Annual Report
2003

OnVista Group

Refinement.

About the Title

Refinement

To bring the naturally given potential of a rose to full bloom, the plant-breeder chooses the path of refinement. He makes purposeful cuts and creates new combinations to achieve controlled growth.

OnVista adopts the same approach. Always aiming for the best possible result through logical strategic developments. This applies to our products and corporate structure alike. For the benefit of customers, shareholders and employees.

OnVista at a Glance

Sales and earnings position	1999[1]	2000	2001	2002	2003
Sales (€ mill.)	1.19	8.24	12.60	12.58	10.84
EBITDA (€ mill.)	-0.11	1.22	-2.56	1.44	-1.24
Depreciation on tangible and intangible assets (€ mill.)	0.12	1.02	2.77	2.63	3.76
EBIT (€ mill.)	-0.23	0.16	-5.68	-1.19	-5.01
EBT (€ mill.)	-0.24	0.60	-9.81	0.15	7.56
Net result for the year (€ mill.)	-0.11	0.31	-9.25	2.45	5.79
Return on sales (%)	-9.2	3.8	-73.4	19.5	53.4
Financial position					
Group cash flow (€ mill.)	5.67	6.70[2]	-5.77	1.16	-1.87
Group operating cash flow (€ mill.)	-0.15	3.18	-1.06	0.37	1.22
Investments (€ mill.)	0.79	13.51	4.58	2.05	3.18[3]
in tangible assets (€ mill.)	*0.58*	*4.31*	*2.14*	*0.23*	*0.20*
in financial assets (€ mill.)	*0.00*	*6.80*	*0.31*	*0.01*	*1.81*[3]
Net credit balance[4] (€ mill.)	2.93	32.78	27.27	27.46	24.99
Assets and capital structure					
Balance sheet total (€ mill.)	5.86	51.29	41.27	43.10	47.62
Capital to asset ratio[5] (%)	90.4	91.7	90.0	93.8	96.3
Return on equity[6] (%)	-2.1	0.7	-24.9	6.1	12.6
Return on assets[7] (%)	-1.9	0.6	-22.4	5.7	12.2
Shares					
Group cash flow per share (€)	–	1.08[2]	-0.86	0.17	-0.28
Group operating cash flow per share (€)	-2.49	0.47	-0.16	0.06	0.18
Earnings per share (€)	-1.99	0.05	-1.39	0.37	0.86
Dividend per share (€)	0.00	0.00	0.00	0.00	0.00
Highest/lowest price (€)	–	55.00/13.00	17.20/3.11	6.85/3.35	6.47/3.56
Market cap as at year end (€ mill.)	–	93.8	29.5	32.2	36.2
Employees					
Total as at 31 Dec.[8]	21	126	161	133	41
Personnel expenses (€ mill.)	0.47	3.34	8.42	7.45	7.23
Sales per employee[8] (€ mill.)	0.06	0.09	0.07	0.09	0.09

[1] Individual accounts for OnVista AG
[2] Incl. proceeds from IPO
[3] Excluding the non-monetary acquisition of the at equity interest in IS.Teledata AG in the amount of € 15.51 mill.
[4] Cash and cash equivalents
[5] Shareholders' equity/balance sheet total
[6] Net income for the year/shareholders' equity
[7] Net income for the year/balance sheet total
[8] In permanent employment, full time equivalent; 1999 and 2000: number of heads

About OnVista

OnVista AG is a media and IT company and relies on two mainstays.

Via its wholly-owned subsidiary **OnVista Media GmbH**, the company operates and markets the web site www.onvista.de – the leading bank-independent finance portal in Germany. The web site offers the most comprehensive finance market information on the German Internet. Users value the site as a high quality and fast source of information, which creates transparency in the financial markets. Since March 2004, the company has extended its business activities also to the operation and marketing of www.medicine-worldwide.de, one of the most popular health care websites in Germany. The web site is intended for patients and their entourage as well as those with a general interest in medical matters and offers high quality content, formulated to be understood by any layperson. OnVista Media generates revenues through advertising and content collaborations. OnVista Media is not solely a provider of advertising space but also offers its customers comprehensive advice on planning and placing their respective online campaigns.

As the biggest individual shareholder, OnVista AG has a 33.5% stake in **IS.Teledata AG**, Europe's largest provider of Internet based financial market information systems. The company arose from the merger of OnVista Technologies GmbH and IS Innovative Software AG. IS.Teledata's products and services are designed to support professional financial service providers with solutions and market data for both staff and customers. The product range of IS.Teledata AG spans the entire bandwidth – from terminals and solutions for financial advisers and asset managers, to financial web sites and portals, right through to efficient backend technologies for the provision of financial market data.

Content

Milestones

2004

March — Acquisition of A Med-World AG, who operates the advertising-financed health care portal www.medicine-worldwide.de. With the take-over of the health care specialist, OnVista is, for the first time, venturing into a subject area outside finance.

2003

November — Amalgamation of OnVista Technologies GmbH and IS Innovative Software AG under IS.Teledata AG. The merger creates the largest provider of Internet based financial market information systems in Europe.

2002

September — OnVista spins off its two operating business segments – Technologies (formerly: Licences) and Media (formerly: Portal) – into newly formed, independent limited liability companies. As a result, OnVista AG now acts as a holding company for its wholly-owned subsidiaries OnVista Technologies GmbH and OnVista Media GmbH.

2001

December — In the fourth quarter of 2001, OnVista records its first positive cash flow since going public.

2000

June — OnVista AG reaches break even three months ahead of schedule.

February — OnVista AG goes public. The issue is 80 times oversubscribed.

1999

November — Transformation into OnVista AG paves the way for stock exchange flotation. Burda Beteiligungs-Holding GmbH acquires a 10 percent stake in the company.

1998

November — The first licence is awarded.

September — www.onvista.de goes online.

May — Stephan Schubert, Michael W. Schwetje and Fritz Oidtmann set up OnVista.de Finanzanalyse GmbH & Co.KG.

Strategic steps noticeably improve corporate position

Dear Shareholders,
Dear Business Partners,

In the financial year 2003 and in the first three months of 2004, we took some important strategic decisions that will shape the OnVista group for all time and open up fundamental new opportunities.

At the end of the year under review, we merged OnVista Technologies GmbH – the wholly-owned subsidiary of OnVista AG – with the Frankfurt based company IS Innovative Software AG, after a preparatory phase of just under five months. The newly created company is trading under the new name of IS.Teledata AG and is Europe’s market leader for financial market information systems based on Internet technology. OnVista now has a 33.5% stake in the company (initially 31.5%) and almost 41.5% of the voting rights. We also exert influence on the company by taking two of the three Executive Board mandates and an equal number of seats on the Supervisory Board. The main aim of the merger is to improve profitability. We are extremely confident, the investment results will be reflected in a substantial improvement in the performance of OnVista AG in 2004 and even more so in subsequent years.

OnVista media competence applied outside the financial sector

We are also pushing open new horizons – this time in the Media business segment – with a second, very recent decision of strategic importance. In March 2004, we ventured outside the finance area for the first time. With the acquisition of the health care portal www.medicine-worldwide.de, we plan to open up new revenue and income sources in a long-term growth market and reduce our dependency on the financial sector. The core competence of OnVista Media, which lies in the presentation and marketing of Internet content, is now also being applied in another subject area.

Heterogeneous business performance

The results of the ordinary business operations of OnVista AG differ greatly in the year under review. Although we were unable to preclude a stagnation or losses in our projections for 2003 published in the last annual report, we certainly did not expect to record a negative operating performance (EBIT) of € 5 million. The result is attributable to the Technologies business segment, where we had to accept an unexpectedly high decline in sales prior to the merger, due to the ongoing very difficult market conditions.

