement of Financial Accounting Standard (SFAS) 109, "Accounting for Income Taxes". Under the liability method, deferred taxes are determined based on the differences limited in time between recognition of asset and liability items in the financial statements and the tax balance sheets using enacted tax rates in effect in the years in which the differences are expected to reverse. Valuation adjustments to deferred tax assets are made if the probability of a tax benefit being realized is below 50%. As at 31 December 2003, deferred taxes amounting to EUR 4,297 k were adjusted in the amount of EUR 2,297 k. EUR 2,000k in deferred taxes fully adjusted as at 31 December 2002 were carried as assets as at 31 December 2003 (previous year: EUR 0 k). They relate exclusively to tax loss carryforwards and their partial realization.

Earnings per share

In accordance with SFAS 12, "Earnings per Share", basic earnings per share are calculated using income available to common shareholders divided by the weighted average of common shares outstanding during the year (time-weighted average).

In determining diluted earnings per share, in addition such instruments as options (which may potentially have a dilutive effect on stock prices) are included in the weighted average for the time in question. However, for all periods presented, no such instruments were issued; accordingly, basic and diluted earnings per share are identical.

Based on the points in time at which the capital increases were registered, 1,058,947 shares were weighted at 8/365, 1,808,847 shares at 74/365, 8,308,947 shares at 246/365 and 10,533,947 shares were weighted at 37/365. For the year 2003, this weighting resulted in an average of 7,057,762 shares issued.

Derivatives

In June 1998 the Financial Accounting Standards Board (FASB) issued SFAS 133 ("Accounting for Derivative Instruments and Hedging Activities"), which establishes accounting and reporting standards requiring that derivative financial instruments be recorded in the balance sheet as either an asset or a liability measured at its fair value. The Company has applied this regulation since 1 January 2001. As at 31 December 2003, no derivative financial instruments were held by the InfoGenie Group. Accordingly, the application of this new regulation has no influence on the earnings or financial situation of the InfoGenie Group.

New accounting standards

In July 2001, the FASB released SFAS 141, "Business Combinations", and 142, "Goodwill and Other Intangible Assets". SFAS 141 requires the use of the carrying value method of accounting for all combinations of businesses independent of one another initiated after 30 July 2001. On balance, there is a probable tendency of intangible assets being accounted for to a greater extent than under Accounting Principles Board Opinion ("APB") 16, although in some exceptional cases amounts previously carried as intangible assets would now likewise need to be assigned to goodwill. SFAS 141 requires that upon adoption of SFAS 142, companies must reclassify the carrying amounts of certain intangible assets and goodwill accordingly.

Notes to the consolidated financial status

Under SFAS 142, goodwill is no longer amortized using the straight-line method over its expected useful life but tested for impairment on an annual basis and whenever indicators of impairment arise. In addition, goodwill on equity method investments will no longer be amortized; however, it will continue to be tested for impairment in accordance with APB No. 18, "The Equity Method of Accounting for Investments in Common Stock". Under SFAS 142, intangible assets with indefinite lives will not be amortized. On the other hand, they are recognized at their lower carrying amount at each date of the financial statements and evaluated for the recoverability of their carrying amount at least once a year (impairment only approach). All other intangible assets continue to be amortized according to schedule.

SFAS 142 is to be adopted for the first time in fiscal years beginning after 15 December 2001. Nevertheless, goodwill arising from combinations of businesses independent of one another taking effect after 1 July 2001 has no longer been amortized since as early as the previous fiscal year.

The Company has adopted SFAS 142 since fiscal 2002 and determined the resulting effect on goodwill and indefinite lived intangible assets, in particular with regard to valuation adjustments required, using the impairment only approach. Cumulative effect adjustments to goodwill in fiscal 2003 amount to EUR 111 k.

In June 2001, the FASB issued SFAS 143, "Accounting for Asset Retirement Obligations". SFAS 143 establishes accounting requirements for retirement obligations associated with tangible long-lived assets, including (1) the timing of the liability recognition, (2) initial measurement of the liability, (3) allocation of asset retirement cost to expense, (4) subsequent measurement of the liability and (5) financial statement disclosures. SFAS 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset to be retired.

The originally recognized liability is subject to interest in subsequent periods; the interest rate applicable is the credit-adjusted risk-free rate that existed when the liability was initially measured. The annual increase in liability due to the interest effect must be carried as an expense and reflected in the operating results. SFAS 143 applies to fiscal years starting after 15 June 2002.

The Company adopted SFAS 143 for the first time in fiscal 2003, and this rule did not result in any material impact thereof on the Company's financial and earnings position or its cash flow.

In August 2001, the FASB issued SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS 144 establishes a single accounting model for long-lived assets to be disposed of by sale consistent with the fundamental provisions of SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of".

Whilst it supersedes APB Opinion No. 30, "Reporting the Results of Operations – Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", the standard retains the presentation of discontinued operations but broadens the requirements to include components of an enterprise (rather than limiting them to segments).

However, discontinued operations are no longer recorded at net realizable value and future operating losses are no longer recognized before they actually occur. In testing for impairment, goodwill no longer needs to be allocated to the relevant long-lived assets.

Beyond that, the standard also establishes a probability weighted cash flow estimation approach to deal with situations in which there is a range of cash flows that may be generated by the asset being tested for impairment. SFAS 144 also establishes the criteria for determining when an asset should be treated as held for sale.

SFAS 144 is effective for fiscal years beginning after 15 December 2001 and interim periods within those fiscal years, with early application encouraged.

The provisions of the new standard are to be applied prospectively. At present, the Company is discontinuing the operations of InfoGenie France S.A.R.L. and InfoGenie Italia S.r.l.

Due to the relatively minor role of these two subsidiaries (materiality concept), the two subsidiaries were finally consolidated in fiscal 2003, which means that the new rules of SFAS 144 did not apply.

Maturities

The sum total of assets and liability items realized within the next twelve months were stated under the assets and liabilities side of the balance-sheet total in the form of "thereof" notations. In the case of assets, they exclusively relate to current assets.

The loan to United Payment GmbH posted under financial assets was classified as long-term in nature. Under liabilities, the "thereof" notations refer to short-term liabilities and part of the special item for grants.

(3) Consolidation perimeter and company law related restructuring measures

Info Genie Ltd., United Kingdom

On 5 July 2000 the Company acquired all equity interests in InfoGenie Ltd. by way of an increased contribution in kind for 403,683 shares issued. The business activities of InfoGenie Ltd. are identical to those of InfoGenie described in No. (1) of the notes. The purchase was accounted for using the acquisition method. Accordingly, the purchase price was allocated to the assets acquired, based on the evaluation of their fair values at the date of acquisition. The operating results of InfoGenie Ltd. were included in the Company's consolidated figures since the date of acquisition.

