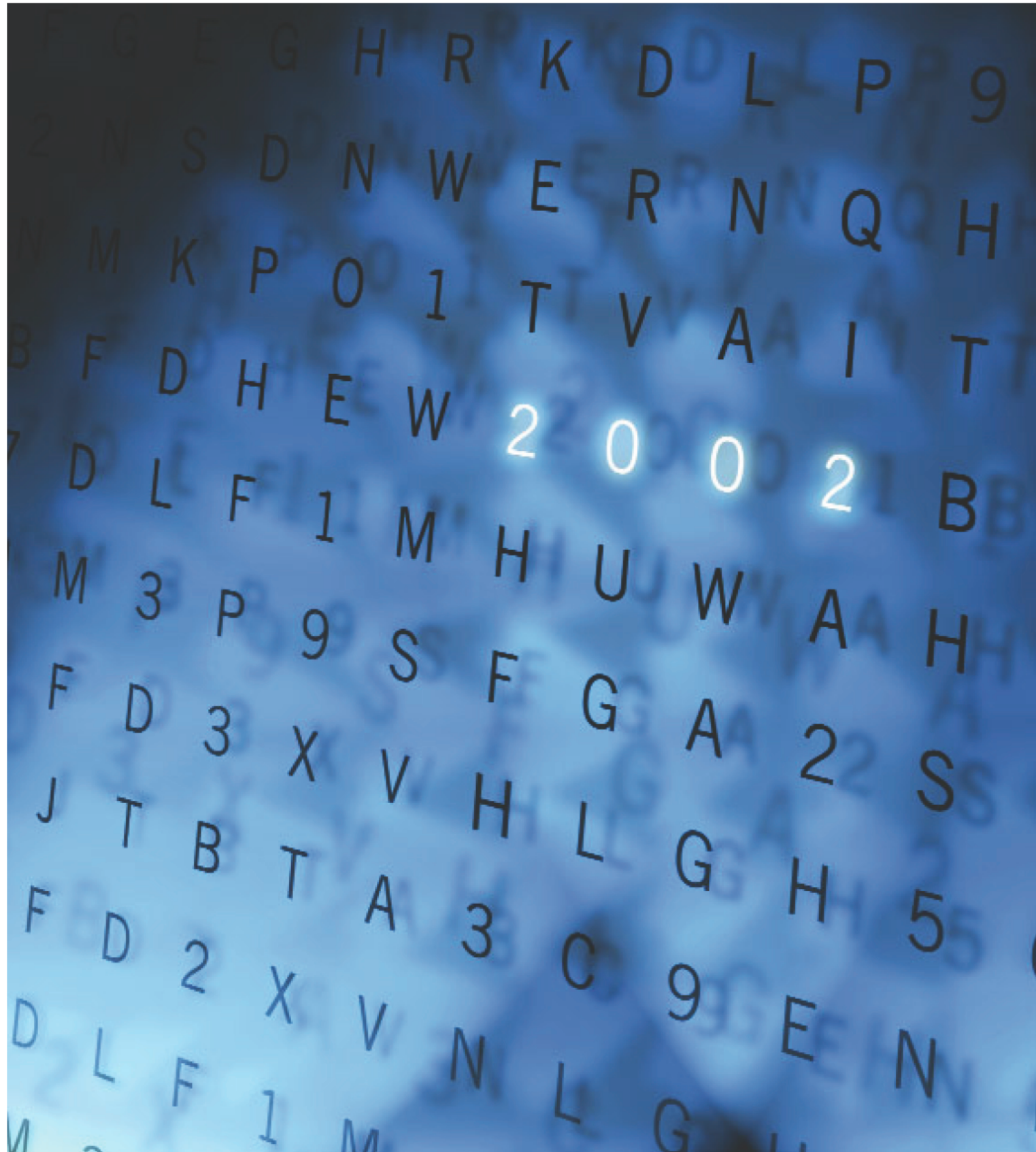




InfoGenie Europe AG
An den Treptowers 1
12435 Berlin
Germany



Annual Report 2002
(Consolidated Balance Sheet)

InfoGenie at a glance

InfoGenie in figures

	2002	2001	2000
	TEUR	TEUR	TEUR
Total revenues	2,971	2,755	1,763
- of which: Germany	1,854	1,744	1,445
- of which: UK	1,117	1,011	318
Earnings before taxes (EBT)	-3,893	-4,653	-2,273
Financial resources	294	1,269	675
Shareholders' equity	-98*	3,046	7,701
Total assets	1,733	4,497	8,822
Cash flow on current business activity	-1,844	-4,003	-2,046
Earnings per share	-0.87	-0.73	-0.44
Workforce (annual average)	33	53	14

*The report refers to shareholder's equity carried on the balance sheet, including the item "Shortfall not covered by equity"

**The company's common stock and the shareholder structure, respectively, already takes account of the cash capital increase paid in by the balance-sheet date and entered in the Commercial Register. The relevant entry was made on January 9, 2003 and stated in the balance sheet under the item "Deposit made to implement a capital increase passed."

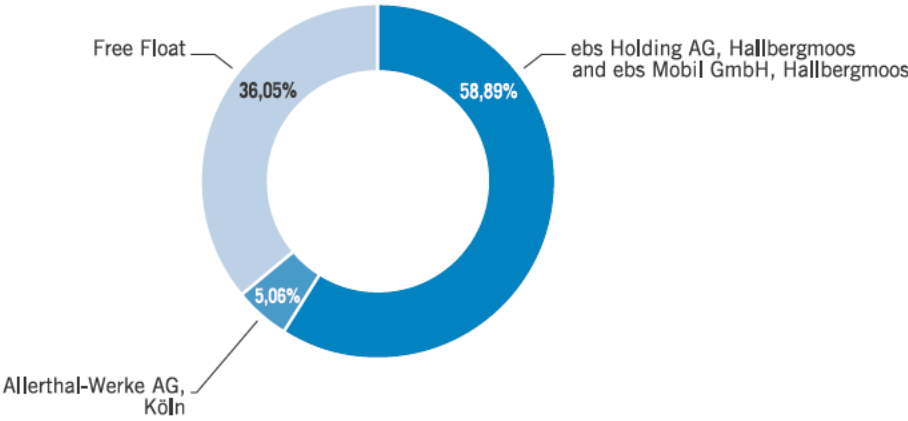
Stock-related data:

SIN:	747 206
ISIN:	DE 000 747 2060
Ticker:	IGP
IPO quotation:	25 October 2000, Neuer Markt
Common stock:	EUR 1,803,947 **
Number of shares:	1,803,947 no-par-value bearer shares **
Listing/segment:	Prime Standard Frankfurt am Main, Berlin, Bremen, Hamburg, Hannover, Düsseldorf, München, Stuttgart, Xetra
Designated sponsors:	Lang & Schwarz, Düsseldorf Concord Effekten, Frankfurt am Main

Company Calendar

Quarterly report 2003:	30 May 2003
AGM 2003: Halbergmoos near Munich	25 June 2003
Balance-sheet press conference 2003: Berlin	2nd half of 2003
Half-year report 2003:	15 August 2003
Analysts' conference 2003: Frankfurt am Main	27 November 2003
Annual financial statements 2003:	31 March 2004

Shareholder structure**



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Statement from the CEO

Dear Shareholders:

2002 was a year characterized by change for InfoGenie Europe AG. We made significant efforts to bring the company to a sound course and secure the Group's survival in the process. As early as the beginning of the year, the financial situation was still quite dramatic: in early summer, the organization's funds for investment in operations were nearly depleted. In July we were compelled to report a loss amounting to half of our capital stock. This resulted in personnel-related changes to our Board of Management.

In order to maintain our operations and to foster the company's development on a sustained basis, capital measures were urgently required, which we managed to pass with your support at the general meeting held August 28 and implemented in November. The volume of capital was initially lowered in a ratio of 6 : 1 and subsequently increased against a cash contribution. At the extraordinary general meeting held December 27, a further capital increase against a non-cash contribution was passed, to approx. 8.3 million euros. The entry in the Commercial Register was made on March 24, 2003. In doing so, we created solid foundations for a sustained streamlining of the company's operations, which will also be accompanied by the break-even planned for the first half of 2003.

Operations proved to be difficult in the general industry environment. While we managed to stabilize and extend business relations with our existing customers quite well, the process of generating new business was quite sluggish on account of the general economic situation. Potential customers call for further investment, which will be possible thanks to the broadened capital base. In the process, InfoGenie operated in an uncertain market environment; the situation in the call-center industry as a whole remains unsatisfactory.

On the other hand, our capital measures implemented enhanced the level of confidence among our customer circles and potential partners alike and created an ideal basis for us to acquire new customers. Agreements were entered into with Colt Telecom as well as with travel service providers Map&Guide and Reiseplanung.de. Their extensive product portfolio holds the potential for a significant expansion of our mutual cooperative venture.