We have absolutely no doubt that by the amalgamation we have created the basis for a future sustained operating profit in the Technologies segment. In contrast, the Media business segment is already now delighting us with the most successful year to date. OnVista Media by far exceeded our expectations and increased its revenues by around 30% and profits by almost 50%. Although both the group pre- and after-tax result is highly positive, this is, however, due only to the release of non-liquidity related hidden reserves in the course of the merger related de-consolidation of OnVista Technologies.

Thanks all round

At the end of the year under review, our fellow board member and, like us, founder member of OnVista, Stephan Schubert, relinquished his directorship in order to fully concentrate on his new area of responsibility as Executive Board Member for IT at IS.Teledata AG. We would like to express our sincerest thanks to Stephan for his tireless professional and personal commitment to the development of OnVista AG. Through his position at IS.Teledata, he will continue to have a strong bearing on the commercial development of the OnVista group.

We would also like to express our sincere thanks to our employees. For many, 2003 was closely connected with a heavy additional workload. We are proud of our team, who helped us to greatly speed up the merger of OnVista Technologies GmbH while, at the same time, staying fully focused on our day-to-day business. Our thanks explicitly also go to those colleagues who left the company as a result of the merger. The successful performance in the Media business segment in particular is down to the dedication and creativity of our employees.

As a result of the two transactions described in detail in the annual report, we believe our competitive and earnings position to be stronger than ever. And our continued sizeable cash funds enable us to at any time take advantage of other attractive acquisition opportunities. Our shareholders, whom we thank for their confidence even during the ‘frosty market mood’, have already been rewarded with marked advances in our stock price. We are confident this trend will continue long term.

Yours sincerely,

Fritz Oidtmann

Michael W. Schwetje

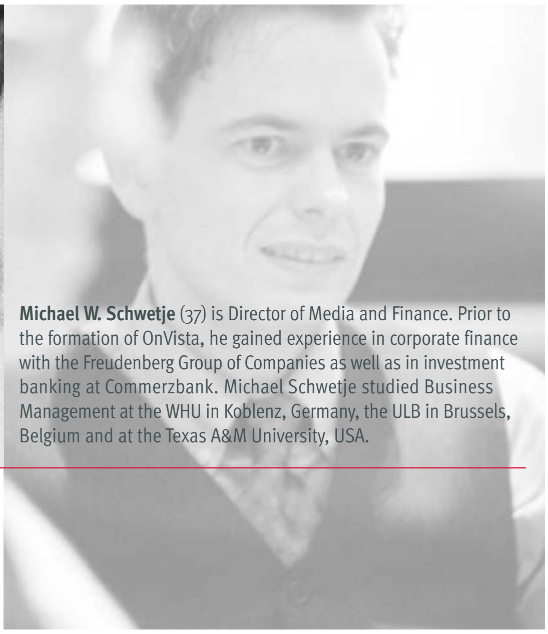
Sustained profitability from 2004 onward

The financial year 2003 brought the biggest change in the corporate structure of OnVista AG to date since the company's stock market flotation – you merged your subsidiary OnVista Technologies GmbH with your competitor IS Innovative Software AG. The new joint venture, IS.Teledata AG, is no longer being consolidated by OnVista. Why are you relinquishing 70% of your business?

Fritz Oidtmann: "It's true that the OnVista group's volume of business has reduced from an accounting and optical perspective. But there can be no question of 'relinquishing'! We've exchanged our 100% holding in OnVista Technologies GmbH for a 31.5% stake in IS.Teledata AG, a substantially larger company with significantly better opportunities for success in the market. IS.Teledata is the European market leader and will operate at a profit as early as in 2004."

Nevertheless, the fact remains that group sales reported by OnVista AG will drastically reduce. Does it still make sense for a company of this size to remain listed on the stock exchange? Are you looking to delist the company?

Fritz Oidtmann: "No, that's not a matter for discussion as far as we're concerned. We are a small but rare pearl on the stock market and particularly attractive for private investors. This is not contingent on revenues of 5 or 15 million Euro. The decisive factor is the bottom line. Besides, we're thinking long term and plan to retain the important access to the capital markets through our listing, while also keeping our options open to use the company's shares as acquisition currency. To put it plainly – we will definitely remain a publicly quoted company."



Michael W. Schwetje (37) is Director of Media and Finance. Prior to the formation of OnVista, he gained experience in corporate finance with the Freudenberg Group of Companies as well as in investment banking at Commerzbank. Michael Schwetje studied Business Management at the WHU in Koblenz, Germany, the ULB in Brussels, Belgium and at the Texas A&M University, USA.

Although you could not preclude a stagnant performance or losses in your projections for 2003, you probably didn't expect such a heavy increase in losses in the company's operating result (EBIT). Can you explain the reasons behind this turn of events?

Michael W. Schwetje: "The Technologies business segment is the main cause for the losses. The loss incurred in this segment prior to the merger arose from an unexpectedly noticeable sales deficit, due to the continued difficult market situation in 2003. The segment was unable to make up cancellations from the previous year through new business."

The negative group EBIT overshadows the fact that the Media business segment was able to grow significantly during a difficult period and to increase its profits by 50%. How did you manage to do that?

Michael W. Schwetje: "For OnVista Media, the financial year 2003 was the best since the company's formation. On the one hand, the improved general external conditions were a contributing factor, with positive developments in both the market sentiment and the online advertising market. However, our earnings oriented sales approach is even more significant. Because we have both experience in online marketing as well as specific know-how of financial products, we're able to keep an eye on the advertising and sales success of our customers and at the same time develop products with a high earnings potential for us. Reach also plays an important role in comparisons with other competitors and in this area too, we can once again be highly satisfied. www.onvista.de has now led the market of bank-independent finance portals for three successive years and even extended its competitive edge further."

Up until now, you've been known as a finance specialist. What objectives do you attach to the purchase of the health care portal www.medicine-worldwide.de?

Michael W. Schwetje: "With this purchase, we're setting OnVista Media on a new strategic course. Our aim is to open up new revenue sources with strong growth potential and at the same time improve the spread of our business risks through diversification. Leaving aside the subject of financial content for the moment, the core competency of OnVista Media does, in fact, generally lie in the presentation and marketing of content on the Internet. Why shouldn't it be possible to transfer this know-how to other special interest areas? We consider the health care area as particularly suitable for a step like this. This is a market that is not in any way dependent on the financial sector and on top of it is also highly attractive. The market offers potential for great demand from users as well as from advertising customers. And last but not least, demographic developments and health reforms will also ensure growth. In our view, the market for health care portals is at the same point today as the finance area four or five years ago."

As a result of the de-consolidation of the adverse OnVista Technologies GmbH we can probably expect a positive group performance for 2004?

Fritz Oidtmann: "Yes. It looks like both the Media and Technologies operating business segments, and for the fist time also the third segment – Corporate Services – will operate at a profit. On this basis – and without special accounting effects – we envisage a positive six-digit group pre-tax result. Overall, we're very optimistic about the near future."

The question of how OnVista plans to use its very sizeable cash funds profitably is even more acute now than before the merger?

Michael W. Schwetje: "High cash assets are very reassuring, not to mention the considerable interest income they generate. And, they offer room to manoeuvre when exploiting strategic opportunities in both business segments. We are generally very open-minded about acquisitions, provided they contribute to strengthening the core business and the opportunities clearly outweigh the risks.


Fritz Oidtmann (44) is Spokesman for the Board and a founder member of OnVista. As a Partner at McKinsey & Company's office in Cologne, he was previously in charge of the company's German trade sector. During his twelve years with the international management consultancy, he also gained experience at McKinsey's offices in Sao Paulo and Paris. Fritz Oidtmann read for a degree in Economics at the Universities of Bonn, Germany and Berkeley, USA.

The recent acquisition of A Med-World AG demonstrates our determination."

Why did your fellow board member Stephan Schubert relinquish his mandate at the end of 2003?