InfoGenie France S.A.R.L., Paris, France (hereafter referred to as "InfoGenie France")

On 22 August 2000 the subsidiary InfoGenie France was established. InfoGenie France has not developed business operations and will be liquidated by the end of fiscal 2004. On account of the materiality concept, InfoGenie France was finally consolidated in 2003. The liquidation costs of this business division being discontinued were taken into consideration as far as the anticipated liquidation results are concerned. In addition, reference is made to No. 1.9 Liquidation of InfoGenie France S.A.R.L. and InfoGenie Italia S.r.l. in the summarized and in the consolidated management reports. In line with the materiality principle, we have dispensed with the need to provide further particulars on the liquidation.

InfoGenie Italia S.r.l., Milan, Italy (hereafter referred to as "InfoGenie Italia")

On 22 June 2000, InfoGenie Italia was incorporated as a private limited company under Italian law. InfoGenie Italia has not developed business operations and will be liquidated in fiscal 2004. On account of the materiality concept, InfoGenie Italia was finally consolidated in 2003. The liquidation costs were taken into consideration as far as the anticipated liquidation results of this business division being discontinued are concerned.

In addition, reference is also made to No. 1.9 Liquidation of InfoGenie France S.A.R.L. and InfoGenie Italia S.r.l. in the summarized and in the consolidated management reports. In line with the materiality principle, we have dispensed with the need to provide further particulars on the liquidation.

InfoGenie Global GmbH, Grasbrunn

Upon entry in the Commercial Register on 24 March 2003, InfoGenie Global was integrated in InfoGenie in terms of a contribution in kind by ebs Holding AG. At the time of the contribution, InfoGenie Global was the sole shareholder of Crosskirk s. l. Palma de Mallorca, Spain, which is responsible for marketing telephony-based settlement systems for value added numbers. The initial consolidation of InfoGenie Global took place on 24 March 2003. The purchase was accounted for using the acquisition method. The purchase price was allocated to the assets acquired, based on the evaluation of their fair values at the date of acquisition. At InfoGenie, the (initial) capital consolidation for InfoGenie Global as at 25 March 2003 produced EUR 4,411 k in goodwill. The operating results of InfoGenie Global were included in the Company's consolidated figures since the date of acquisition (24 March 2003).

The change in the legal situation concerning telephony-based value added numbers in the course of 2003 led to changes in terms of factual circumstances which also impacted on the corporate policy of the InfoGenie Group. Effective as of 20 October 2003, Crosskirk s. l. was sold, resulting in a corresponding valuation adjustment having to be made for InfoGenie Global in the annual financial statements for 2003. With the adoption of SFAS for the first time, the impairment test resulted in a cumulative effect adjustment amounting to EUR 111 k. As the license agreement between InfoGenie and Crosskirk s. l. remains in place, however, there have been no changes to InfoGenie's fundamental business model. In addition, reference is made to No. 1.6 Development of InfoGenie Global GmbH, Grasbrunn, in the summarized and consolidated management reports. The operating results of InfoGenie Global have been included in the Company's consolidated figures since the date of acquisition. The operating results of InfoGenie Global until the time of the initial consolidation are solely taken into account in terms of the capital consolidation.

As regards the inclusion of InfoGenie Global and its subsidiary Crosskirk s. l., Palma de Mallorca, Spain, in the consolidation perimeter of InfoGenie, it must be borne in mind that the decisive requirements were met following registration of the increased contribution in kind in the Commercial Register on 24 March 2003.

In view of the fact that in October 2003, Crosskirk s. l., Palma de Mallorca, Spain, was sold effective as of 30 September 2003, unlike the procedure within the scope of quarterly reports up to and including III/03 consolidated sales revenues and the cost of sales had to be adjusted accordingly in the 2003 consolidated annual financial statements. However, this had no impact on gross earnings relevant to the Group or on the licensing terms of the two companies. As part of the quarterly reporting for III/03, the company already disclosed that the sale had been effected.

The acquisition of InfoGenie Global had a direct and an indirect impact on Group earnings of InfoGenie in 2003, with a positive overall contribution to earnings amounting to EUR 1,210 k.

Notes to the consolidated financial status

net sales GmbH, Grasbrunn (referred to hereafter as "net sales")
Following an entry made in the Commercial Register on 25 November 2003, 50% of the shares in net sales were transferred to InfoGenie as a contribution in kind. The remaining 50% of the shares in net sales had already been acquired in the 3rd quarter of 2003. The initial consolidation in accordance with SFAS 141.48 was made effective as of 31 December 2003. The purchase was accounted for using the acquisition method.

The purchase price was allocated to the assets acquired, based on the evaluation of their fair values at the date of acquisition. At InfoGenie, the (initial) capital consolidation for net sales as at 31 December 2003 produced EUR 167 k in goodwill. The operating results of net sales will be included in the Company's Group earnings figures as of 1 January 2004. The acquisition of net sales therefore had neither a direct nor an indirect impact on InfoGenie's Group operating results in 2003. The operating results of net sales until the time of the initial consolidation are solely taken into account in terms of the capital consolidation.

Click2Pay GmbH, Grasbrunn (referred to hereafter as "C2P")
Following an entry made in the Commercial Register on 25 November 2003, 100% of the shares in C2P were transferred to InfoGenie as a contribution in kind. The initial consolidation in accordance with SFAS 141.48 was made effective as of 31 December 2003. The purchase was accounted for using the acquisition method. The purchase price was allocated to the assets acquired, based on the evaluation of their fair values at the date of acquisition.

At InfoGenie, the (initial) capital consolidation for C2P as at 31 December 2003 produced EUR 2,068 k in goodwill. The operating results of C2P will be included in the Company's Group earnings figures as of 1 January 2004. The acquisition of C2P therefore had neither a direct nor an indirect impact on InfoGenie's consolidated operating results in 2003. The operating results of C2P until the time of the initial consolidation are solely taken into account in terms of the capital consolidation.