We are also quite relieved about the decision by the German Federal Supreme Court concerning legal advisory services over the phone. The level of legal certainty that has finally been achieved in order for us to operate this help line will mean that we will be in a position to enter into new partnerships and boost revenues substantially in this particular division. We hope a similar decision will be handed down for tax consultancy help lines, but we only expect legal certainty to emerge from these proceedings in the fall of 2003.

The year as a whole was extremely difficult; nevertheless, we did a great deal to bring the company into positive earnings territory following a protracted lean period.

On behalf of our employees, I would like to thank you very much indeed for your trust.

Berlin, March 31, 2003

Thomas Dehler
Chairman of the Board of Management
InfoGenie Europe AG

The year as a whole was extremely difficult; nevertheless, we did a great deal to bring the company into positive earnings territory following a protracted lean period.



Our objective is to make expert know-how available to end-consumers on our cooperation partners' products that require some explanatory assistance.

Company profile

InfoGenie Europe AG, established in 1996, is Germany's leading provider of consultancy and information services in the high-end segment. By deploying our virtual call-center structures, we manage to bring together people seeking advice and experts on the most varied of topics via all modern communications media available. Our objective is to make expert know-how available to end-consumers on our cooperation partners' products that require some explanatory assistance.

We create individually tailored solutions for our customers and thus offer a high degree of flexibility as far as our partners are concerned. InfoGenie currently is an outsourcing partner for more than 100 renowned publishers, software and hardware producers, game publishers as well trading houses and operators of websites.

Its virtual organization gives InfoGenie a structure which is unique in Germany. 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 at all times.

Following a careful selection process to ensure that the very high standard of advisory services is maintained, InfoGenie makes the required communication technology available to the experts in question. In the process, the experts at work are quite independent in spatial terms from the location of the company's headquarters.

Our highly specialized intermediary services software ensures that a direct link is always established with an expert on the relevant subject area desired. And in the case of highly complex questions, the Research Team in second-level support ensures an answer is found to each one.

Last year, InfoGenie generated approx. 80 % of its revenues in the Business-to-Business ("B2B") division. This makes InfoGenie an outsourcing partner for companies that want experts from InfoGenie to explain how products work to their end customers. On the other hand, 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 actually appears.

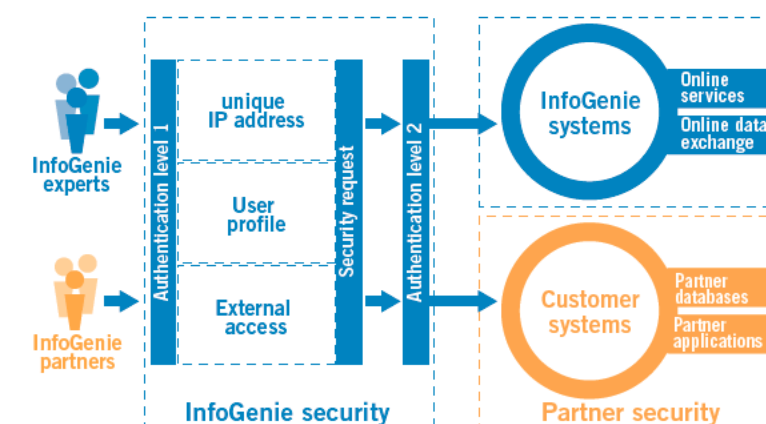
However, end-users can also contact InfoGenie's help lines directly, by phone, fax or e-mail – with telephone contacts still predominating at present.

Quality assurance at InfoGenie operates in several directions. For one thing, within the scope of the help lines such criteria as reachability, expert capacity utilization, average length of conversation and the assessment of the talks by callers are monitored. 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. Finally, InfoGenie also offers a money-back guarantee in case of customer complaints. In 2002, however, such complaints remained at the low thousandth share of revenues, which is proof of the high quality of the consultancy services.

Of vital importance to future business operations was the completion and launch of our Security Portal, an intelligent link management system, in February 2002. For one thing, the Security Portal controls all security-relevant access points for experts, staff and management. For another, the access hierarchies are intelligently linked to user profiles. The modular architecture makes it possible to establish speedy and above all secure contact with sensitive customer data, such as access to the internal knowledge database of a particular customer.

The administrative effort is minimized with the Security Portal, and access to our cooperation partners' databases is even better protected.

Just how important an innovative security system can be is reflected in the fact, for instance, that to win a complex customer like Colt Telecom, a portal of this kind is an absolute essential.



The market research and consultancy enterprise IDC expects the volume of e-mails to reach up to 35 billion in 2005, and this figure is set to rise increasingly between businesses and customers.

Sectoral trend

Telecommunications

2002 was a difficult year for the entire telecommunications industry. Industry experts have been referring to a strong consolidation (source: WIK Wissenschaftliches Institut für Kommunikationsdienste). The number of mobile phone users only grew slightly in 2002, and efforts on the part of network operators to acquire additional customers by means of technical innovations did not lead to the desired level of success. Only the disproportionately high increase in the telecommunications services market enabled the industry as a whole to post a low level of growth.

In contrast, hopes can continue to be set on the Internet sector. At present, more than 31 million Germans have access to the Internet (source: Gesellschaft für Konsumforschung, GfK). The number of high-speed access accounts likewise continues to grow. Throughout the world, more than 15 billion e-mail messages are already being sent each day. The market research and consultancy enterprise IDC expects the volume of e-mails to reach up to 35 billion in 2005, and this figure is set to rise increasingly between businesses and customers. The German direct marketing association DDV has established that of all Internet users, most tend to contact companies by e-mail, while phoning no longer plays a significant role. The call-center industry is also increasingly adapting to this trend, providing companies with appropriate top-notch value added and CRM services.

The Call-Center Industry

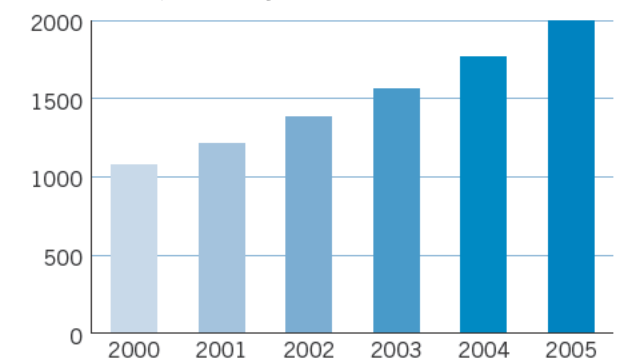
Like the telecommunications sector, the call-center industry also suffered last year. At present, there are some 2,000 to 3,000 call centers throughout the Federal Republic of Germany. According to the industry association CCF (headquartered in Bamberg), a number of insolvencies were registered last year. Numerous conventional call centers are still experiencing problems with such aspects as quality assurance, high overheads and adequate capacity utilization. In addition, while trends frequently are discernible, for various reasons it is impossible to implement measures to take account of them, especially since this involves complex administrative entities.

In contrast, InfoGenie uses the service approach of conventional call centers and, beyond this, enjoys the benefits of virtuality and decentralization.

The German direct marketing association (DVG) has determined that the call center sector and the telecommunications industry as a whole have managed to pass through the worst patch. Among other things, experts assume that revenue trends in the case of service numbers will continue to go from strength to strength. Among the reasons for this are an increased acceptance of services among end-customers as well as an increased trend toward enterprises being outsourced to the call centers.

Revenues generated by service numbers

in EUR million, in Germany



Moreover, most operators of call centers (in fact, 68%) themselves believe that capacity utilization will continue to grow, predominantly on account of a dramatic increase in the number of inquiries received by e-mail and the Internet in general.

These measures will enable the company to consistently continue its course of restructuring and reach its targeted positive earnings territory in its core operations.

Status Report

Business performance

The year 2002 was a difficult one for InfoGenie Europe AG. We made substantial efforts to implement the restructuring program with the objective of cutting costs considerably in all divisions and further extending our business operations and product range.

In addition, our cooperation with ebs Holding AG led to substantial synergies that will impact significantly in particular as of the forthcoming year.

Merger

The resolution passed to merge InfoGenie Deutschland GmbH to form InfoGenie Europe AG retroactively as at January 1, 2002 was a key factor that helped us to lower administrative costs. In the long run, this step will save InfoGenie substantial costs since accounting no longer needs to be duplicated, charges will be reduced and processes will become considerably more efficient. Moreover, this step has the added advantage for our shareholders that the company is becoming more transparent to them. On the other hand, in the short term the merger had an adverse impact on the balance sheet. The disposal of shares in InfoGenie Deutschland GmbH and ComService GmbH in the case of the AG (German public limited company) resulted in a merger loss of 4 million euros; and yet this has no impact whatsoever on the liquidity of the enterprise.