Fritz Oidtmann: "To fully concentrate on his new responsibilities at IS.Teledata AG. For us, the investment in IS.Teledata AG is of a strategic nature. It was therefore important in our view to also be actively involved at board level. It was obvious that Stephan Schubert, who was responsible for the Technologies business segment at OnVista, would become the new company's IT Director. Since his previous province at OnVista AG no longer exists, his departure does not leave any vacancy that would need to be filled by someone else. Through his directorship at IS.Teledata AG, Mr. Schubert will continue to exert considerable influence on the development of our Technologies business segment and therefore the entire OnVista group. And as a shareholder he will, of course, still be closely linked to OnVista in any case."

Recognising opportunities.

A year of major changes

Economic Climate

Continued economic stagnation

In 2003, we witnessed a further deterioration in the general economic situation. For the first time since the recessionary year 1993, the German economy contracted slightly. The real gross domestic product, which had grown by only 0.2% in 2002, showed a slight decline of 0.1% in the year under review. The growth forecasts for the German industry of between 0.7% and 1.5%, floated at the beginning of 2003, were not met. As a result, Germany came bottom of the list in Europe. According to estimates by the OECD, growth rates for countries within the Euro zone averaged 0.4% in real terms in 2003.

Rallying capital market

The majority of our customers stem from the financial services sector and the media industry. OnVista's sales opportunities are very heavily shaped by the economic situation in both these market sectors. In addition, the capital market and the advertising market affect our business both directly and indirectly.

Despite the bleak economic situation, the German stock market advanced for the first time in 2003 following three successive years of losses. With a 37% rise of the DAX, Germany recorded the highest growth compared to the rest of Europe. In parallel, trading increased strongly in the second half of the year. All other key international financial centres also recorded an upturn.

The upward trend did not only benefit the stock markets themselves but also brokerage firms, online brokers, investment managers, fund management companies and issuers of derivative products, for instance. In the certificate sector, providers were also able to convince with a broad range of product innovations and managed to generate corresponding demand among private investors.

However, the market mood and trading volumes also influence the interest in financial information and consequently also the reach of our finance portal, which meant that we were able to make corresponding advances in this area.

On the other hand, the recovery in the new issue market has as yet not fed through. 2003 was the first year in 25 years where not a single company in Germany risked an initial public offering.

Pressure on earnings in the banking sector

Despite the brightening mood in the stock market, banks found themselves in a difficult situation in 2003. Financial institutions tried to counter the economy related decline in sales with radical restructuring programmes. On the one hand, we saw a continuation of massive job cuts and on the other hand a considerable investment restraint which had already been noticeable in 2002. In addition, banks also began to outsource areas outside their core business to non-banking specialists. Some of the big banks are now even willing to collaborate with other banks, for instance in the area of equity transaction settlements and payment transactions. However, these arrangements seem to be only harbingers of medium term developments. Still, these steps have so far not been able to reduce the pressure on earnings in the sector to any considerable extent.

Online advertising market picks up

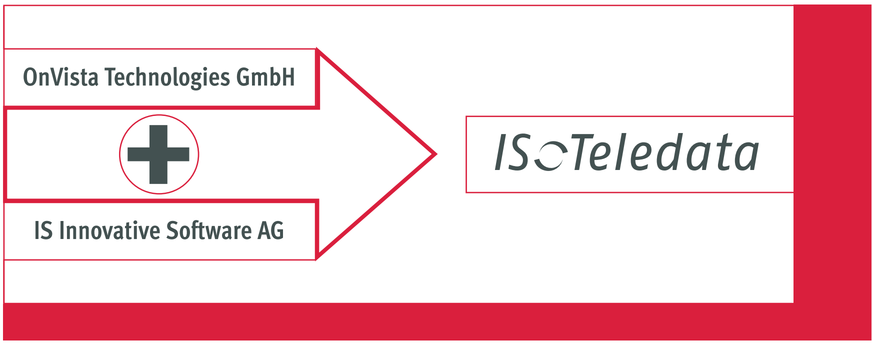
The advertising market has perked up slightly. This benefits in particular the Media business segment, since advertising represents the most important revenue source for our finance portal. After two years in decline, advertising investments in Germany increased slightly again for the first time in 2003, namely by 3.3% to € 17.2 billion.[1] A sector comparison shows an above-average rise for financial service providers in 2003, who increased their investments by 8.2% to € 467.2 million. This makes financial services one of the most advertised product groups.

Growth in the online segment was stronger than in traditional media. In the year under review, spending for advertising on the Internet rose by 3.7% over the previous year. Nevertheless, with advertising revenues of € 265.3 million, the Internet is still the medium with the lowest share in the advertising pie.[2]

Changes to the Group Structure

OnVista Technologies merged with competitor

In the financial year 2003, OnVista took and implemented a strategic decision which has far-reaching consequences for the entire group.



OnVista AG merged its wholly-owned subsidiary OnVista Technologies GmbH with the Frankfurt based company IS Innovative Software AG.[3] Since then, OnVista AG has a stake in the joint company as the largest single shareholder.

The transaction took the form of a merger through absorption and did not contain any cash components. The assets of OnVista Technologies GmbH were transferred to IS Innovative Software AG together with all rights and obligations. The previously fully consolidated foreign subsidiaries of OnVista Technologies GmbH were also passed to IS Innovative Software AG as the absorbing company. In return, OnVista AG received 31.5% of the equity interest and 41.45% of the voting rights in the amalgamated company. The remaining shares were retained by the approximately 60 existing shareholders of the former IS Innovative Software AG.

[1] This value (source: Nielsen Media Research) relates solely to traditional media (print, television, radio, posters). Expenditure for online advertising is assessed under a different method and therefore not included in this figure.

[2] The meaningfulness of the online advertising statistic from Nielsen Media Research is disputed by experts for a number of reasons. In contrast to the statistic for traditional media, values for the online sector are not based on independent measurements but on those released by the web sites or their respective marketers. Furthermore, revenues generated via search engine marketing, which increased considerably, are not included.

[3] Please also refer to the chapter 'Technologies business segment', on pages 28 ff.

The key legal milestones in the merger process included signing of the merger agreement on 30 June 2003, which had already been approved beforehand by the two supervisory bodies. The venture was published on the same day by way of a disclosure announcement . The shareholders of OnVista Technologies GmbH gave their approval at the shareholders' meeting on 3 July 2003. The shareholders of IS Innovative Software AG and respectively OnVista AG gave the venture the green light at the extraordinary general meetings on 12 and respectively 19 August 2003. The merger came into legal force on entry in the Register of Companies for Frankfurt on 27 November 2003.

Largest provider of financial market information systems in Europe

In the past, the two merger partners acted as direct competitors. At the core, both companies offered software systems for processing and presentation of financial market information. Established in 1989, IS Innovative Software AG was the larger of the two partners and the leading provider in the German market place. In 2002, the Frankfurt based unlisted company generated group sales under IAS totalling € 29.1 million. After a break-even result in 2001, the company incurred a net loss for the year in 2002 in the amount of € 1.2 million (IAS group loss after tax). However, the performance was heavily burdened by one-time special effects, among others expenditure for a redundancy scheme in connection with a restructuring programme. Net off these special effects, the 2002 performance would have been nearly balanced.

The merger between OnVista Technologies GmbH and IS Innovative Software AG has created the largest provider of financial market information systems based on Internet technology in Europe. The company trades under the name of IS.Teledata AG and is based in Frankfurt. Cologne will be retained as the second office in Germany and the company also maintains subsidiaries and affiliated companies in six other European countries. Throughout Europe, IS.Teledata AG serves more than 170 customers.

IS.Teledata AG therefore occupies an excellent market position right from the start, which simplifies the acquisition of new customers as well as relationships with suppliers. In addition to improving the company's market position, another main aim of the merger was to increase profitability through greater synergies and exploitation of the economies of scale, which are set out in the business model of both partners.