Issue of equity capital shares in connection with the corporate acquisitions
In connection with the three contributions in kind in 2003, InfoGenie issued 8,725,000 shares with a total par value of EUR 8,725 k. The value of each of the contributions in kind did not reflect the relevant national stock market price of the shares issued by InfoGenie at the time of registration of each increase in contributions in kind. The reasons for this are that only part of the shares are traded on the capital market and the fact that the streamlining of InfoGenie had not been completed at the respective points in time. In order to measure the relevant fair values of the contributions in kind, certified appraisals (gross rental method) by third parties are available.

Perimeter of consolidated subsidiaries
Following these company-law related restructuring measures, the subsidiaries consolidated as at the reporting date are as follows:

	Shareholding %
InfoGenie Ltd.	100
InfoGenie Global GmbH	100
Click2Pay GmbH	100
net sales GmbH	100

Uniform accounting and valuation methods apply to the perimeter of consolidated subsidiaries. The subsidiaries' shareholdings and quotas of voting rights are identical.

InfoGenie has a 100% holding in the companies finally deconsolidated in 2003 (InfoGenie France and InfoGenie Italia).

Effects of the acquisition of subsidiaries on the financial situation as at the end-of-year reporting date

In the year under review, it was possible to almost fully offset the losses of InfoGenie by means of the dividend payout and profit transfer of the integrated subsidiary InfoGenie Global GmbH in the individual annual financial statements and the contribution to earnings generated by InfoGenie Global. In the near future, too, the corporate development of the reporting company will depend on whether the business models implemented via the subsidiaries will make adequate contributions to earnings.

If the profitability of the subsidiaries integrated in the fiscal year should prove to be unwarranted, this would lead to a further reduction in liquidity holdings and in balance-sheet equity. This effect would also be further reinforced by the need to depreciate financial assets.

As in 2003, in the current fiscal year InfoGenie also assumes that the reporting company will show adequate profitability, including contributions to earnings made by the integrated subsidiaries.

(4) Cash and cash equivalents

Not freely available cash and cash equivalents from lease guarantees amounting to 61 k (previous year: 74 k) were reclassified as other assets in the year under review and the previous-year figures were adjusted accordingly.

(5) Property, plant and equipment

Please refer to the attached fixed asset movement schedule (Annex VI) for a breakdown of fixed assets including property, plant and equipment.

(6) Goodwill

Goodwill, amounting to 6,535 k (previous year: 0 k) relates to the following subsidiaries:

	2003 TEUR	2002 TEUR
InfoGenie Ltd.	0	1,242
InfoGenie Global GmbH	4,411	0
net sales GmbH	167	0
Click2Pay GmbH	2,068	0
Profifon	0	46
abzüglich:	-111	-1,288
	6,535	0

Impairment charges on goodwill for the fiscal year were accounted for solely by InfoGenie Global GmbH (111 k). The charges in question are included in the consolidated profit & loss statement under amortization of goodwill.

The sale of Crosskirk s. l., Palma de Mallorca, Spain, by notarial purchase deed of 20 October 2003 and effective as of 30 September 2003 took place without impacting on the business model of InfoGenie Global. InfoGenie Global's goodwill was adjusted at the time of the 2003 consolidated annual financial statement since the license revenues will turn out substantially lower in future due to the changes to the legal framework conditions that occurred in the fall of 2003. Please refer to the attached fixed asset movement schedule for further details on trends relating to goodwill.

(7) Provisions

Provisions are shown in the following breakdown:

	2003 TEUR	2002 TEUR
Tax provisions	1,254	80
Other provisions	113	44
Social insurance institutions	87	87
Risks of litigation	50	25
Royalties	36	37
Provisions for employee leave	17	51
Anticipated losses	10	20
Legal/consultancy/transaction costs	3	267
Incoming invoices outstanding	0	98
	1,570	709

(8) Shareholders' equity

Common stock
The increase in the subscribed capital relates for the one part to the 6,500 k capital increase, from 1,809 k to 8,309 k, via the contribution in kind of 100% of the shares in InfoGenie Global GmbH. This capital increase was effected on the basis of a resolution adopted at the General Meeting on 27 December 2002. This increase in the contribution in kind was entered in the Commercial Register on 24 March 2003.

The 2,050 k capital increase from 8,309 k to 10,359 k relates to the contribution in kind of 100% of the shares in Click2Pay GmbH on account of a resolution adopted by the Board of Management on 24 October 2003 and the 175 k increase in the contribution in kind, from 10,359 k to 10,534 k, of 50% the shares in net sales GmbH based on a resolution adopted by the Board of Management on 19 September 2003. Each of the two increases in contributions in kind was entered in the Commercial Register on 25 November 2003. Pursuant to § 4 par. 2 of the articles of incorporation of InfoGenie in the version applicable at the time of registration in the Charlottenburg Commercial Register of 25 June 2003, the Board of Management was authorized in the relevant cases to increase the common stock of InfoGenie on one or several occasions by issuing new shares against cash and/or contributions in kind, up to a total of 2,225 k. The capital approved as at 31 December 2002 was therefore fully used in fiscal 2003.

The value of the Company's common stock as at 31 December 2003 amounted to 10,534 k. Common stock at year-end was divided up into 10,533,947 shares with a par value of 1.00 each. The shares have been fully paid up. As regards the development of the number of no-par-value shares issued, please refer to the consolidated statement of equity movements (Annex IV).

Capital reserve
As at 31 December 2003, the capital reserve amounted to EUR 1.00 (previous year: EUR 1.00).

Other comprehensive income
With reference to other comprehensive income, reference is made to the statements in "Currency translation" under (2), "Summary of essential accounting and valuation policies" and to the consolidated statement of equity movements (Page 22/23).

Notes to the consolidated financial status

(9) Taxes on income and profits

Tax provisions as at 31 December 2003 (corporation tax, solidarity surcharge and trade tax) relate to the subsidiary InfoGenie Global and the tax assessment period of 2002.

Gains made from taxes on income and profits, amounting to EUR 2,008 k, relate to the partial capitalization of deferred taxes amounting to EUR 2,000 k on the one hand and EUR 8 k in income tax refunds of InfoGenie from previous years on the other.