Capital measures

When Thomas Dehler took office as a Board member of the company in May 2002, he arranged for interim financial statements to be prepared. These revealed that InfoGenie Europe AG had to report the loss of half of its capital stock. Subsequently, the Board of Management, with the support of the Supervisory Board, launched an extensive streamlining program, at the core of which was a package of capital measures to create a solid basis for the long-term survival and ongoing development of the company.

In a first step, a resolution was passed with a substantial majority at the general meeting held August 28, 2002 to reduce the company's shareholders' equity in a ratio of 6:1. This represents a capital reduction by approx. 5.3 million euros.

In addition, it was resolved that the company's capital stock was to be subsequently increased again by up to 1.058 million euros against a cash contribution. 750,000 shares were

subscribed, raising the company's capital stock to 1,808,947 euros. The entry in the Commercial Register on account of the cash contribution paid was made on January 9, 2003.

As part of a third step, a non-cash contribution by ebs Global GmbH against 6.5 million new shares issued was approved by the extraordinary general meeting held December 27, 2002 with a significant majority. This has raised the company's common stock to 8,308,947 euros. The relevant entry in the Commercial Register was made on March 24, 2003. These measures will enable the company to consistently continue its course of restructuring and reach its targeted positive earnings territory in its core operations.

Developments at InfoGenie Ltd.

A critical due diligence audit at the UK subsidiary InfoGenie Ltd. led to an in-depth organizational reorientation. Since the middle of the third quarter of 2002 the company was basically being run without a distribution team since the four distribution workers were given notice when former Managing Director Lynex Owens' employment contract was terminated. The target of reaching break-even point in the UK in 2002 was not feasible. The reason for this, among others, was increasing competitive pressure, which led to a decline in prices. In order to reposition the company, external partnerships were established on a commission basis, operating costs were lowered and IT and accounting activities were centralized at Group level. Moreover, key back-office functions were out-sourced.

However, Healthcare – still the most important revenue earner – was not affected by this. The customer base in this context is guaranteed thanks to the company's reference customer Norwich Union, the second-biggest health insurance company in the UK. Business operations are to be further extended in future. The risk of unilateral dependency therefore also deserves mention here, since Norwich Union contributes some 30% of the UK subsidiary's revenues. Thanks to the successful collaboration, however, it was possible to extend the contractual periods of notice appreciably, reducing the level of mutual insecurity in doing so.

Within the scope of the UK subsidiary's reorientation, the Management decided to merge InfoGenie Connect Ltd. to form InfoGenie Ltd. for cost reasons, as had already been done previously in Germany. In this case too, the consequences were a reduction of administrative expenses and associated costs.

Federal German Supreme Court (BGH) decision on legal help lines

The decision handed down by the German Supreme Court on September 27, 2002 concerning legal advisory services by phone will also have a positive impact on InfoGenie's business trends. The Supreme Court had dismissed two lawsuits brought against InfoGenie and thus approved legal advisory services on the phone via a 0190 access number providing for automatic billing per minute. InfoGenie now finally has the necessary legal certainty to be able to advertise and operate the relevant help lines.

“InfoGenie now finally has the necessary legal certainty to be able to advertise and operate the relevant help lines.”

After InfoGenie had previously discontinued its advertising campaign de facto in order to soften a possible negative decision by the judges, now there is nothing to stop the help line from being extended as planned. The company's objective is to reach the original level of revenues again soon.

Order portfolio

The fact that it was possible to secure the company's operations in the medium term thanks to the capital measures implemented was also of major significance for investment in new product lines and services for potential customers. We managed to keep and extend our customer base in a generally very poor industry environment and to boost the Group's volume of orders by 8% year-on-year. It is highly encouraging that InfoGenie Europe AG already managed to post initial successes due to its focused acquisition activities and in managing to gain new customers toward the end of the year.

InfoGenie generates more than 80 per cent of its revenues in B2B business. Companies farm out key service and support functions of their core operations to InfoGenie as an out-

sourcing partner. Thanks to the highly competent advisory services, this leads to essential end-customer satisfaction and a corresponding level of customer loyalty. This is where InfoGenie is paid by the businesses placing the orders. The remaining 20 per cent of revenues were generated by added value numbers and help lines; in this case the end-customers bear the relevant charges. Starting in 2003, in the course of the strategic corporate orientation this will be assigned to the B2C (“Business-to-Consumer”) revenue segment; this structuring serves to enhance transparency. In fiscal 2002, InfoGenie kept its customer base stable and gained additional clients, too. Cases in point are Wanadoo, Map&Guide and Reiseplanung.de.

Map&Guide is one of the biggest electronic travel planners in Germany. The enterprise provides users with digitized route plans, hotel and restaurant services and customized drive routes including navigation. These services can be utilized not only via the Internet but also by means of mobile micro-computers known as personal digital assistants (PDAs). Among the partners of Map&Guide are the travel service provider Marco Polo and the cartography specialist Falk. The technology provided by Map&Guide is already being used in millions of route planners today for business and leisure activities. The cooperative venture with Map&Guide provides for InfoGenie to deliver the technical support for installing the software programs. In addition, other cooperative ventures are also already at the planning stage.

PTV AG, a 100% parent company of Map&Guide, is one of the leading providers of software solutions, consulting and research in the fields of travel, traffic and transport planning in the B2B division. Among its products are professional route planners, VISUM for traffic planning and INTERTOUR for planning tours. InfoGenie provides users of the PTV service with technical access where necessary and when they require legal information.

What was particularly encouraging in the company's co-operation with Lexware was the renewal of the contractual scope for 2003. After collaboration with that firm had initially been limited to the sector of payroll software (which is subject to seasonal fluctuations), in future also other customer inquiries will be taken care of, which will guarantee InfoGenie a substantially higher call volume throughout the year.

At the end of the period under review, we entered into cooperative ventures with Yellow Map as well as with the Internet portal ebay.

The Internet portal www.talk2experts.de we launched is a test run for InfoGenie's new Business-to-Consumer orientation. Users are given simple and immediate access to the services of InfoGenie Europe AG.

Our cooperation with Yellow Map represents the beginning of the strategic implementation of the German Supreme Court ruling on phone-based legal information. Along with Yellow Map, InfoGenie is currently establishing the largest network for legal advisory services provided over the phone in Germany (www.kanzleigenie.de).

Revenues and earnings

Despite the difficult economic situation and the extremely tense market conditions for call-center companies, last year InfoGenie managed to boost its Group revenues by 8 per cent, to reach 2,971 k euros (previous year: 2,755 k euros). The UK subsidiary contributed well over a third to total revenues (1,117 k euros (previous year: 1,011 k euros).

Earnings improved particularly on account of the cost reductions implemented. We optimized work procedures, reduced the workforce to a core team and cut our IT, Internet and telephone costs yet again. In the process, our distribution and administrative expenses fell by a further 7 per cent.

For the financial year as a whole, the Group's earnings came to minus 3,930 k euros. Compared with the previous year (minus 4,653 k euros), the shortfall narrowed by 17 per cent. These figures include the non-recurring write-downs of business assets amounting to 1,288 k euros in 2002. Without these non-recurring write-downs, the results for the financial year under review would have turned out considerably better.

The extent of the write-downs is based on the “fair value” rule of U.S. GAAP, in accordance with which the enterprise value must be recalculated each year. In this case, by way of precaution InfoGenie Ltd. was valued at 0 euros. This means

“We optimized work procedures, reduced the workforce to a core team and cut our IT, Internet and telephone costs yet again.”

that higher valuation adjustments in subsequent periods can safely be ruled out. While this step has no impact on the company's liquidity, however, as indicated above this does not apply to the balance-sheet shortfall.

The Group balance-sheet loss was reduced from 7,442 k euros to 1,864 k euros, which represents a decline by 74%. This result was chiefly attributable to the capital measures implemented last year: the company's capital stock was reduced in a ratio of 6:1 and subsequently increased by issuing 750,000 new shares.

Due to the capital measures, the number of shares was reduced, causing earnings per share to deteriorate from minus 0.73 to minus 0.87 euros.

The streamlining measures implemented are also impacting on current business operations in terms of cash flow. The actual decline in funding dropped by 54 per cent, to 1,844 k euros (previous year: 4,003 k euros). As a result, the company's disposable funds saw a further decline (from 1,268 k euros to 294 k euros). The company managed to overcome the critical year, particularly thanks to the capital measures effected. In the Annual Report for 2001 the auditors had still expressed some doubts concerning the company's survival. In this context, the successful change in direction is evident in the consolidated cash flow from current business operations.

“The company managed to overcome the critical year, particularly thanks to the capital measures effected.”

The Group's balance sheet reflects a shortfall of 98 k euros not covered by equity; in the AG itself, this shortfall amounts to 222 k euros. This overindebtedness of the company in balance-sheet terms was remedied by a letter of comfort issued by major stockholder ebs Holding AG dated March 18, 2003 for the sum of 450 k euros. When the capital increase by means of a non-cash contribution was entered in the Commercial Register on 24.03.03, this letter of comfort was extinguished; likewise, the overindebtedness in balance-sheet terms no longer applies.