Influence of the OnVista group ensured

Although OnVista holds only a third of the shares in IS.Teledata AG, we view our commitment as a strategic investment. On the one hand, we have ensured our influence through our 41.45% voting rights and on the other hand through our involvement in the Executive Board and the Supervisory Board. OnVista has put up two members of the three-strong Executive Board with Fritz Oidtmann and Stephan Schubert. Spokesman for the Board is Stephan Wolf, the founder and former sole Director of IS Innovative Software AG. In addition, we appointed three of the six members of the Supervisory Board, among them OnVista Executive Board Member Michael W. Schwetje.

Stephan Schubert, who, as founder and member of the Executive Board of OnVista AG was responsible for the Technologies business segment, retired from the Board of OnVista AG as at 31 December 2003, to fully concentrate on his responsibilities at IS.Teledata AG. He retains his ties to OnVista as a major shareholder.

Fritz Oidtmann, who will retain his seat on the Executive Board of IS.Teledata AG for one year, is, at the same time, also continuing in his role as Spokesman for the Board of OnVista AG. Michael W. Schwetje continues to be responsible for finance and accounting of OnVista AG at board level as well as for the Media business segment – namely OnVista Media GmbH – and the finance portal operated by the company.

Change in entities included in consolidation

OnVista AG, which up until now was the sole shareholder of OnVista Technologies GmbH, now holds a smaller stake in a substantially larger company. This has resulted in systematic shifts in the accounts of the OnVista group. As part of the merger, OnVista Technologies GmbH and its subsidiaries have been removed from the OnVista group's entities included in consolidation as at 30 November 2003. Up until the time of de-consolidation, the total earnings and expenditure of OnVista Technologies and its foreign subsidiaries were included in our consolidated profit and loss account. Since de-consolidation, the investment in IS.Teledata AG has been included at equity. The most noticeable change will be seen in the operating area of our P&L account, where revenues and expenditure will fall purely from an optical perspective. Group sales will essentially be reduced to sales generated by OnVista Media. The commercial success of IS.Teledata AG will now be entered in our consolidated P&L account in form of an investment performance. In the year under review, this corresponds to 31.5% of IS.Teledata's group income of December 2003. Correspondingly, the assets and liabilities of the amalgamated company will also no longer be fully consolidated in the balance sheet of the OnVista group. Instead, the acquisition costs for the IS.Teledata investment will be recorded under fixed assets, in the balance sheet item 'financial assets'. And finally, the number of employees of the OnVista group has fallen to the number of staff at OnVista AG and OnVista Media GmbH, while employees of IS.Teledata AG have not been taken into account in the group figure.

In the first eleven months of 2003, OnVista Technologies GmbH was fully included in consolidation. In the last month of 2003, the investment in IS.Teledata AG has been reported at equity. As a result, the consolidated financial statements for 2003 can only be partly compared with the figures published for 2002. From 2004, the equity method of accounting will apply to the entire year, which means that shifts in our consolidated profit and loss and account can be seen even more clearly.

Streamlined holding company

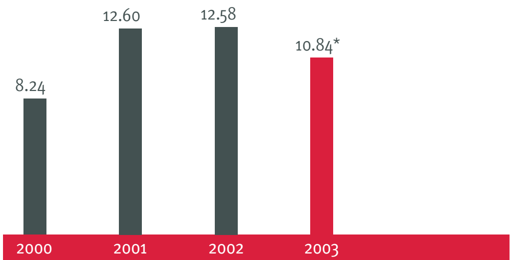
Although the merger agreement does not affect the parent company OnVista AG in legal terms, it has had organisational consequences for the group holding company. Up until now, OnVista AG provided central services against payment for its operating subsidiaries OnVista Media GmbH and OnVista Technologies GmbH, such as accounting and human resources. Many of these activities are now no longer required, since IS.Teledata AG has its own structures in place for administrative tasks. As a result, some jobs are being cut and a number of staff have moved from the holding company to OnVista Media GmbH as at 1 January 2004. As part of the shift in functions, only the Corporate Communications department will remain at OnVista AG in addition to the Executive Board. As a result, personnel expenditure at OnVista AG will fall substantially in 2004, while rising at OnVista Media GmbH – albeit by a smaller amount.

Business Performance

Heterogeneous development in the business segments

The financial year 2003 resulted in a heterogeneous business performance. The performance of our Media business segment was very fruitful, which meant that we were able to achieve a distinct increase in sales and income while also exceeding our targets. In the Technologies business segment, on the other hand, we were faced with the continued difficult market situation, which led to a drop in revenues. As a result of the release of hidden reserves in connection with the amalgamation of OnVista Technologies, our second business segment nevertheless also achieved a positive segment performance. Below the line, the OnVista group recorded a sales deficit and a substantial net income for the year. However, it was positive solely because of the special effect mentioned previously. The operating performance was negative.

Flagging group sales



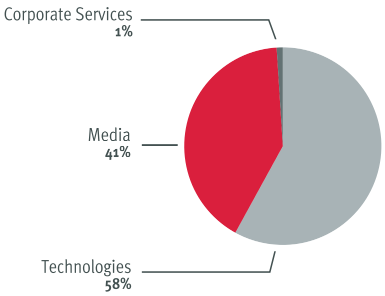
Group sales in mill. €
* Due to the merger, in the Technologies business segment only sales from the first eleven months were included.

Flagging group sales

In the year under review, OnVista generated **group sales** in the amount of € 10.84 million. This represents a fall of 13.8% compared to the previous year (€ 12.58 mill.). The decrease arose solely due to the decline in revenues in the Technologies business segment. This is attributable to the continued difficult market situation on the one hand and on the other to the de-consolidation of OnVista Technologies GmbH as at 30 November 2003.[4] In contrast, the second business segment, Media, was able to record a distinct increase in revenues.

Technologies business segment generates highest sales volume

Breakdown of sales in 2003



The Technologies business segment generated 58% of total group sales (prev. year: 72%) and the Media business segment 41% (prev. year: 28%). The Corporate Services segment accounted for less than 1%. The shift is primarily due to the excellent performance of OnVista Media.

Earnings Position

Slight increase in costs

In the period under review, **operating expenditure**[5] rose slightly (+3.3%) and totalled € 15.56 million (prev. year: € 15.06 mill.). Due to the de-consolidation of OnVista Technologies, figures can only be partly compared with those of the previous year.

When looking at the operating expenditure according to the cost of sales method customarily adopted under US GAAP, the **cost of production** accounts for the largest part. In 2003, the cost of production fell by 3.3% to € 6.24 million (prev. year: € 6.46 mill.). While we were able to keep the **marketing and selling expenses** (€ 3.34 mill., +2.0%) and the **general administration expenses** (€ 4.10 mill., -0.8%) almost constant, **research and development expenditure** rose markedly (+49%). In the year under review, spending for R&D[6] totalled € 1.88 million (prev. year: € 1.26 mill.). This P&L item is made up almost entirely of personnel expenses in respect of IT development as well as amortisation on inhouse developed software. The increase is partly due to special write-downs on inhouse developed software in the amount of € 0.42 million (prev. year: € 0).[7]

Operating result burdened by special write-downs

Under the cost of production method, **personnel expenditure** again represented the main pool of costs. In the year under review, personnel expenditure totalled € 7.23 million (prev. year: € 7.45 mill., -2.9%).[8] **Depreciation on fixed assets and amortisation of intangible assets** amounted to € 3.76 million compared to € 2.63 million in the previous year (+43%). The rise is attributable to special write-downs totalling € 1.11 million. As a result of impairment, goodwill for several fully consolidated companies was written down in the total amount of € 0.45 million. In detail, the write-downs relate to IFVB Institut für Vermögensbildung GmbH, Trade & Get AG and OnVista Ltd., London. In addition, special write-downs on inhouse developed software amounted to € 0.42 million. And finally, depreciation on operating equipment no longer deployed totalled € 0.24 million.