The following table shows the transfer of anticipated taxes on earnings based on a combined tax rate of 38.90%, comprising corporation tax (including solidarity surcharge) of 26.38% and trade earnings tax of 17.01% for 2002 and 2003, respectively:

	2003	2002
	TEUR	TEUR
Expected Group tax benefit from corporate income taxes before such taxes	3	1.532
Merger related losses	0	1.577
Amortization of non-tax-deductible goodwill	-43	-501
Other tax-free income	124	0
Adjustment of capitalized, deferred taxes in previous year	-1.141	0
Adjustment of valuation allowance on capitalized, de-ferred taxes in previous year	1.141	0
Changes in valuation allowance on deferred taxes	-84	-2.608
Adjustment of valuation allowance on capitalized de-ferred taxes on account of partial realization of loss carryforwards	2.000	0
Other	8	0
Taxes on income and profits	2.008	0

Deferred income tax assets are shown as follows:

	2003	2002
	TEUR	TEUR
Deferred tax assets (gross)	5.522	5.522
Adjustments in 2002	-1.141	0
Adjusted, deferred tax assets (gross)	4.381	5.522
Disposals of deferred taxes in 2003	-84	0
(cumulative) valuation allowances	2.297	5.522
Deferred tax assets (net)	2.000	0

Both as of 31 December 2003 and 2002, there were no temporary differences between the values reported in the tax balance sheet and in the consolidated financial statements according to US-GAAP. As of 1 January 2004, write-downs of internally developed software capitalized in the consolidated annual financial statements as at 31 December 2003 will need to be reconsidered.

As at 31 December 2003, the Group had tax loss carryforwards amounting to EUR 11,048 k, accounted for by InfoGenie to an extent of EUR 11,005 k and by Click2Pay in an amount of EUR 43 k.

According to current tax law, InfoGenie's loss carryforwards can be utilized without any time limits being imposed. On the other hand, German tax law provides for loss carryforwards to lapse in certain circumstances.

The Company performed valuation adjustments for part of deferred taxes in re-spect of the current loss carryforwards for which the realization of the tax benefit is less probable than its expiry. Taking account of whether or not these loss carryforwards can be realized on a subsequent basis, the Company made a EUR 2,297 k adjustment to its capitalized deferred taxes as at 31 December 2003 amounting to EUR 4,297 k, to EUR 2,000 k. Based on the plans and decisions by the Supervisory Board and the Board of Management at end-2003, in terms of which additional profitable subsidiaries are to be integrated by the parent company of InfoGenie Europe AG, the provisions set up for deferred taxes in the previous year, amounting to EUR 2,000 k, were reversed.

With regard to deferred taxes, reference is also made to the statements on "In-come tax" under (2) "Summary of essential accounting and valuation policies".

(10) Reporting by segment

SFAS 131 ('Disclosures about Segments of an Enterprise and Related Information') requires business enterprises to report information on operating segments and requires disclosure on products and services, geographical locations and major customers. SFAS 131 calls for information to be disclosed in accordance with the so-called 'management approach', i.e. relying on the information used by the management for resource planning purposes and in determining performance.

Regional breakdown of InfoGenie Group revenues:

	2003	2002
	TEUR	TEUR
Regional revenue breakdown		
Germany	2.484	1.854
United Kingdom	990	1.117
Spain	1.113	0
	4.587	2.971

	2003	2002
	TEUR	TEUR
Breakdown of sales revenues by operating divisions		
Telephone service	2.885	2.902
Internet payment systems	1.165	44
Consulting	374	0
Other	163	25
	4.587	2.971

	2003	2002
	TEUR	TEUR
Operating result I by operating divisions (gross profit on sales)		
Telephone service	1.616	1.615
Internet payment services	1.137	27
Consulting	374	0
Other	162	16
	3.289	1.658

	2003	2002
	TEUR	TEUR
Operating result II by operating divisions (earnings before taxes)		
Telephone service	-1.299	-3.789
Internet payment services	957	-66
Consulting	254	0
Other	96	-38
	8	-3.893

	2003	2002
	TEUR	TEUR
Regional breakdown of long-term assets		
Germany	7.307	515
United Kingdom	156	225
	7.463	740

	2003	2002
	TEUR	TEUR
Regional segment liabilities		
Deutschland		
Trade payables	472	471
Liabilities to associated companies	443	62
Financial liabilities	135	0
Provisions	1.541	616
Other liabilities	561	60
	3.152	1.206

	2003	2002
	TEUR	TEUR
United Kingdom		
Trade payables	88	143
Financial liabilities	2	23
Provisions	17	80
Other liabilities	0	10
	107	256

	2003	2002
	TEUR	TEUR
Other		
Trade payables	51	8
Provisions	13	11
Other liabilities	176	37
	240	56
	3.499	1.521

	2003	2002
	TEUR	TEUR
Breakdown of segment debt by operating divisions		
Telephone service		
Trade payables	611	621
Liabilities to associated companies	383	62
Financial liabilities	137	23
Provisions	412	708
Other liabilities	99	107
	1.642	1.521

	2003	2002
	TEUR	TEUR
Internet payment services		
Liabilities to associated companies	60	0
Provisions	1.145	0
Other liabilities	463	0
	1.668	0

	2003	2002
	TEUR	TEUR
Other		
Provisions	13	0
Other liabilities	176	0
	189	0
	3.499	1.521

(11) Fair value of financial instruments

Financial assets and liabilities with carrying amounts approximating fair value include cash and cash equivalents, trade receivables, and liabilities. The InfoGenie Group uses no other financial instruments.

(12) Transactions with associated companies and closely related persons

In fiscal 2003 various agreements for financing were in place between InfoGenie for the one part and InfoGenie Ltd. and InfoGenie Global GmbH and net sales GmbH for the other. These transactions were eliminated in the course of the consolidation of debt and earnings.

Notes to the consolidated financial status

(13) Other liabilities: rentals

The InfoGenie Group member companies entered into operating lease agreements for office space. The annual payments from these agreements over the next five years are as follows:

	2004	2005	2006	2007	2008
	TEUR	TEUR	TEUR	TEUR	TEUR
Annual rent payable	225	178	42	0	0

Legal matters

Provisions for uncertain liabilities to social insurance institutions (87 k) relate to a liability risk to the Bundesversicherungsanstalt für Angestellte (BfA), (the German federal pensions office for salaried employees). Within the scope of an audit as to whether an expert/team head is liable to compulsory insurance, the BfA came to the conclusion that this indeed was an employment relationship giving rise to mandatory social insurance. Accordingly, provisions were retroactively set up for the social insurance contributions of seven team heads of InfoGenie Europe AG, Berlin, for periods of employment beginning in the year 2000.

Provisions for litigation costs relate to proceedings currently pending. Due to a legal dispute in the field of personnel management, provisions for risks of litigation in 2003 were raised by EUR 25 k.

(14) Operational environment and 'going concern' assumption

The current consolidated financial statements of InfoGenie were prepared on the assumption that it will continue trading ('going concern premise'); in accordance with this assumption, the recoverability of the value of assets tied to the Company and repayment of liabilities outstanding are assumed to occur within the ordinary course of business.