What remains on record is that this overindebtedness in the individual financial statements of the AG and in the consolidated financial statements as at December 31, 2002 was the result of non-recurring write-downs effected by way of precaution. However, this will make it possible to present a balance sheet that will call for little by way of valuation adjustments as far as these items are concerned, and this is in the interests of transparency, precaution and, therefore, security as far as our investors are concerned.

Changes to company entities

The General Manager of InfoGenie Deutschland GmbH, Mr. Thomas Dehler, was appointed to the Board of Management of the AG effective as of May 14, 2002. The employment contract with former Chairman of the Management Board Lynex Owens was terminated effective as of August 28 on account of differences of opinion with the Supervisory Board concerning future corporate strategy issues. At this point, Thomas Dehler took over as sole member of the Management Board.

After the end of the period under review, Jochen Hochrein took office as second member of the Board of Management. Since the beginning of 2003, Thomas Dehler has been responsible on a rota basis for strategy, distribution (business-to-business) and finance. Jochen Hochrein is set to take over the technology and business development divisions and is also responsible for the business-to-consumer segment.

There were also changes to composition of the Supervisory Board: the past Chairman of the Supervisory Board, Dr. Wolfgang Janka, resigned from this office effective as of August 28, 2002 for professional reasons. Klaus Rehnig took over this function effective as of April 16, 2002 as a Deputy member for Martin Aschoff. Alfons Henseler was appointed deputy member of the Supervisory Board effective as of September 24, 2002.

Employees

Effective as of August 1, a new team was established in the New Business Development division. The members of staff focus on identifying, developing and implementing new fields of activity in order to be able to extend agreements with existing customers and support the acquisition of new clients. The New Business Development team is responsible above all for supporting the extension of the services portfolio. InfoGenie is in the process of reinforcing its commitment in the business-to-consumer division.

On an annual average, the workforce within the InfoGenie Group amounted to 33 employees. Of these, 7 were accounted for by InfoGenie Ltd. in the UK. At year-end, the Group's workforce was down to 23 employees. A year earlier, the average headcount in the organization had been 56.

Stock performance

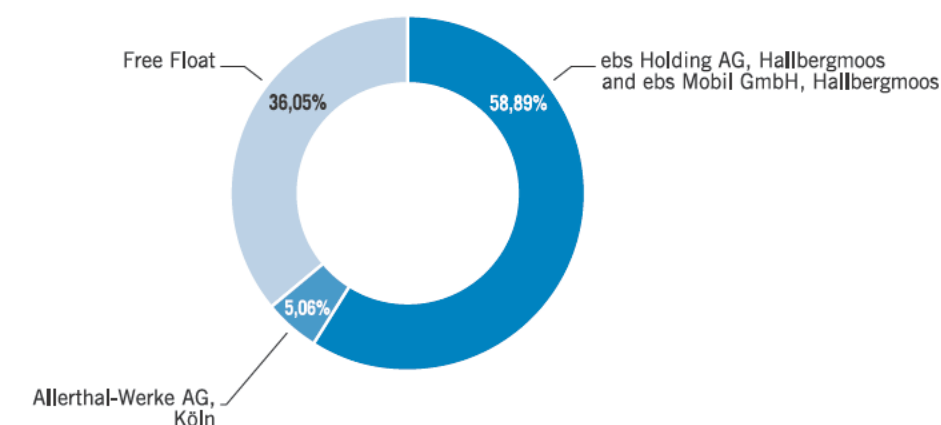
The year 2002 was overshadowed by sharp losses for the financial markets on the whole. InfoGenie Europe AG's stock did not manage to escape this negative trend, either. This was compounded in mid-year by the uncertainty of many investors concerning the continued existence of the company, placing substantial pressure on our stock price as the year progressed. Only when the successful implementation of the capital measures passed at the general meeting began to bear fruit in November 2002 did the investors' trust and confidence in the company's future return. Our stock recovered appreciably and finished the year 2002 to trade at 0.88 euros. This upward trend has continued since the beginning of 2003.

Stock performance



The shareholder structure has changed on account of the capital measures effected. The shareholder structure already takes account of the entry in the Commercial Register of the cash capital increase paid in by the balance-sheet date. The relevant entry was made on January 9, 2003. The non-cash capital increase agreed on December 27, 2002 and entered in the Commercial Register on March 24, 2003 has not been taken into account.

Shareholder structure *



Key changes after the end of the period under review

InfoGenie Europe AG has left the "Neuer Markt" segment of the German Stock Exchange and has been listed in the Prime Standard since February 4, 2003. This calls for particularly high requirements relating to transparency, and InfoGenie considers itself committed to compliance in this regard. In future, the company will be banking more heavily on the consumer division ("B2C"), for which Jochen Hochrein will be responsible as Chief Technology Officer starting in fiscal 2003 (see "Order situation" in this regard).

The extension of the strategic commitment of ebs Holding AG, which integrated its subsidiary ebs Global GmbH in InfoGenie Europe AG as a non-cash contribution in December 2002 must also be viewed in this context. By subscribing to 6.5 million new shares, ebs' portion of the capital stock was raised to roughly 91 per cent; in the long term, this strategic investor only wants to maintain a qualified majority.

The cash capital increase by 750,000 euros to 1,808,947 euros became formally effective once the relevant entry was made in the Commercial Register on January 9, 2003, and the non-cash contribution by 6.5 million euros, to 8,308,947 euros, was formalized upon registration on 24.03.03.

In balance-sheet terms, the company was overindebted as at the December 31, 2002 reference date. This overindebtedness, however, was remedied by a letter of comfort issued by major stockholder ebs Holding AG of March 18, 2003 for the sum of 450 k euros. When the capital increase by means of a non-cash contribution was entered in the Commercial Register on March 24, 2003, this letter of comfort was extinguished; likewise, the overindebtedness in balance-sheet terms no longer applies.

Additional changes relating to company law are scheduled for the financial year 2003. For instance, resolutions were passed to liquidate the subsidiaries in France (InfoGenie France S.A.R.L.) and Italy (InfoGenie Italia S.r.l.), will be implemented in 2003 and are to be effective for balance-sheet purposes this year; on the other hand, no special effects of note are anticipated since the values of the holdings have already been written off. Moreover, no substantial liquidation or dissolution costs are expected to arise.

Material risks

There is a considerable dependency on large-scale customers (collection risk). In addition, the company has no reserves in the event that any extraordinary expenditure should arise; at present, this is not foreseeable, however.

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, an appropriate provision of 80 k euros is to be set up.

In contrast, the risks indicated in the management report for the financial year 2001 no longer apply. Due to the ruling by the Federal Supreme Court on the legal help lines, these risks have also been eliminated. A ruling on tax advisory help lines is expected in the fall of 2003; no substantial risks are anticipated here any longer. Appropriate provisions are still in existence.

In the long term, 0190 access numbers are expected to be abolished (effective as of January 1, 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 to be 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-2003.

Outlook

In financial terms, following the non-cash (in-kind) contribution the company has passed through its worst patch. The integration agreement between ebs Holding AG and InfoGenie Europe AG via ebs Global GmbH secures subscription rights to profits on the respective business shares effective as of January 1, 2002.

In operational terms, various measures have been taken to successfully reach break-even point. In our distribution division, we are increasingly banking on extending support and acquiring outsourcing projects. This means that businesses are being consolidated across the market and can no longer themselves offer services we make available; InfoGenie fills this need in its position as a partner; our expertise makes us a reliable service provider. B2C delivers additional value added and generates further revenues.

Efforts are well under way for a stock market listing of the new shares resulting from the two capital increases effected. This measure is to be completed in the third quarter of 2003, which means that all shares will be marketable by that time.

Corporate Governance Code

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

- Regulations describing German statutory norms
- Recommendations
- Suggestions

Regulations are of mandatory application for German businesses.

As far as recommendations are concerned, § 161 of the German Companies Act (Aktiengesetz) provides for companies listed on the stock exchange to issue a “comply or explain” statement 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. Neither the Board of Management nor the Supervisory Board is aware of any cases in which these principles were ever violated.

Nonetheless, InfoGenie Europe AG has departed from the Code in specific instances. The departures in question are listed below:

· Presentation of consolidated annual financial statements within 90 days

The German Corporate Governance Code recommends a period of 45 days for presentation of interim reports. The reporting regulations relating to the Prime Standard of the German Stock Exchange provide for a period of two months. InfoGenie Europe AG plans to present its interim reports within 45 days in future as soon as the company’s internal processes make this possible. In the first quarter of 2003, however, this time limit will not be met.

· Presentation of interim financial statements within 45 days

The German Corporate Governance Code recommends a period of 45 days for presentation of interim reports. The reporting regulations relating to the Prime Standard of the German Stock Exchange provide for a period of two months. InfoGenie Europe AG plans to present its interim reports within 45 days in future as soon as the company’s internal processes make this possible. In the first quarter of 2003, however, this time limit will not be met.