In accordance with the cost of sales method typically applied under US GAAP, personnel expenditure as well as depreciation and amortisation are allocated to different cost items in the profit and loss account.

Due to the relatively high, non-cash special write-downs and the negative performance in the

[4] Due to the change in the companies included in consolidation as at 30 Nov. 2003, revenues and expenditure relating to the Technologies segment are no longer included. These figures are replaced by the pro rata results of the at equity investment IS.Teledata AG.

[5] Total cost of production, marketing and selling expenses, general administration expenses as well as R&D expenditure.

[6] For details on our R&D activities, please refer to page 19 f. of the Management Report.

[7] Please also refer to page 17 of the Management Report.

[8] Please also refer to page 18 of the Management Report.

Technologies business segment, the OnVista group had to realise an operating loss. In the financial year 2003, **EBIT** (Earnings Before Interest and Taxes) amounted to € -5.01 million compared to € -1.19 million in the previous year. **EBITDA** (Earnings Before Interest and Taxes + Depreciation and Amortisation) was more positive than EBIT. The company recorded a negative EBITDA of € 1.24 million compared to a positive result of € 1.44 million in 2002.

Sizeable group net income for the year

As forecast, the company generated a substantial profit below the line. In the year under review, the **group pre-tax income (EBT)** amounted to € 7.56 million compared to € 0.15 million in the previous year. The **group after-tax result** totalled € 5.79 million, which represents an increase of 136%. In 2002, the net income for the year stood at € 2.45 million. The marked rise of the group income under US GAAP is attributable to non-cash income in the amount of € 12.06 million. In connection with the merger of OnVista Technologies, the company was able to release hidden reserves.[9]

Segments

Profitable growth in the Media business segment

The Media business segment embraces OnVista Media GmbH, which operates and markets the finance portal www.onvista.de and, since March 2004, also the health care portal www.medicine-worldwide.de. The media company generates sales through advertising and content collaborations.

OnVista Media is looking back at the best year in its history. The company was able to substantially improve all its finance and advertising related key figures and ended the financial year 2003 well above plan. Revenues rose by more than € 1 million. **Total revenues** amounted to € 4.52 million compared to € 3.51 million in the previous year. This represents an increase of 29%. **External revenues** alone totalled € 4.50 million (prev. year: € 3.43 mill., +31%).

The fact that we were able to again generate a profit with our portal is even more important than the positive performance on the revenue side. The **segment result**[10] totalled € 0.60 million (prev. year: € 0.40 mill.). Consequently, the performance in the Media business segment improved by 50%. The 13% **sales ratio**[11] is surely an above-average value compared to the rest of the market sector.

A contributing factor to this decidedly positive performance was the improved market environment – primarily the capital market, which picked up noticeably in the second half of the year – but also the slowly recovering advertising market. However, we believe the main reason lies in our earnings oriented marketing approach. We combine online marketing experience with specific financial product knowhow. This enables us to design services that always focus on the advertising and sales success of our customers, while also representing lucrative projects for our company.

Last but not least, our finance portal enjoys a special position as the leader in reach for many years. This position gives it an above-average share in the online advertising market because the advertising industry is concentrating its spend on the top offerings in each segment. In 2003, OnVista further extended its leading position among bank-independent finance portals in Germany, against the backdrop of a steady upward trend in the entire segment.[12]

Technologies business segment below sales expectations

In the first eleven months of 2003, the Technologies business segment embraced our wholly-owned, fully consolidated subsidiary OnVista Technologies GmbH and its affiliated foreign sales organisations. Since December 2003, after the merger took effect, this business segment consists of the investment in IS.Teledata AG, which is included in our consolidated financial statements at equity. In the Technologies business segment, OnVista receives monthly licensing fees from its customers on the basis of longer term agreements, in return for the use of financial market information systems.

In the financial year 2003, we generated **total revenues** of € 7.26 million in the Technologies business segment. **External revenues** amounted to € 6.29 million. In the financial year 2002 as a whole, OnVista recorded segment sales totalling € 10.29 million, of which € 9.07 million had been received from external companies. This corresponds to a computational fall of 29% and 31% respectively. However, a comparison with the previous year is only partly meaningful due to the different periods involved.

[9] The market value of OnVista Technologies GmbH, determined within the framework of the merger in accordance with the valuation report, substantially exceeded the capitalised book value recorded in the group balance sheet of OnVista AG. These hidden reserves have been released in connection with the amalgamation of OnVista Technologies GmbH under IS Innovative Software AG and the deconsolidation triggered by the merger. Details can be found in note no. 9 to the consolidated financial statements.

[10] Since taxes for individual segments are not shown in the accounts, the figure represents the pre-tax result.

[11] Based on total revenues.

[12] Please also refer to the chapter on the Media business segment on page 26 f.

However, irrespective of the changes in the companies included in consolidation, it did already become apparent in the 9 months report that the performance of the business segment fell below plan. Decisive for the unexpectedly noticeable sales deficit was the fact that OnVista Technologies was unable to make up the foregone sales resulting from cancellations in the previous year through new business. In 2002, a number of customers had to limit and in some cases totally relinquish their advertising programmes or internal market information systems due to cost-cutting measures. As a result, these customers either reduced the level of services provided by OnVista Technologies and in some cases even cancelled their contracts altogether.

Due to the decline on the revenue side and as a result of merger related restructuring expenditure in the amount of € 0.23 million, the Technologies business segment recorded a negative operating result (**EBIT**) of € -2.64 million. Nevertheless, the **overall segment performance** was distinctly positive with € 9.47 million. The performance reflects the **financial result** in the amount of € 12.10 million, which benefited from non-cash income in connection with the de-consolidation.[13] Incidentally, the financial result also includes a positive investment performance by the IS.Teledata group for December in the amount of '000 € 51. In the previous year, the segment performance of the Technologies business segment stood at € 0.63 milion.

In the financial year 2003, OnVista's at equity investment, IS.Teledata AG, generated group sales totalling € 28.37 million.[14] The company's group after-tax result was only slightly negative at € -0.21 million, despite the restructuring costs incurred. As at 31 December 2003, the capital to asset ratio was 34% with a balance sheet total of € 14.80 million.

Corporate Services segment: Internal services

In addition to its two operating business segments, the OnVista group also has a Corporate Services segment, essentially comprising the holding company OnVista AG. In the financial year 2003, the holding company primarily provided central services for the entire group. Related costs were partly recharged to the operating subsidiaries of OnVista AG. These relate to Human Resources, Accounting & Controlling, Legal Affairs, IT Support and Public Relations. OnVista AG also manages the group's financial resources as well as performing Investor Relations duties in respect of OnVista shares. Finally, the Corporate Services segment is home to a number of affiliated companies which are mainly held indirectly via OnVista Beteiligungs-Holding GmbH.

In the financial year 2003, the **segment result** amounted to € -2.50 million. The deterioration compared to the previous year (€ -0.95 mill.) was mainly attributable to non-cash special effects in the total amount of € 1.22 million. In addition to special write-downs on inhouse developed software and goodwill for several fully consolidated subsidiaries,[15] the figure also includes the write-down of an at cost minority participation due to impairment.[16]

Financial Position

Merger leads to change in balance sheet structure

As at 31 December 2003, the **balance sheet total** stood at € 47.62 million compared to € 43.10 million on the balance sheet date in 2002. The marked increase is mainly attributable to the capitalisation of hidden reserves and the related reduction of the accumulated deficit. As a result of the merger related change to the companies included in consolidation, the balance sheet structure has shifted significantly on the assets side. Fixed assets currently account for 42% of total assets (prev. year: 27%).[17] **Cash and cash equivalent positions**, including **marketable securities**, continue to be the largest asset item, representing 53% of the balance sheet total (prev. year: 64%). **Other current assets** contributed 5% (prev. year: 9%) to total assets. The liabilities side continues to be shaped by an extremely high **capital to asset ratio** of 96% (prev. year: 94%).