For fiscal 2003, the consolidated operating result came to EUR 2,016 k. The measures initiated since the year 2001 to reduce costs in the InfoGenie Group extend to include the partial transfer of administrative functions to ebs Holding AG. The portfolio of cash and cash equivalents amounted to EUR 312 k at end-February 2004. The integration of the new fields of activity will ensure that the InfoGenie Group has the necessary level of cash and cash equivalents required for the Company to continue its ongoing business activities. Accordingly, the consolidated financial statements were prepared on the 'going concern' assumption.

(15) Additional disclosure requirements according to § 292a of HGB relating

Board of Management

Members of the Board of Management in fiscal 2003:

- Thomas Dehler Diplom-Ingenieur; until 22 December 2003
- Jochen Hochrein Dipl.-Wirtschaftingenieur
- Stephan Grell businessman; since 1 January 2004

In the period under review, EUR 229,499 was paid out to the members of the Management Board.

Since 1 January 2004, Stephen Grell, businessman, has been the member of the Management Board responsible for Marketing and Distribution.

Supervisory Board

Members of the Supervisory Board in fiscal 2003:

- Klaus Rehnig (Chairman), businessman
 - other supervisory board mandates:
 - ebs Holding AG, Grasbrunn
 - ebs Electronic Billing Systems AG, Grasbrunn
 - Wire Card AG, Grasbrunn
 - RLPR AG, Idstein
 - Proteosys AG, Mainz
- Alfons Henseler (Deputy Chairman), business consultant
 - other supervisory board mandates:
 - ebs Electronic Billing Systems AG, Grasbrunn
 - Weider AG, Bad Homburg
 - Korff AG, Hamburg
- Ralf Stark, Management-Coach
 - no other supervisory board mandates:

According to § 14 of the articles of incorporation of InfoGenie Europe AG, Supervisory Board members are paid the following each year:

Name	Function	Period	Remuneration
Klaus Rehnig	Chairman	01.01.- 31.12.2003	10.000 EUR
Alfons Henseler	Deputy	01.01.- 31.12.2003	7.500 EUR
Ralf Stark	Member	01.01.- 31.12.2003	5.000 EUR
Total remuneration			22.500 EUR

Remuneration paid to the Supervisory Board in fiscal 2003 totaled EUR 23 k (previous year: EUR 23 k).

Personnel expenses

Personnel expenses in fiscal 2003 amounted to EUR 1,200 k in line with the following breakdown:

	TEUR
Payroll	1.053
Social security contributions	147
	1.200

Personnel expenses are included in general administrative expenses.

Employees

In fiscal 2003 the Group's workforce (excluding the Board of Management) averaged 27 employees (previous year: 29). At the end of the fiscal year, the Company had a workforce of 26 employees (including the Board of Management), engaged in the following functions:

	2003	2002
Vorstand	2	1
Vertrieb	7	6
Verwaltung	14	18
Forschung und Entwicklung	3	2
Gesamt	26	27

(16) Significant differences between US GAAP and the German Commercial Code

General:

The consolidated financial statements of InfoGenie as at 31 December 2003 were prepared as exempting consolidated financial statements in accordance with § 292a of the German Commercial Code (HGB). The provisions of the German Commercial Code (HGB) and German Companies Act (AktG) differ from U.S. GAAP in certain material respects. The main differences that may be relevant to an evaluation of equity, the financial position and results of the InfoGenie Group are described below:

Classification structure of (Group) balance sheet and (Group) profit & loss statement

According to HGB, all items of the (Group) balance sheet and of the (Group) profit & loss statement have to be reported and classified in accordance with §§ 266, 275 of HGB read in conjunction with § 298 par. 1 of HGB. U.S. GAAP requires a different classification according to ease of liquidating balance sheet items. According to US-GAAP, short-term components of long-term receivables and liabilities are reported as separate (Group) balance sheet items. Portions falling due in less than one year are treated as short-term.

Internally developed software

According to U.S. GAAP, cost to develop software to be sold, leased, or otherwise marketed can be capitalized if certain criteria are met and amortized over its estimated useful life. According to HGB, internally developed software forming part of fixed assets cannot be capitalized.

Goodwill

Under US-GAAP, the valuation in connection with the acquisition method is based on fair market values of the net assets at the time of the business combination. The difference between the fair values of net operating assets and consideration given represents the goodwill which is not amortized according to schedule but which is to be subjected to an annual impairment test. Income generated by the company acquired is only reported after the date of acquisition. According to HGB, only the acquisition method is to be applied; goodwill arising in the process must be amortized on schedule or openly netted against reserves and, in certain circumstances, income of the company acquired may be retroactively reflected.

Deferred taxes on loss carryforwards

According to HGB, deferred tax refund claims arising from loss carryforwards may not be shown on the (Group) balance sheet as expected future tax savings are deemed to be not yet realized. According to U.S. GAAP, these types of future tax reduction claims are capitalized. Their value depends on the probability of the loss carryforwards being utilized within the planning period, i.e. whether they can be netted against taxable profits at a later stage. Taking account of the uncertainty as to whether or not these loss carryforwards can be realized on a subsequent basis, the Company made a EUR 2,297 k adjustment to its capitalized deferred taxes as at 31 December 2003 amounting to EUR 4,297 k, to EUR 2,000 k. Based on the plans and decisions by the parent company of InfoGenie Europe AG at end-2003, in terms of which additional profitable subsidiaries are to be integrated, the provisions set up for deferred taxes in the previous year, amounting to EUR 2,000 k, were written back.

Costs associated with certain equity transactions

According to U.S. GAAP, costs associated with certain equity transactions (for example, public offerings of stock), net of any related income tax effects, are treated as a reduction of the proceeds from these transactions. According to HGB, these costs are recognized as expenses.

Notes to the consolidated financial status

(17) Declaration of compliance

The declaration of compliance required pursuant to § 161 of the German Companies Act (AktG) for the calendar year 2003 was signed in March 2004 and made available for download to the shareholders from the website of InfoGenie Europe AG in March 2004.

(18) Transactions with closely related enterprises and persons

The InfoGenie AG Group of companies

InfoGenie AG has the following business relations with the companies listed below.