· Securities transactions liable to reporting

Both the German Stock Market Trading Act (Wertpapierhandelsgesetz) and the German Corporate Governance Code provide that members of Management and Supervisory Board must notify their company without delay of all purchases and sales of stocks or derivatives of the company and that the company must publish this announcement. In this context, InfoGenie Europe AG reports each and every transaction, irrespective of its value.

· Age limits for Management and Supervisory Board members

InfoGenie Europe AG has laid down an age limit of 65 years for members of its Board of Management and no age limit for Supervisory Board members. InfoGenie Europe AG considers the relevant recommendation of the Code an inappropriate restriction of shareholders’ rights to appoint members of the Supervisory Board.

· Appointment of specialist workgroups and audit committees

As the Supervisory Board of InfoGenie Europe AG only has three members, no specialist workgroups or audit committees will be set up.

· Performance-based remuneration

Contrary to the recommendations of the Corporate Governance Code, Supervisory Board members of InfoGenie Europe AG receive an appropriate fixed remuneration at present, but no performance-related benefits.

All other recommendations of the corporate governance code are being complied with by InfoGenie Europe AG.

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 no shares in InfoGenie Europe AG (as of December 31, 2002).

In addition, the following stock options are available to the group of persons indicated above:

Management Board member Thomas Dehler has an option to purchase 16,666 shares.

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

Balance sheet

InfoGenie Europe AG, Berlin

Consolidated balance sheet for the year ended December 31, 2002 (US-GAAP)

		31.12.2002	31.12.2001
ASSETS	Notes	EUR	EUR
Current assets			
Cash and cash equivalents	(4)	294,228.37	1,268,696.97
Trade receivables		301,942.37	593,709.17
Accruals and deferrals		147,757.46	20,269.16
Short-term financial investments	(5)	0.00	255,857.71
Other assets		151,487.02	191,600.85
Securities		0.00	10,256.02
Total current assets		895,415.22	2,340,389.88
Fixed assets			
Tangible fixed assets	(6)	610,038.05	682,200.74
Intangible assets		129,564.19	187,073.22
Goodwill	(7)	0.00	1,287,567.17
Total fixed assets		739,602.24	2,156,841.13
Shortfall not covered by Shareholders' equity		98,140.39	0.00
TOTAL ASSETS of which: short-term 2002: EUR 895,415.22 (prev. year: EUR 2,340,389.88)		1,733,157.85	4,497,231.01
		31.12.2002	31.12.2001
LIABILITIES	Notes	EUR	EUR
Current liabilities			
Trade payables		620,939.92	622,520.82
Liabilities to associated companies		62,244.12	2,457.41
Financial liabilities		23,110.05	1,368.69
Provisions	(8)	708,812.84	476,906.46
Other short-term liabilities		106,298.00	180,342.10
Total current liabilities		1,521,404.93	1,283,595.48
Special item for grants		211,752.92	167,986.88
Shareholders' equity	(9)		
Subscribed capital		1,058,947.00	6,353,683.00
Deposit made to implement a capital increase passed		750,000.00	0.00
Capital reserve		1.00	4,142,561.11
Balance-sheet loss		1,944,234.05	7,442,154.88
Cumulative other comprehensive income		37,145.66	-8,440.58
Shortfall not covered by shareholders' equity		98,140.39	0.00
Total shareholders' equity		0.00	3,045,648.65
TOTAL LIABILITIES of which, short-term 2002: EUR 1,577,141.67 (prev. year: EUR 1,325,528.22)		1,733,157.85	4,497,231.01

Profit and loss statement

InfoGenie Europe AG, Berlin

Consolidated profit & loss statement for the year ended December 31, 2002 (US-GAAP)

		01.01.2002 to 31.12.2002	01.01.2001 to 31.12.2001
	Notes	EUR	EUR
Sales	(11)	2,971,151.13	2,754,978.97
Cost of sales		1,313,077.64	1,782,177.00
Gross profit on sales		1,658,073.49	972,801.97
Selling expenses		456,511.81	1,309,694.27
General and administrative expenses		3,433,823.88	4,022,978.91
Other operating income		438,278.14	11,300.15
Other operating expenses		820,978.47	471,164.52
Amortization of goodwill	(7)	1,287,567.17	5,560,603.19
Earnings before financial results		-3,902,529.70	-4,819,735.58
Other interest and similar income		24,546.20	167,371.99
Interest and similar expenses		15,481.21	9,064.99
Earnings before taxes		-3,893,464.71	-4,653,346.68
Taxes on income and profits	(2),(10),(17)	21,075.03	0.00
Other taxes		24,835.54	0.00
Consolidated earnings		-3,939,375.28	-4,653,346.68
Loss carryover from previous year		7,442,154.88	2,788,808.20
Withdrawals from capital reserve		4,142,561.11	0.00
Income from capital reductions	(9)	5,294,736.00	0.00
Addition to capital reserve		1.00	0.00
Consolidated balance-sheet loss		1,944,234.05	7,442,154.88
Earnings per share			
Basic and diluted earnings per share		-0.87	-0.73

Capital flow account

InfoGenie Europe AG, Berlin
Consolidated capital flow statement for fiscal 2001 and 2002

	2002 EUR	2001 EUR
Group earnings	-3,939,375.28	-4,653,346.68
+/- Write-downs/additions to tangible fixed assets and reductions/increases on account of foreign-exchange fluctuations	337,846.18	521,393.24
+/- Write-downs/additions to assets	1,287,567.17	136,174.67
+/- increase / reduction in provisions	231,906.38	239,077.35
+/- Other expenses/income not impacting on payments	-59,182.65	-8,765.69
-/+ Profit / loss on disposal of tangible fixed assets	0.00	41,210.22
+/- Increase / reduction in trade receivables and other assets	229,392.33	-203,113.83
+/- Zunahme/Abnahme der Verbindlichkeiten aus		
+/- Increase / reduction in trade payables and other liabilities	67,696.66	-75,569.78
Cash flow on ordinary trading activity	-1,844,149.21	-4,002,940.50
+ Deposits arising from disposal of tangible fixed assets	702.87	337.21
- Withdrawals for investment in tangible fixed assets	-139,083.14	-685,972.45
+ Deposits and investment grants and allowances	0.00	176,752.57
+ Deposits arising from disposal of intangible fixed assets	6,001.27	0.00
- Withdrawals for investment in intangible fixed assets	-75,795.48	0.00
+ Deposits relating to financial investments within the scope of short-term financial planning	266,113.73	5,112,918.81
Cash flow from investment activity	57,939.25	4,604,036.14

InfoGenie Europe AG, Berlin
Consolidated capital flow statement for fiscal 2001 and 2002

	2002 EUR	2001 EUR
+ Deposits from additions to equity	750,000.00	0.00
+/- Deposits / disbursements from taking out/repaying (financial) loans	61,741.36	-1,655.46
Cash flow from financing activity	811,741.36	-1,655.46
Changes in financial resource fund impacting on payments	-974,468.60	599,440.18
+/- Exchange-rate, consolidation perimeter and valuation-related changes to the financial resource fund	0.00	-6,071.59
+ Financial resource fund at beginning of period	1,268,696.97	675,328.38
Financial resource fund at end of period	294,228.37	1,268,696.97

Movements in equity

InfoGenie Europe AG, Berlin

Consolidated statement of equity movements for fiscal 2002

	Subscribed capital		Deposits made to implement a capital increase passed		Capital reserve	Balance-sheet loss	Cumulative other comprehensive income	Total consolidated shareholders' equity
	Number of no-par-value shares issued	Par value EUR	Number of no-par-value shares issued	Par value EUR				
As of December 31, 2000	6,353,683	6,353,683.00	0	0.00	4,142,561.11	-2,788,808.20	-6,945.11	7,700,490.80
Group earnings						-4,653,346.68		-4,653,346.68
Differences resulting from currency translation							-1,794.92	-1,794.92
Unrealized exchange-rate gains							299.45	299.45
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 one 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
Differences resulting from currency translation							46,300.38	46,300.38
Price gains 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

Notes to the consolidated financial statements

(1) Company operations and legal situation

InfoGenie Europe AG, Berlin (hereafter referred to as “InfoGenie” or “the Company”) was established on May 6, 1999. The Company and its subsidiaries (hereafter referred to “the InfoGenie Group) develop, operate and market telephony-based information services. These comprise the subject areas of computers, games, law, taxes, health, pets and telephony/electricity. The InfoGenie Group’s key customers are publishing houses, hardware and software vendors as well as trading companies offering their customers the services provided by the InfoGenie Group. During the period under review, the InfoGenie Group predominantly operated in Germany and the United Kingdom.