[13] Please also refer to page 15 of the Management Report.

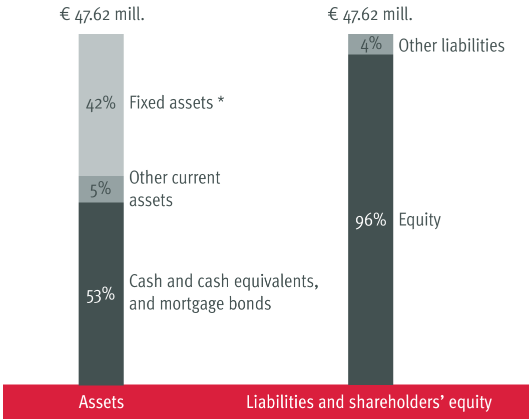
[14] The figures are based on the preliminary, unaudited annual financial statements of the IS.Teledata Group under IAS/IFRS. The figures do not include sales generated by OnVista Technologies GmbH in the first eleven months of 2003.

[15] In detail, the write-downs relate to Trade & Get AG, IFVB Institut für Vermögensbildung GmbH, fully taken over at the beginning of 2003, and OnVista Ltd., London/ England. Since the sustainability of goodwill could no longer be guaranteed, goodwill for the three companies was fully written off. Details in this respect can be found in note no. 8 to the consolidated financial statements.

[16] This relates to Lang & Schwarz Wertpapierhandel AG, see note no. 9 to the consolidated financial statements.

[17] Incl. long term deferred tax assets

Sound balance sheet structure



Balance sheet structure 2003

* Incl. long term deferred taxes

Assets increased through the release of hidden reserves

The merger of OnVista Technologies has led to a number of regroupings which affect the entire group balance sheet. While the assets and liabilities of OnVista Technologies GmbH were fully consolidated and reflected in the different balance sheet items prior to the merger taking effect, the continued investment in IS.Teledata AG is now capitalised under the item 'financial assets'.

Under fixed assets, for example, tangible fixed assets and intangible assets have sharply diminished. **Tangible fixed assets** reduced by € 2.70 million (-92%) to € 0.23 million as at 31 December 2003 (prev. year: € 2.92 mill.). On the balance sheet date, **intangible assets** were valued at € 0.60 million, € 3.45 million less than as at 31 December 2002 (€ 4.05 mill., -85%). Though scheduled depreciation and amortisation as well as special write-downs also contributed to the decrease, for instance in respect of operating equipment no longer deployed and inhouse developed software. In contrast, **financial assets** rose by € 16.93 million to € 17.71 million as at 31 December 2003. On the one hand, this item includes the continued investment in IS.Teledata AG and on the other hand a capitalised loan in the amount of € 1.80 million, granted to IS.Teledata AG by OnVista. The loan is being repaid by instalments up to 31 December 2005. On balance, **fixed assets** increased by € 10.77 million or 139% to € 18.53 million on the balance sheet date 2003 (prev. year: € 7.75 mill.).

Current assets decreased by 12% or € 3.80 million to € 27.49 million (prev. year: € 31.29 mill.) The de-consolidation was also noticeably reflected in this balance sheet item. For instance, **trade accounts receivable** fell by 78% or € 1.78 million to € 0.51 million (prev. year: € 2.29 mill.). Though the lowering of receivables of OnVista Technologies at the beginning of the year under review also contributed to the reduction. **Cash and cash equivalents** fell by € 1.87 million (-37%), which almost matches the loan amount mentioned previously. As at 31 December 2003, cash and cash equivalents totalled € 3.15 million (prev. year: € 5.01 mill.) In addition, there are the freely disposable mortgage bonds in the amount of € 21.85 million (prev. year: € 22.44 mill.). As at 31 December 2003, total **cash funds** amounted to € 24.99 million (prev. year: € 27.46 mill.). Although the company's cash funds decreased by € 2.46 million or 8.9%, OnVista is still enjoying a very comfortable liquidity position.

For details on the development of **deferred taxes**, please refer to note no. 19 to the consolidated financial statements.

Liabilities side still shaped by high capital to asset ratio

In the liabilities section of the balance sheet, **shareholders' equity** increased by € 5.46 million (+14%) to € 45.87 million (prev. year: € 40.40 mill.). This corresponds to a capital to asset ratio of 96%.

Short term liabilities decreased to € 1.76 million, primarily due to the de-consolidation of OnVista Technologies GmbH (prev. year: € 2.69 mill.). This represents a fall of € 0.93 million or 35%. As in the previous year, we did not have any **long term liabilities**.

Positive operating cash flow

In the financial year 2003, we were able to generate a positive **cash flow from operating activities** despite the operating loss. The cash flow from operating activities totalled € 1.22 million and improved sharply compared to the previous year (€ 0.37 mill.). The operating result included relatively high, non-cash write-downs. The main reason for the distinctly positive operating cash flow was the reduction of receivables for services rendered in the financial year 2002.

As a result of our investments in intangible assets – namely in inhouse developed software – as well as the loan disbursed to IS.Teledata AG, the company recorded a negative **cash flow from investment activities** in the amount of € -3.11 million (prev. year: € 0.31 mill.). With the repayment of the loan, we will record an inflow of payments for the financial years 2004 and 2005. In the year under review, the OnVista group did not generate a **cash flow from financing activities** (prev. year: € 0.48 mill.).

Overall, this has resulted in a negative **consolidated cash flow** totalling € -1.87 million (prev. year: € 1.16 mill.). In the course of the year under review, **cash and cash equivalents** fell to € 3.15 million (31 Dec. 2002: € 5.01 mill.). The figure does not include the freely disposable mortgage bonds in the amount of € 21.85 million. These represent both a highly secure and at the same time liquid investment in which we have invested a substantial proportion of our cash funds. However, freely disposable mortgage bonds are, by definition, not shown as a balance sheet item in the cash flow account. As at 31 December 2003, **cash and cash equivalent positions** totalled € 24.99 million (31 Dec. 2002: € 27.46 mill.).

Employees

• Shrinking payroll as a result of de-consolidation

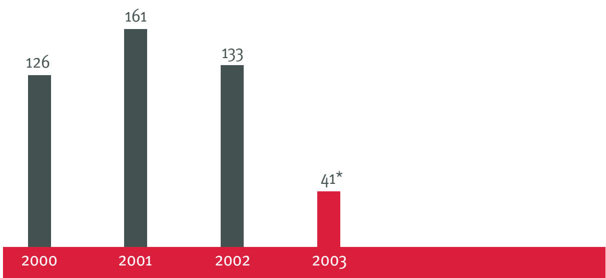
In the financial year 2003, we employed an average of 127 staff.[18] This corresponds to a reduction of 11 employees equivalent to 8% compared to 2002 (138). As at 31 December 2003, the OnVista group employed 41 staff compared to 133 the year before. Consequently, staffing levels fell by 92 employees or 69% in a year-on-year comparison on the balance sheet date.

What, at first glance, seems a sizeable decrease in the number of employees is primarily due to the de-consolidation of OnVista Technologies GmbH as at 30 November 2003. In addition, we deliberately also used the customary staff turnover to cut jobs in preparation of the merger. In connection with the merger of OnVista Technologies, we also streamlined the holding company OnVista AG. At the end of the year, 25 of the total of 41 staff in the group were employed in the Media business segment and 16 in the Corporate Services segment. In future, the ratio will further shift in favour of OnVista Media.

[18] Number of permanent employees, full-time equivalents

[19] Figure relates to the number of heads.