Controlling enterprises

- ebs Holding AG, Grasbrunn
holds app. 70 % of the shares in InfoGenie Europe AG
- ebs Mobil GmbH, Grasbrunn
holds app. 10 % of the shares in InfoGenie Europe AG

Associated companies

ebs Holding AG has direct or indirect holdings as contemplated by § 285 No. 11 of the German Commercial Code (HGB) in the following additional companies:

	Shares in %
AWITO GmbH, Grasbrunn	100,0
ebs Electronic Billing Systems AG, Grasbrunn	89,5
ebs Mobil GmbH, Grasbrunn	100,0
United Payment GmbH, Grasbrunn	100,0
United Data GmbH, Grasbrunn	100,0
Wire Card AG, Grasbrunn	100,0
Wire Card Processing AG, Grasbrunn	100,0

In 2003, InfoGenie Europe AG entered into the following legal transactions and measures with the controlling enterprise (ebs Holding AG) or one of its associated companies (ebs Electronic Billing Systems AG, United Payment GmbH, United Data GmbH, Wire Card AG, Wire Card Processing AG) or on the instructions or in the interests of the companies in question:

On 24 March 2003 ebs Holding AG integrated its subsidiary InfoGenie Global GmbH into InfoGenie Group AG by way of a contribution in kind (EUR 6,500 k). In return, ebs Holding AG received 6,500,000 no-par-value shares of InfoGenie Europe AG. In doing so, ebs Holding AG attained majority voting rights in InfoGenie Europe AG for the first time. On 25 November 2003, ebs Holding AG integrated its holding in Click2Pay GmbH into InfoGenie Europe AG within

the scope of a contribution in kind. The common stock of InfoGenie Europe AG was increased by EUR 2,050 k to registered bearer shares with a par value of EUR 1.00 each. In return for integrating Click2Pay GmbH, ebs Holding acquired all the shares arising from this capital increase. On 25 September 2003, ebs Holding AG sold its holdings (50% in the common stock, or EUR 12.5 k) of net sales GmbH at EUR 36.5 k to InfoGenie Europe AG.

In connection with the contributions in kind referred to above, in 2003 InfoGenie Europe AG transferred 8,550,000 shares with a total par value of EUR 8,550 k to ebs Holding AG. The respective value of the contributions in kind at the time of the registration of the increased contribution in kind did not reflect the stock market price of the shares issued by InfoGenie Europe AG. Certified appraisals are in hand for the purpose of determining the fair value of the respective contributions in kind.

As regards specific transactions and reasons, we refer to the notes on (3) Consolidation perimeter and company-law related restructurings "Issue of equity capital shares in connection with corporate acquisitions".

1. Legal transactions

InfoGenie Europe AG performed services for ebs Electronic Billing Systems AG in the field of software development. In return for these services, InfoGenie Europe AG prepared and sent a monthly statement of services rendered (in man-days) to ebs Electronic Billing Systems AG and was paid remuneration by the latter. In 2003, a total of EUR 114,324 was invoiced by InfoGenie Europe AG to ebs Billing Systems AG. Transfer payments for an ebs Billing consultant in the United Kingdom and minor out-of-pocket expenses amounting to EUR 139.69 were netted against these amounts invoiced.

In 2003, InfoGenie Europe AG implemented a software solution in the field of online PIN/TAN payments for Wire Card AG. In return, InfoGenie Europe AG billed Wire Card AG for the services rendered, which totaled EUR 104,991.

No direct legal transactions were entered into between ebs Mobil GmbH and InfoGenie Europe AG in the year 2003. The amount shown, at EUR 5,301.99, was the result of services performed by ebs Mobil GmbH from the year 2002.

InfoGenie Europe AG advanced EUR 6,676 to InfoGenie UK Ltd. for an external consultant in 2003, who performed research work in the field of helplines while engaged by InfoGenie UK Ltd.

In return for management services performed by InfoGenie Europe GmbH, net sales GmbH was billed a total of EUR 119,800 in the year 2003. At the same time, a total of EUR 25,635.97 in invoices issued by InfoGenie Europe AG in lieu of net sales GmbH was credited.

In return for the sale of qualified address material, InfoGenie Europe AG received EUR 35,000 from Wire Card Processing AG.

On behalf of ebs Electronic Billing Systems AG, InfoGenie Europe AG advanced the salaries for a consultant in the United Kingdom amounting to EUR 24,744.31, and ebs Billing advanced EUR 924.90 to InfoGenie Europe AG employees.

In return for the services rendered by ebs Holding AG (legal consultancy and marketing), the expenses incurred were passed on to InfoGenie Europe AG on a pro-rata basis. For these services, EUR 261,675 was billed in the year 2003. In 2003, ebs Holding AG contributed EUR 149,723 to InfoGenie Europe AG in order to secure the level of liquidity.

ebs Electronic Billing Systems AG transferred commission payments made to a consultant based in the United Kingdom to InfoGenie Europe, for transfer to InfoGenie Ltd. In 2003 a total of EUR 31,420 was transferred in this respect.

In addition, InfoGenie Europe AG assumed EUR 4,635.32 in legal and consultancy costs within the scope of a due diligence audit. Expenses amounting to EUR 24,744.31 for consultants' fees from July to September 2003 were netted against the amount above.

For the purpose of finalizing the liquidation of InfoGenie France S.A.R.L., InfoGenie Europe AG advanced a total of EUR 11,883.16 settled in terms of provisions set up.

Earnings generated by InfoGenie Global GmbH in 2003, amounting to EUR 1.3 million, and the profit to be paid out to InfoGenie from the year 2002 based on the integration agreement, amounting to EUR 1.8 million, will be transferred to InfoGenie Europe AG.

In return for a loan made available in 2002 by United Payment GmbH, InfoGenie paid a total of EUR 1,460 in interest and repaid the loan amount, which came to EUR 40,000.

The mutual legal transactions and measures resulted in balanced results on the whole, turning out neither to the detriment or benefit of InfoGenie Europe AG.

2. Final statement by InfoGenie Europe AG

InfoGenie Europe AG, in the circumstances known to the Board of Management at the relevant point in time at which the legal transactions were effected, in each case received prices in conformity with those prevailing on the market.

The execution of the measures detailed in the report relating to dependencies had no detrimental impact on InfoGenie Europe AG. InfoGenie Europe AG did not suffer a detrimental impact on account of measures being omitted in the interests of associated companies either.