Until December 31, 2001 InfoGenie was run in the form of a holding company, while actual operations of the InfoGenie Group up to that point were in the hands of InfoGenie’s subsidiaries. Effective as of January 1, 2002, InfoGenie Deutschland GmbH, Berlin (hereafter referred to “InfoGenie GmbH” and InfoGenie ComService GmbH, Berlin (hereafter referred to as “ComService”) merged to form InfoGenie. The Group’s operations have since been managed by InfoGenie. Please refer to Note (3) for a description of the structure of the InfoGenie Group.

(2) Summary of essential accounting and valuation policies

Accounting principles

InfoGenie’s consolidated financial statements 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. All material transactions between companies belonging to the consolidation perimeter were eliminated in the course of the consolidation.

All monetary amounts are reported in euros. The Company’s fiscal year ended on December 31, 2002.

Previous-year information

Unlike the practice adopted the previous year, intangible fixed assets were not posted under property, plant and equipment but as a separate item.

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 determined may differ from those estimates.

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 and expenses 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 (other complete balance-sheet results and comprehensive income, as applicable).

Differences in exchange rates during the period between the date on which a transaction denominated in a foreign currency is consummated and the date on which it is either settled or translated for inclusion in a consolidated balance sheet are recognized and included under “Other operating expenses” (previous year: “Other operating income”). Expenses associated with foreign currency translation amounted to EUR 53 k in fiscal 2002 (previous year: EUR 10 k in income).

Cash and cash equivalents

All highly liquid investments with original 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.

Trade accounts receivable

The values of receivables subject to discernible risks are adjusted accordingly. Uncollectible claims are written off the accounts.

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 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.

Office equipment is stated at cost and depreciated using the straight-line method over the estimated useful life. For computer hardware this period is 3-5 years, and 10 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.

Purchased software is stated at cost and depreciated using the straight-line method over the estimated useful life of the software, generally 3 years.

In fiscal 2002 (unscheduled) amortization of goodwill amounted to EUR 1,287,567.17. Please refer to Section (7) for further particulars.

Advertising costs

Costs of advertising measures and trade fairs were recognized as expenses. In fiscal 2002 these came to EUR 73 k (previous year: EUR 129 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 InfoGenie Group earns revenues from operating telephone information services. For the most part revenues are generated with business customers such as publishing companies, software and hardware producers and trading companies, with the InfoGenie Group acting as an outsourcing partner. In doing so, two different models are applied, requiring either the business customer itself to pay for the services provided by the InfoGenie Group or for that entity to only act as intermediary, with the person seeking advice paying for the service. 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 InfoGenie Group generates its revenues directly from its business customers (B2B). Under this model, revenues recognized correspond to the amounts received from 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 InfoGenie Group. The telephone companies are responsible for invoicing, collecting and remitting payments from the user to the InfoGenie Group. 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.

Allocations

Government grants are recognized as income over a period of 84 months (on a lump-sum basis). Such grants recognized as income amounted to EUR 53 k in fiscal 2002 (previous year: EUR 19 k).

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 the financial statements and tax basis of assets and liabilities 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%.

Earnings per share information

In accordance with SFAS No. 128, "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.

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 January 1, 2001. As at December 31, 2002 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 purchase method of accounting for all combinations of businesses independent of one another initiated after July 30, 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 based on the criteria of SFAS 141.

Under SFAS 142, goodwill is no longer amortized but will be 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 value 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 in fiscal years beginning after December 15, 2001. Nevertheless, goodwill arising from combinations of businesses independent of one another taking effect after July 1, 2001 is no longer amortized as early as the current fiscal year. Upon adoption, the Company may need to test the cumulative effect of a possible impairment of intangible assets previously recognized.

The Company adopted SFAS 142 in 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 2002 amounted to EUR 1,288 k.

In June 2001, the FASB issued SFAS No. 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 will apply to fiscal years starting after June 15, 2002.

The Company will adopt SFAS 143 in fiscal 2003. However, it does not anticipate that adoption of SFAS 143 will have a material impact on its financial and earnings situation or its cash flows.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 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 are a range of cash flows that may be generated by the asset being tested for impairment. SFAS No. 144 also establishes criteria for determining when an asset should be treated as held for sale.

SFAS No. 144 is effective for fiscal years beginning after December 15, 2001 and interim periods within those fiscal years, with early application encouraged. The provisions of the new standard are to be applied prospectively. The Company plans to liquidate and close down InfoGenie France S.A.R.L. and InfoGenie Italia S.r.l. Due to the relatively minor role of these two subsidiaries, the new provisions of SFAS 144 were not applied.

(3) Consolidation perimeter and company law related restructuring measures

InfoGenie Ltd.

On July 5, 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 Limited are similar to those of the Company, described in Note (1). The acquisition was accounted for using the purchase method. Accordingly, the purchase price was allocated to the assets acquired, based on the evaluation of their fair values at the date of acquisition. Part of the shares in InfoGenie Ltd. were acquired by Mr. Markus Semm, who also was majority shareholder of InfoGenie at the time. For this reason, the share in the assets acquired and liabilities accounted for by him was recorded at historical cost of acquisition and production. The purchase price of the share acquired from third parties is based on the price of InfoGenie's common stock at the date of the initial public offering.

The following is a summary of the purchase price allocation for the assets and liabilities acquired from third parties:

	EUR k
Fixed assets	2
Short-lived assets	88
Liabilities assumed	-154
Goodwill	1,575
	1,511

The goodwill acquired was originally amortized over an anticipated useful life of 7 years using the straight-line method. With the adoption of SFAS in fiscal 2002, the impairment test resulted in a cumulative effect adjustment amounting to EUR 1,242 k. The operating results of InfoGenie Ltd. were included in the Company's consolidated figures since the date of acquisition.

InfoGenie Connect Ltd., Windsor, Berkshire, UK (hereafter referred to as "IG Connect Ltd.")

On July 6, 2001, IG Connect Ltd. was incorporated as a subsidiary of InfoGenie Ltd. and included in the Company's consolidation perimeter.

IG Connect does not develop any business activities and thus far has not prepared financial statements for the year ended December 31, 2002. As IG Connect Ltd. will not develop any business activities in future either, it was deconsolidated in the fiscal year under review. Income realized from the deconsolidation amounted to EUR 6 k.

Profifon GmbH, Munich (hereafter referred to as "Profifon"), and Global Connect GmbH Business Development & Trading, Berlin (hereafter referred to as "Global Connect")
In accordance with an agreement of July 13, 2001, Profifon and Global Connect merged to form InfoGenie GmbH, a subsidiary of the Company. Both companies, Profifon and Global Connect, were already wholly-owned subsidiaries of InfoGenie GmbH before the merger was completed.

Goodwill recorded for Profifon in the previous year's consolidated financial statements, amounting to EUR 46 k, was completely adjusted for the cumulative effect determined by the impairment test in fiscal 2002.

InfoGenie ComService GmbH Berlin (hereafter referred to as "ComService")

In terms of an agreement dated January 23, 2001, ComService was incorporated as a subsidiary of InfoGenie GmbH and included in the Company's consolidation perimeter. In accordance with an agreement of June 19, 2002, ComService was merged with InfoGenie.

Telepunkt KG, Herborn (hereafter referred to as "Telepunkt")

On June 13, 2001, Telepunkt was merged with ComService.

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

On August 22, 2000 the subsidiary InfoGenie France was established. InfoGenie France has not developed business operations and will be liquidated in fiscal 2003.

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

On June 22, 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 2003.

InfoGenie Deutschland GmbH, Berlin

The shares in InfoGenie GmbH were contributed in kind to InfoGenie on January 27, 2000. Since both companies were owned in the same amounts by the same stockholders prior to and immediately following the transaction, the combination of the two entities is a "transaction between entities under common control", in accordance with Interpretation No. 39 of Accounting Principles Board Opinion No. 16 of the American Institute of Certified Public Accountants ("AICPA") and Issue 90-5 of the Emerging Issues Task Force. Accordingly, the assets and liabilities of InfoGenie GmbH are shown at their carrying amounts. Goodwill or similar intangible assets may not be capitalized. The subscribed share capital of the Group in the periods prior to the merger was adjusted retroactively by multiplying the nominal value of the authorized capital of InfoGenie GmbH with the factor corresponding to the ratio of the shares issued by InfoGenie AG to the nominal value of the share capital at the time of the merger.

In accordance with an agreement of June 19, 2002, InfoGenie GmbH was merged to form InfoGenie.

Following these company-law related restructuring measures, the Company's consolidation perimeter is as follows:

Shareholding

	Percent
InfoGenie Ltd.	100
InfoGenie Italia	100
InfoGenie France	100

(4) Cash and cash equivalents

EUR 74 k in cash and cash equivalents (previous year: EUR 54 k) are pledged as lease guarantees. EUR 62 k thereof are pledged for a residual period of less than 4 years, and EUR 12 k are pledged for a period of less than 12 months.

Credit balances with banks, amounting to EUR 5 k, are blocked due to measures initiated by third parties.

(5) Short-term (current) investments

The mortgage bond posted under "Short-term investments" in the previous year was repaid in February 2002.