Number of employees decreased due to reduced basis of consolidation



Employees as at 31 Dec. (permanent employment; full-time equivalents; 2000: number of heads)
* After the de-consolidation of OnVista Technologies GmbH this figure only includes employees of OnVista AG and OnVista Media GmbH.

Due to the smaller number of employees, we were able to reduce **personnel expenditure** by 2.9%. In the year under review, personnel expenditure amounted to € 7.23 million (prev. year: € 7.45 mill.). The figure includes restructuring costs in the amount of € 0.30 million. The **personnel expenditure ratio** rose from 59% to 67% of total sales. Every permanent employee accounts for a turnover of '000 € 85 (prev. year: '000 € 91).

• Merger related job cuts at IS.Teledata supported by redundancy scheme

The merger related job cuts at IS.Teledata AG are not reflected in the employment statistic of the OnVista group. As part of a redundancy scheme, a total of 35 staff[19] at both locations of the company will leave, while a similar number will change location. Jobs are also being cut in the company's foreign operations. The majority of job cuts will only take effect in the financial year 2004.

Advancement of trainees as an investment in the future

In the financial year 2003, OnVista again offered 50 student trainees – predominantly students of Economics and IT – the opportunity to join our team and to gain an insight into the company. This enables us to identify particular competencies and in several cases has led to a permanent position being offered after graduation. Since we first introduced practical vocational training in 2002 and were able to take on the respective employee at the end of his training, we are now training another Media Designer for digital and print media at OnVista Media GmbH.

Investments

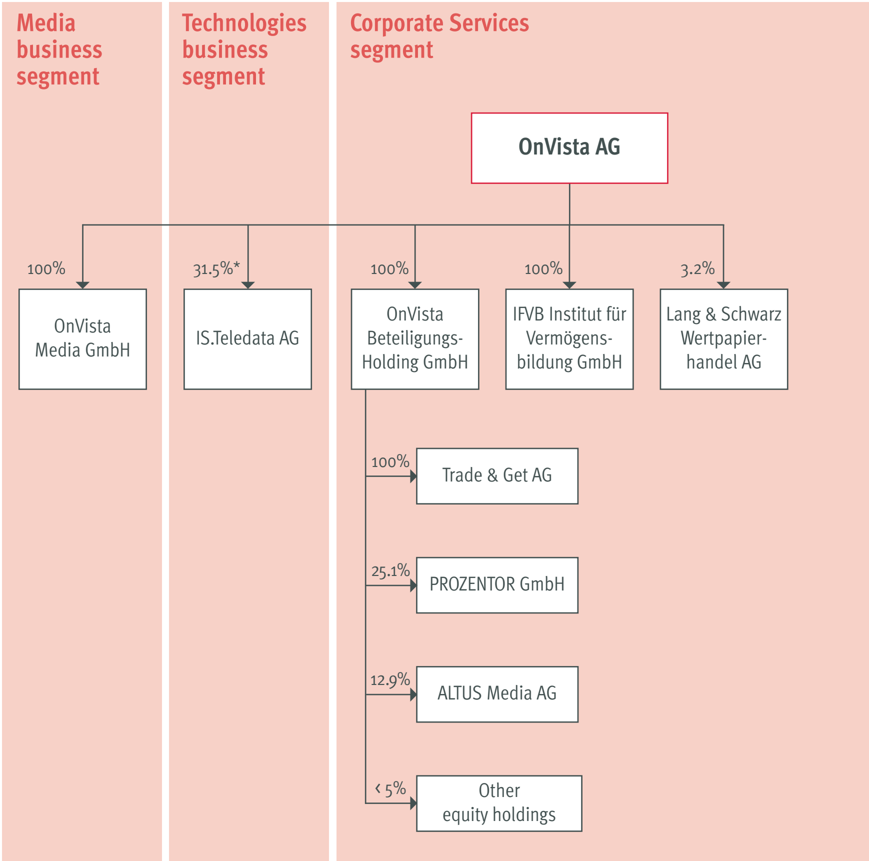
Reduction in the number of companies included in consolidation

The most significant change in the company's group structure in the year under review arose from the merger of **OnVista Technologies GmbH**. With the merger taking effect, the IT company and its **foreign subsidiaries in Great Britain, France, Italy and Spain** were no longer part of the entities included in consolidation as at 30 November 2003. Since then, the investment in **IS.Teledata AG** has been included in the consolidated financial statements in accordance with the equity method. The group holding company OnVista AG, OnVista Media GmbH, Trade & Get AG, IFVB Institut für Vermögensbildung GmbH as well as OnVista Beteiligungs-Holding GmbH continue to be fully included in consolidation. OnVista holds several investments via the latter.

In addition to IS.Teledata AG, **PROZENTOR GmbH** – a 25.1% investment held via OnVista Beteiligungs-Holding GmbH – continues to be included at equity. OnVista AG exerts considerable influence on the business and corporate policies of both companies.

Write-downs among financial investments

Our stake in the financial service provider **Lang & Schwarz Wertpapierhandel AG** remains unchanged at 3.2%. As a result of impairment, the investment was specially written down by € 0.38 million in the financial year 2003.



Group structure OnVista (Status: 31 Dec. 2003)
* Since January 2004 33.5%

In the year under review, insolvency proceedings were initiated against our minority interest **ALTUS Media**. Since the book value of the investment had already been fully written off in 2002, no additional write-downs were necessary in the year under review.

As at 31 December 2003, the book value of our investments included in consolidation at equity and at cost totalled € 15.91 million (prev. year: € 0.78 mill.). The IS.Teledata investment alone accounts for € 15.51 million.

Research and Development

Expansion of the IT platform

In 2003, we again invested heavily in the development of our technologies and products. **Investments in Research & Development**[20] by the OnVista group in the year under review amounted to € 0.91 million (prev. year: € 1.40 mill.). In the year under review, **R&D expenses** totalled € 1.88 million (prev. year: € 1.26 mill.), which corresponds to

[20] In the year under review, R&D investments include personnel expenditure for IT developments capitalised under fixed assets.

17% of total sales.[21] As an annual average in 2003, around 30 staff of the OnVista group dedicated part of their time to research and development activities.

Of the total R&D investments, € 0.58 million were allocated to the Technologies business segment (prev. year: € 0.93 mill.). The main focus of our efforts in the year under review was the further development of our IT platform – the OnVista market data gateway – and to further expand the application opportunities for this basic technology. This included programming of new objects for the most diverse types of securities which simplify the development of inhouse applications for our customers. In addition, we also enhanced a number of existing products with additional functionality, such as the Funds.Collection, Certificates.Collection and the Bonds.Collection.

In the second half of the year, the Technologies business segment was already influenced by the impending merger. On the technical side, probably the most complex task is to combine complementary core elements of both companies' IT platforms into a new high performance system.

Comprehensive redesign of the OnVista web site

In the Media business segment, OnVista invested € 0.33 million in software development (prev. year: € 0.38 mill.). The largest project was the comprehensive redesign of our web site www.onvista.de. The relaunch was based on extensive market research findings, a targeted user survey as well as an analysis of utilisation on our web site and regular feedback received via email from our users. As part of the relaunch, we developed a number of new functions. However, the main emphasis lay on improving the presentation of the wealth of existing information and making data available more quickly, without changing the successful OnVista structure. The visual design of the web site also received a discreet facelift. The newly designed web site will go online in spring 2004. Pragmatic user trials in the run-up to the relaunch make us confident that the new site will be well received.

We also used our technical capacities to develop a new bond tool and a dedicated section for exchange-traded funds (ETFs) as well as issuers micro sites[22] within the warrant and certificates tools.