Berlin, 31 March 2004
InfoGenie Europe AG

Berlin, den 31. März 2004



Jochen Hochrein
Sprecher des Vorstands InfoGenie Europe AG

Consolidated statement of asset additions

Infogenie Europe AG, Berlin - Consolidated statement of asset additions and disposals for fiscal 2003

	Acquisition and production costs				Write-downs			Carrying values		
	1.1.2003	Adjustments re- lating to currency	Disposals	31.12.2003	1.1.2003	Adjustments re- lating to currency	Disposals	31.12.2003	31.12.2003	31.12.2003
		translation				translation				
		Additions				Additions				
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Tangible fixed assets	1.027.658,95	18.424,09	2.158,09	1.043.924,95	417.620,90	192.232,78	2.158,09	607.695,59	436.229,36	610.038,05
Intangible Assets	366.702,88	157.093,48	705,00	523.091,36	237.138,69	94.965,57	705,00	331.399,26	191.692,10	129.564,19
Goodwill	1.672.791,20	6.645.668,90	0,00	8.318.460,10	1.672.791,20	110.644,07	0,00	1.783.435,27	6.535.024,83	0,00
Financial Assets	0,00	300.000,00	0,00	300.000,00	0,00	0,00	0,00	0,00	300.000,00	0,00
	3.067.153,03	7.121.186,47	2.863,09	10.185.476,41	2.327.550,79	397.842,42	2.863,09	2.722.530,12	7.462.946,29	739.602,24

„We cannot remain good performers unless we keep trying to excel even further.“

Gottfried Keller

Report of independent auditors

We have audited the consolidated financial statements compiled by InfoGenie Europe AG, Berlin, comprising the balance sheet, income statement, statement of changes in shareholders' equity, cash flow statement and notes, for the fiscal year commencing on January 1 and ending on December 31, 2003. The Company's Management Board is responsible for compiling the consolidated financial statements and for their content. Our duty is to assess on the basis of the audit which we conduct whether the consolidated financial statements comply with the United States' Generally Accepted Accounting Principles (US GAAP).

We conducted our audit of the consolidated financial statements in accordance with the German Auditing rules and in compliance with the generally accepted standards of auditing prescribed by the German Institute of Certified Public Accountants (Institut der Wirtschaftsprüfer – IDW) and, on a supplementary basis, subject to the Generally Accepted Auditing Standards (GAAS). The relevant standards require that the audit is to be planned and performed in such a manner as to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. In determining the auditing program, knowledge of business activities and of the business and legal environment of the company as well as expectations of possible errors are taken into consideration. An audit includes examining, on a random test basis, evidence supporting the amounts and disclosures in the consolidated financial statements and in the consolidated management report. The audit also includes assessing the accounting principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonably secure basis for our opinion.

In our opinion, the consolidated financial statements in accordance with US GAAP present a true and fair view of the net assets, financial position, earnings and payment flows of the Group in the year under review in accordance with US GAAP.

Our audit, which also includes the summarized status report and consolidated status report compiled by the Management Board for the financial year commencing on January 1, 2003 and ended December 31, 2003, did not give reason to any objections. In our opinion the consolidated management report and additional disclosures in the consolidated financial statements as a whole convey an appropriate presentation of the Group's situation and adequately present the risks concerning its future development. In addition, we confirm that the consolidated financial statements and the consolidated management report for the fiscal year from January 1, 2003 and ending on December 31, 2003 meet the requirements for an exemption from preparing consolidated financial statements and a consolidated management report according to German law.

Without restricting this assessment, we wish to point out the following:

The summarized management report and consolidated management report indicate, under "Substantial Risks", that there still is a strong dependency on a few large-scale customers and carriers. Moreover, it is stated under "Substantial Risks" that the Company's liquidity holdings are low and that, therefore, no reserves are available in case any extraordinary expenses should be incurred; however, according to the Board of Management such expenses are currently not foreseeable.

In the year under review, it was possible to almost fully offset the losses of the reporting company by means of the dividend payout and the profit transfer of the integrated subsidiary InfoGenie Global GmbH. In the near future, too, the corporate development of the reporting company will depend on the business models implemented via the subsidiaries making adequate contributions to earnings.

If the profitability of the subsidiaries integrated in the fiscal year should prove to be unwarranted, this would lead to a further reduction in liquidity volumes and in balance-sheet equity. This effect would also be further reinforced by the need to depreciate financial assets.

As already explained by the Board of Management in 2003, however, in the current fiscal year it can also be assumed that the reporting company will show adequate profitability, including contributions to earnings made by the integrated subsidiaries.

Accordingly, the assumption in preparing the annual financial statements as at December 31, 2003 on the premise of the Company being a going concern is justified.

Munich, 22 April 2004

Control5H GmbH
Wirtschaftsprüfungsgesellschaft


Dipl.-Oec. Roland Weigl
Auditor


Dipl.-Kfm. Ulrich Burkhardt
Auditor

„With this strategic holding, InfoGenie Europe AG acquired exclusive marketing rights for the Click2Pay software for Internet-based payment systems.“

Klaus Rehnig

Report of the Supervisory Board

The Supervisory Board in fiscal 2003 comprised Mr. Klaus Rehnig (Chairman) as well as Mr. Alfons Henseler (Deputy) and Mr. Ralf Stark (Member). Mr. Henseler (originally appointed as early as 24 September 2002 by order of the Munich Local Court), was elected at the General Shareholders' Meeting of 25 June 2003 to succeed to Dr. Wolfgang Janka (who resigned from this position) for the remaining term of office.

In fiscal 2003, the Supervisory Board was briefed on the Company's planning and necessary decisions regarding its development in a total of 12 meetings held on 23 February, 18 March, 8 May, 6 June, 24 June, 18 July, 2 October, 24 October, 27 October, 14 November, 16 December and 22 December. Of these, 4 Supervisory Board meetings were held together with the Board of Management on 18 March, 6 June, 24 June and 16 December, enabling the members of the Supervisory Board to obtain information personally on the Company's situation. In addition, the members of the Supervisory Board consulted one another in between meetings by various personal telephone calls and e-mail messages and jointly conferred with the Board of Management. The Supervisory Board meetings focused on the necessary restructuring measures, execution and implementation of the streamlining measures initiated in 2002 for the Company's long-term capital endowment as well as on extending its revenue base and development potential in the field of communication media and Internet billing solutions. Moreover, all future corporate policy issues were discussed, transactions requiring consent in accordance with the company bylaws were dealt with and – where expedient – the relevant transactions were approved.

In particular, these included the closure of the inactive foreign subsidiaries in France and Italy and the sale of Crosskirk in Spain, effective as of 30 September 2003, the holding of InfoGenie Global, which had no adverse impact on the business model of license revenue.