(6) Property, plant and equipment

Please refer to the fixed asset movement schedule attached to these notes for further details on additions, disposals and depreciation.

(7) Goodwill

Goodwill relates to the following subsidiaries:

	2002 EUR k	2001 EUR k
InfoGenie Ltd.	1,242	1,467
Profifon	46	56
Telepunkt	0	159
Less: asset impairment charges (previous year: scheduled and unscheduled amortization)	- 1,288	- 394
	0	1,288

Impairment charges on goodwill in fiscal 2002 relate to InfoGenie Ltd. (EUR 1,242 k) and Profifon (EUR 46 k).

(8) Provisions

Provisions are shown in the following breakdown:

	2002 EUR k	2001 EUR k
Legal/consultancy/transaction costs	187	208
Incoming invoices outstanding	98	12
Social insurance institution	87	0
Risks associated with value added tax	80	0
Provisions for employee leave	51	33
Supervisory Board costs	37	32
Anticipated losses	20	47
Severance pay	0	94
Other provisions	149	51
	709	477

(9) Shareholders' equity

Common stock

By shareholders' resolutions taken August 28, 2002, common stock was initially reduced by EUR 1.00 by redeeming one share and subsequently reduced in a ratio of 6 : 1. Income from capital reductions in fiscal 2002 amounted to EUR 5,295 k.

Deposit made to implement a capital increase passed

The cash capital increase amounting to EUR 750 k had already been paid in by the balance-sheet date. As this was only entered in the Commercial Register after the balance-sheet date (January 9, 2003), it was posted under that item.

(10) Taxes on income and profits

The following table reflects 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%:

	2002	2001
	EUR k	EUR k
Expected Group tax benefit from corporate income taxes	1,532	1,810
Merger related losses	1,577	128
Amortization of non-tax-deductible goodwill	-501	-153
Changes in valuation allowance on deferred taxes	-2,608	-1,701
Differences on account of non-identical foreign tax rates	0	-76
Other	0	-8
Taxes on income and profits	0	0

Deferred income tax assets are shown as follows:

	2002	2001
	EUR k	EUR k
Deferred tax assets (gross)	5,522	2,914
Less (cumulative) valuation adjustments	-5,522	-2,914
Deferred tax assets (net)	0	0

As at December 31, 2002 and 2001, 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 at December 31, 2002 the Group had tax loss carryforwards amounting to EUR 8,338 k solely attributable to InfoGenie. 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 respect of the current loss carryforwards for which the realization of the tax benefit is less probable than its expiry. Owing to the current loss situation and the uncertainty relating to planning occasioned by tax legislation in Germany, in fiscal 2002 and 2001 valuation adjustments were made to all deferred tax assets.

(11) 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.

No information is presented on the separate results of individual Group member companies as each of these operated in the same line of business, used the same distribution channels and otherwise met the aggregation criteria specified in SFAS 131 for the required segment information.

Regional breakdown of InfoGenie Group revenue:

	2002	2001
	EUR k	EUR k
Germany	1,854	1,744
United Kingdom	1,117	1,011
	2,971	2,755

Geographical breakdown of intangible assets and property, plant and equipment:

	2002	2001
	EUR k	EUR k
Germany	515	657
United Kingdom	225	212
	740	869

(12) Fair value of financial instruments

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

(13) Transactions with associated companies and closely related persons

In fiscal 2002 various agreements for financing were in place between InfoGenie for the one part and InfoGenie Ltd. and InfoGenie France for the other. InfoGenie performed a full valuation adjustment of its claims on these subsidiaries. These transactions were eliminated in the course of the consolidation.

(14) Other obligations**Operating leases**

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

	2003	2004	2005	2006	2007
	EUR k	EUR k	EUR k	EUR k	EUR k
Annual rent payable	225	225	178	42	0

Legal matters

Several actions are pending before court against the Company for operating a phone-based tax consultancy service. The outcome of this litigation cannot be predicted with certainty at this time. If the outcome is negative from the Company's point of view, it may be required to discontinue its activities in this line of business. Income generated by this division amounted to EUR 22 k in fiscal 2002. Outstanding legal and consultancy costs, estimated at approx. EUR 5 k, have been deferred.

(15) 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.

In fiscal 2002 InfoGenie's Group profit came to -EUR 3,939 k, and EUR 1,844 k in cash had to be raised to finance its ongoing operations. The InfoGenie Group's financial room for maneuver was still quite limited at the time of reporting. Since 2001 InfoGenie has been implementing comprehensive measures to cut costs. This also extends to include a streamlining of legal structures on account of the mergers that have taken place. At present the InfoGenie Group's cash burn rate amounts to EUR 150 k per month. Holdings of cash and cash equivalents at end-February 2003 came to EUR 186 k. Considering the company's current financial situation, the worst patch appears to have been overcome. The agreement concerning a capital contribution entered into by and between ebs Holding AG and the Company relating to shares in ebs Global GmbH became effective on March 24, 2003, and the planned distribution by ebs Global GmbH to the Company will generate the liquidity necessary for the Company's ongoing business activities. Accordingly, the consolidated financial statements were prepared on the 'going concern' assumption.

(16) Additional disclosure requirements according to § 292a of HGB**Members of the Board of Management in fiscal 2002:**

Lynex Owens until August 8, 2002
businessman

Thomas Dehler since May 14, 2002
(academic title: 'Diplom-Ingenieur')

Thomas Dehler (as of May 14, 2002) EUR 84,439
Lynex Owens (until August 8, 2002) EUR 145,060

Total remuneration to
Management Board members: EUR 229,499

In the previous year, EUR 331,000 was paid out to the
Management Board members.

Jochen Hochrein (academic title: 'Diplom-Wirtschaftsingenieur') was appointed a further member of the Board of Management on January 1, 2003.

Members of the Supervisory Board in fiscal 2002:

Klaus Rehnig (Chairman), businessman
(since April 16, 2002 as Chairman since August 28, 2002)
other supervisory board mandates:
ebs Holding AG, Hallbergmoos
ebs Electronic Billing Systems AG, Hallbergmoos
Wire Card AG, Hallbergmoos
RLPR AG, Idstein
Proteosys AG, Mainz

Alfons Henseler (Deputy Chairman), business consultant
(since September 24, 2002)
other supervisory board mandates:
Weider AG, Bad Homburg,
Korff AG, Hamburg

Martin Aschoff, journalist
(until March 22, 2002)
other supervisory board mandates:
FirstGate Internet AG, Cologne (Advisory Board member)
Win GmbH, Cologne (Supervisory Board member)

Dr. Wolfgang Janka, Attorney-at-law and auditor
(until August 28, 2002)
other supervisory board mandates:
FBBI Freeport Berlin Brandenburg International AG
Windhorst Holding AG

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:

Chairman: 10,000 euros, deputy: 7,500 euros, members: 5,000 euros.

Name	Function	from	to	EUR
Dr. Wolfgang Janka	Chairman	01.01.	28.08.02	6,667
Martin Aschoff	Deputy	01.01.	22.03.02	1,875
Klaus Rehnig	Deputy	16.04.	28.08.02	3,125
Klaus Rehnig	Chairman	29.08.	31.12.02	3,333
Alfons Henseler	Deputy	24.09.	31.12.02	2,500
Ralf Stark	Member	01.01.	31.12.02	5,000
Total remuneration				22,500

Remuneration paid to the Supervisory Board in fiscal 2002 totalled EUR 23 k (previous year: EUR 22 k).

Personnel expenses

Personnel expenses in fiscal 2002 amounted to EUR 1,502 k in line with the following breakdown:

	2002
	TEUR
Payroll	1,521
Social security contributions	312
	1,833

Employees

In fiscal 2002 the Group's workforce averaged 22 employees (previous year: 53).

At year end, the company had a workforce of 22 employees.

(17) Significant differences between US GAAP and the German Commercial Code**General**

The consolidated financial statements of InfoGenie AG as at December 31, 2002 were prepared as exempting consolidated financial statements in accordance with § 292a of the German Commercial Code (HGB), in conformity with U.S. Generally Accepted Accounting Principles ('U.S. GAAP') and on the basis of German Accounting Standard No. 1 (DRS 1) issued by the German Standardization Committee (Deutscher Rechnungslegungs-Standardisierungsrat e.V. - DRSC). The provisions of the German Commercial Code (HGB) and German Stock Corporation Law (AktG) differ from U.S. GAAP in certain material respects. The main differences that may be relevant to an evaluation of the net worth, financial position, and the 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 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 purchase accounting 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 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. Owing to the uncertainty relating to the recoverability of these loss carryforwards, the Company performed full valuation adjustments on all deferred taxes.

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 the transaction. According to HGB, these costs are recognized as expenses.