Apart from focusing on the existing field of business of communication services with virtual call center services for products and services requiring explanations and the media services (with revenue sharing via value added services) and technical telephone services, plans are under way to intensify and extend the development of Internet billing solutions. In this respect, the Board of Management and the Supervisory board selected two candidates for a contribution in kind in accordance with §§ 202ff of the German Companies Act (AktG) in conjunction with §§ 185 to § 191 of AktG on the basis of the Company's existing, approved capital.

Thus, following a resolution adopted on 2 October 2003, net sales GmbH was integrated with a contribution in kind of EUR 175 k in the field of marketing Internet presences and Web applications as well as sponsoring on Internet portals

subject to existing agreements. Moreover, in terms of a further resolution of 27 October 2003, the contribution in kind of Click2Pay GmbH was approved against a capital increase by EUR 2,050 k on the basis of approved funds. With this strategic holding, InfoGenie Europe AG acquired exclusive marketing rights for the Click2Pay software for Internet-based payment systems.

Since the management decision was effected within the 6-month period of the last registration of a capital increase on the stock markets, it was possible to save a substantial volume of costs of the market placement by doing so in time. Following the registration in the Commercial Register on 25 November 2003 and admission to the Frankfurt Stock Exchange on 22 December 2003, the capital measures initiated in the course of the year were successfully concluded.

Among the key personnel-related decisions of the Supervisory Board was the withdrawal of Management Board member Thomas Dehler on 22 December 2003, whose contract of employment expired at the end of the year after not having been renewed. In terms of a Supervisory Board resolution of 18 December 2003, Mr. Stephan Grell was appointed a further member of the Board of Management with signing powers pursuant to the Company's by-laws for the divisions of marketing and distribution as of 1 January 2004.

The annual financial statements of InfoGenie Europe AG prepared by the Board of Management for fiscal 2003 were audited by Control5H GmbH, Wirtschaftsprüfungsgesellschaft, Munich, and received an unrestricted audit certificate. The Supervisory Board has received and examined the financial statement records and agreed with the conclusion of the audit report in its meeting of 10.03.2004. Accordingly, the annual financial statements of InfoGenie Europe AG for fiscal 2003 have been confirmed. The Supervisory Board wishes to thank all employees for their accomplishments in fiscal 2003, a very busy year.

Berlin, 25 March 2003



Klaus Rehnig
Vorsitzender des Aufsichtsrates

Dates

Publication three-months' statement	31.Mai 2004
Annual General Meeting	15. Juli 2004
Press conference	16. Juli 2004
Analyst conference	15. November 2004
Publication Annual Report 2004	29. April 2005

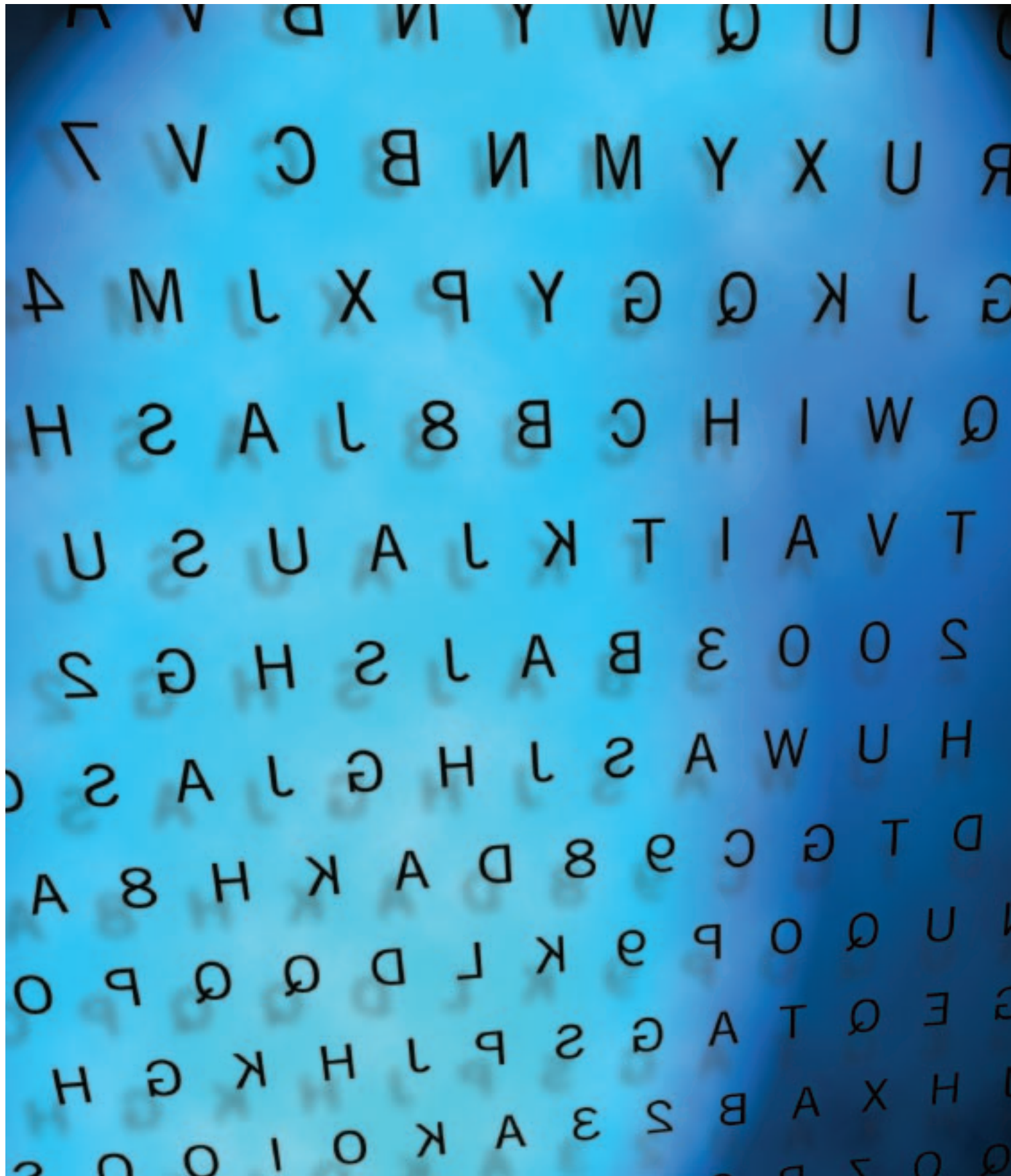
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