InfoGenie Europe AG, Berlin

Consolidated statement of asset additions and disposals for fiscal 2002

	Acquisition and production costs					Write-downs				Carrying values		
	01.01.2002	Adjustments relating to currency- translation	Additions	Disposals	31.12.2002	01.01.2002	Adjustments relating to currency- translation	Additions	Disposals	31.12.2002	31.12.2002	31.12.2001
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Tangible fixed assets	908,838.84	-19,410.57	139,083.14	852.46	1,027,658.95	226,638.10	-4,454.42	195,586.81	149.59	417,620.90	610,038.05	682,200.74
Intangible assets	296,908.67	0.00	75,795.48	6,001.27	366,702.88	109,835.45	0.00	127,303.24	0.00	237,138.69	129,564.19	187,073.22
Goodwill	1,672,791.20	0.00	0.00	0.00	1,672,791.20	385,224.03	0.00	1,287,567.17	0.00	1,672,791.20	0.00	1,287,567.17
	2,878,538.71	-19,410.57	214,878.62	6,853.73	3,067,153.03	721,697.58	-4,454.42	1,610,457.22	149.59	2,327,550.79	739,602.24	2,156,841.13

Audit Certificate

On the basis of the results of our audit, we granted the following unqualified audit certificate for the consolidated financial statements of InfoGenie Europe AG for the year ending December 31, 2002 attached as appendices I – VI and the summarized status report and consolidated status report for fiscal 2002 at-tached as appendix VII.

“We have audited the consolidated financial statements compiled by InfoGenie Europe AG, Berlin, comprising the balance sheet, income statement, statement of equity movements, cash flow statement, and notes, for the fiscal year commencing on January 1 and ending on December 31, 2002. The Company's Management Board is responsible for compiling the consolidated financial statements and for their contents. 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 German auditing rules and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) as well as the Generally Accepted Auditing Standards (GAAS). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of any material misstatement. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements and the consolidated status report. The audit also assesses the accounting principles used and significant estimates made by the Company's statutory representatives, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give 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, 2002 and ending on December 31, 2002, did not give rise to any objections. In our opinion, the consolidated status report together with the other disclosures in the consolidated financial statements as a whole provides a correct depiction of the Group's condition and appropriately describes the risks to its future development. In addition, we confirm that the consolidated financial statements and the consolidated status report for the financial year commencing on January 1, 2002 and ending on December 31, 2002 comply with the conditions for exemption from the duty to compile consolidated financial statements pursuant to German law.

Without restricting this assessment, we wish to state the following:

The summarized status report and consolidated status report indicate, under “Substantial Risks”, that there is a strong dependency within the B2B Division on large-scale customers (collection risk). Moreover, it is stated under “Substantial Risks” that the Company has no reserves in case any extraordinary expenses should be incurred; however, according to the Management Board such expenses are currently not foreseeable.

As at December 31, 2002 the Group was over-indebted in balance-sheet terms by EUR 98 k. As far as this over-indebtedness of December 31, 2002 is concerned, it must be noted that the level has continued to increase in 2003 owing to further losses accrued. However, at the time of the audit this over-indebtedness of the parent company was eliminated in terms of insolvency law since ebs Holding AG, Hallbergmoos, issued a letter of comfort for the sum of EUR 450 k in respect of InfoGenie Europe AG, Berlin, dated March 18, 2003. This letter of comfort is limited until December 31, 2003. In addition, it is subject to a suspensive condition relating to the entry in the Commercial Register of the integration of ebs Global GmbH, Hallbergmoos, in InfoGenie Europe AG, Berlin in connection with a non-cash capital increase in accordance with a notarial agreement dated December 27, 2002. Upon the non-cash capital increase being entered in the Commercial Register on March 24, 2003, the letter of comfort was terminated and the overindebtedness of the Group eliminated on December 31, 2002.

On account of the promising and forward-looking plans and the fact that the cash capital increase amounting to EUR 750 k has meanwhile been entered in the Commercial Register (January 9, 2003) along with the non-cash contribution of EUR 6,500 k (March 24, 2003), the associated increase in the parent company's shareholders' equity to EUR 8,309 k, and the fact that InfoGenie Europe AG, Berlin qualifies for subscription rights on profits realized in connection with business shares effective as of January 1, 2002, it can be assumed that the risk of an impairment in the Company's development or a danger to the existence of InfoGenie Europe AG, Berlin and the Group as a going concern – and taking account of the risks indicated by the legal representatives of the Company and the loss situation and liquidity shortfalls still prevailing at the beginning of 2003 – has eased considerably.

Accordingly, the assumption that the consolidated financial statements for the year ending December 31, 2002 have been compiled in accordance with the going-concern principle is justified.”

München, den 15. April 2003

Control5H GmbH
Wirtschaftsprüfungsgesellschaft

Dipl.-Oec. Roland Weigl
Wirtschaftsprüfer(Auditor)

Dipl.-Kfm. Ulrich Burkhardt
Wirtschaftsprüfer(Auditor)

Supervisory Board Report

At the beginning of the financial year 2002 the Supervisory Board consisted of Dr. Wolfgang Janka as Chairman as well as Mr. Martin Aschoff and Mr. Ralf Stark. Effective as of March 22, 2002 Mr. Aschoff resigned as member of the Supervisory Board. Mr. Klaus Rehnig was appointed a deputy member of the Supervisory Board by the Munich Companies Register and confirmed in office on the occasion of the Shareholders' Meeting of August 28, 2002 for the remaining term of his mandate. The Chairman of the Supervisory Board, Dr. Wolfgang Janka, announced his resignation at the subsequent Supervisory Board meeting held August 28, 2002 for professional reasons. Mr. Rehnig was appointed as the new Chairman of the Supervisory Board on August 28, 2002. Mr. Alfons Hensler was appointed a deputy member of the Supervisory Board by the Companies Register on September 24, 2002.

In fiscal 2002, the Supervisory Board was briefed on the situation and strategy of the Company in a total of 13 meetings held on February 20, March 14, April 22, May 14, May 27, July 2, August 28, October 24, October 28, October 30, November 11, November 28 and December 27. Of the 13 meetings held, those of March 14, May 14, October 24, October 30, November 11 and November 28 were held by circulating the relevant briefs and/or tele-conferencing. 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 main issues addressed at Supervisory Board meetings were streamlining concepts necessary to secure the Company's long-term capital base, adjustments of business plans to take account of revenue trends and the market situation, and restructuring measures in connection with development potentials in the United Kingdom and Germany. 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, this included consent being given to the merger of InfoGenie Deutschland GmbH, Berlin, and InfoGenie ComService GmbH, Berlin, with InfoGenie Europe AG. Moreover, the capital measures announced at the two Shareholders' Meetings were prepared for implementation:

1. Capital reduction in a ratio of 6:1 in relation to the number of shares
2. Capital increase by 750 thousand euros
3. Non-cash (in-kind) capital increase by 6.5 million euros

This was preceded by a notice from the Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht - BaFin) of October 23, 2002 on the applications for exemption of ebs Holding AG and ebs Mobil GmbH in accordance

with § 37 par 1 of Securities Acquisition and Takeover Act (Wertpapierübernahmegesetz – WpÜG). The requirements were met.

Among the key personnel-related decisions taken by the Supervisory Board was the appointment of Mr. Thomas Dehler to the Board of Management of InfoGenie Europe AG, initially for the business divisions for Marketing and Distribution and as of August 8, 2002 as sole member of the Board of Management. The employment termination agreement with former Board member Lynx Owens was signed on August 8, 2002. In the Supervisory Board meeting of October 30, 2002, Mr. Jochen Hochrein was appointed a further Board member for the Technology, Business Development and Business-to-Consumer divisions effective as of January 1, 2003.

The annual financial statements of InfoGenie Europe AG prepared by the Board of Management for fiscal 2002 were audited by Control5H GmbH, Wirtschaftsprüfungsgesellschaft, Munich, and received an unqualified audit certificate. Due to the current operating losses and on account of the valuation adjustment to the holdings after the merger, the 2002 balance sheet reflects negative capital account amounting to 146 thousand euros, covered by a letter of comfort issued by ebs Holding AG as principal shareholder. This was necessary to qualify for the audit certificate under ‘going concern’ aspects until the non-cash capital increase was performed, which was entered in the Commercial Register on March 24, 2003. The Supervisory Board discussed the streamlining measures performed at length with the auditor, including the new business potential available, agreeing that the settlement reached before the Regional Court of Munich on March 6, 2003 will enable the final capital measure (entry in the Commercial Register on March 24, 2003) to be implemented according to schedule.

The Supervisory Board has received and examined the financial statement records and agreed with the conclusion of the audit report in its meeting of March 18, 2003. Accordingly, the annual financial statements of InfoGenie Europe AG for the financial year 2002 have been confirmed. In particular, the Supervisory Board wishes to thank the new members of the Board of Management and all employees of the InfoGenie Group for their achievements in 2002, a turbulent fiscal year.

Berlin, March 31, 2003
Klaus Rehnig
Chairman of the Supervisory Board

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