In addition, we created a comprehensive information and work tool for our advertising customers. On the one hand, the customer interface developed in 2003 enables our core customers to upload and maintain their own content, such as master data, news and PDF files containing product descriptions, and on the other hand, to retrieve all information required for communications with OnVista, for instance company specific campaign reports, media data and new advertising services.

Environmental Report

Since OnVista's business activities do not pose any environmental risks, we are not publishing a separate report on the subject of the environment.

Risk Report

Efficient risk management system

Especially a young company like OnVista must place special importance on an efficient risk management system. The Executive Board of OnVista AG is aware of its responsibility toward the shareholders of OnVista AG as well as other audience groups, such as customers, suppliers and staff. The Board therefore tries to avoid activities that might jeopardise the viability of the company or one of its key audience groups. However, OnVista is subject to the conditions of a highly dynamic market sector environment, which means that in order to achieve our strategic goals, risks can not be excluded in some cases. The Executive Board therefore implemented a risk management system already prior to the company's initial public offering. This system

[21] The figure relates almost entirely to personnel expenditure for IT developments as well as to scheduled amortisation and special write-downs on inhouse developed software, which, in the year under review, were charged to expenditure in the P&L account.

[22] Please also refer to the chapter Media business segment on page 27.

continuously monitors the risks to the company, while prescribing counter measures to be initiated in case specific guideline limits are exceeded. The risk management system, which was further enhanced in 2003, has been reviewed by the company's auditors.

By 'risks' we mean a negative deviation from expected developments. The annual risk inventory and continuous monitoring of risks by way of early warning indicators, form a key basis for recording and analysing risks in the OnVista group. The process involves the identification and analysis of individual risks to the OnVista group across all business units and segments, while also taking into account external factors. This is followed by a description and evaluation of the potential damage and the determination of the likelihood of occurrence. Appropriate responsibilities are determined in respect of the ongoing monitoring of these early warning indicators.

Depending on the risk rating – namely, the potential damage multiplied by the likelihood of occurrence, which remains after taking into account counter measures already initiated, individual risks reach different escalation levels, which are linked to specific action maxims.

Documentation in the risk management handbook

The risk management process is under the control of a risk manager, who is directly responsible to the Executive Board and has a duty to report. Every individual risk is allocated to a specific monitor of risks, who keeps a close watch on the relevant early warning indicators and immediately reports any irregularities to the Risk Manager.

The Executive Board determines the risk strategy and decides which measures should be taken in the event ceiling values are in danger of being exceeded. The Executive Board regularly reports to the Supervisory Board on the group's risk situation.

The risk strategy as well as the set up and process organisation of the risk management system are documented in an annually updated risk management handbook. The handbook also includes details on all risks, together with a rating of the potential extent of damage and likelihood of occurrence.

Viability not threatened by any risks

We have divided the individual risks identified by OnVista into six areas of analyses:
- General economic risks
- Sector risks
- Risks from operational spheres of activity (procurement, production, sales, investments, R&D)
- Risks from investments
- Legal risks
- Other risks

As in previous years, no risks existed in any area which could threaten the viability of the OnVista group.

Main emphasis of risk monitoring shifts to the investment area

In recent years, our main risks lay in the company's operational spheres of activity and in particular concerned sales risks. As a result of the merger and the resulting de-consolidation of OnVista Technologies GmbH, the operational risks in the Technologies business segment have switched to IS.Teledata AG. In OnVista's view, the main risks therefore now lie in the investment domain, which means the investment area is now the category carrying the highest risk rating.[23] However, we currently do not see any indications that the envisaged results will not be met by IS.Teledata AG which would create the need for write-downs. We therefore estimate the likelihood of this risk occurring as small. We will take meticulous care to identify undesirable developments in time and, if necessary, take appropriate counter measures. Although IS.Teledata AG works independently from an operating perspective, OnVista is represented on the company's Executive Board as well as its Supervisory Board and can therefore exert considerable influence.

We continue to actively monitor the sales risks in the Media business segment. OnVista Media is able to fall back on a large number of core customers, in particular issuers of derivative products. In order to counter the potential loss of major customers, we review customer satisfaction through regular polls. In addition, we are also working on acquiring new business, which, in the

[23] The risk rating describes the potential extent of damage which remains after implementation of counter measures weighted at the likelihood of occurrence.

event of major customer losses, will be able to make up any corresponding sales deficit. In this respect, OnVista has been successful in broadening its customer base in recent years, to also include companies outside the financial services sector.

We are, of course, also exposed to general economic risks, in particular the risk of a protracted economic downturn and/or a renewed slump in the capital markets. It is most likely that these events would lead to cuts in our customers' advertising budgets. In spite of the frail economic situation in the financial year 2003, we were, nevertheless, able to substantially increase sales in the Media business segment. This shows that although budgets might be cut at times of economic frailty, they are also focused more strongly, i.e. spend is bundled with the market leader. Furthermore, during phases like this, marketing budgets are often cut while sales budgets frequently remain intact. We have taken this observation into account by expanding our direct marketing business targeted at sales budgets and have consequently greatly reduced the risk.

In addition to the risks described which arise in the investment sector, the sales area and in the general economic environment, we are also exposed to further risks in other categories. However, the potential extent of damage and the likelihood of these risks occurring is so small as to make the rating of the residual risk, which remains after taking into account the counter measures, insignificant. For example, this includes the risk of a declining advertising impact by the Internet media (sector risk), a declining rate of innovation (internal R&D risk) or the loss of qualified staff in key positions (other risks).

While the risk arising in the area of investments has increased as a result of the de-consolidation of OnVista Technologies, the risk situation in other areas has slightly improved.

Supplementary Report

Health care portal offers new growth opportunities

The most important event after the balance sheet date was the acquisition of A Med-World AG. On 1 March 2004, OnVista AG purchased 100% of the shares in the Berlin based company. The activities of A Med-World AG are to be integrated as quickly as possible in OnVista Media GmbH. The non-listed company operates the web site www.medicine-worldwide.de and offers customers medical content for their respective Internet services. A Med-World AG generates sales through licensing of inhouse developed content maintained on the company's own database to pharmaceutical companies and health insurance providers as well as through advertising on its own web site. In the financial year 2003, A Med-World AG generated sales in the region of six-digit Euro and also recorded an almost balanced performance under the German Commercial Code (HGB). www.medicine-worldwide.de is one of the most popular health care portals in Germany, with more than 1 million visits and 5.8 million page impressions each month. The special interest service is aimed at patients and their support network as well as those with a general interest in medical matters and offers high quality content, formulated to be understood by any layperson.

With the takeover of the health specialist, OnVista is for the first time venturing into a subject area outside finance. The aim of this strategic move is to open up additional revenue sources for OnVista Media while also reducing the company's dependence on the finance environment.

We see the core competence of OnVista Media in the income oriented presentation and marketing of database based content on the Internet. The structures and IT processes put into place for our finance portal as well as our acquired sales and marketing know-how can be transferred to other subject areas. In our view, the field of health care is particularly well suited for a step such as this. On the one hand, the market offers a lot of growth potential due to the higher life expectancy and growing interest in health related topics as well as the change to the regulatory framework. On the other hand, there is only little with the finance subject area on the revenue side, which makes diversification particularly effective in this area.

Holding in IS.Teledata AG slightly increased

In January 2004, OnVista AG slightly increased its holding in IS.Teledata AG. Our stake in the company now amounts to 33.5% (31 Dec. 2003: 31.5%). The increase had already been agreed in 2003 and has now been realised. Since the purchase solely involved non-voting preferred stock, our voting rights remain unchanged at 41.45%.

Promising start to the financial year 2004

The first few weeks of the new year lived up to our positive expectations. Demand in the Media business segment has further increased and our services are well received by our customers. Developments in the reach of our finance portal too are very promising. www.onvista.de began the new year with more than 60 million page impressions. In the Technologies business segment, we managed to overcome a number of major challenges en route to the integration of the two merger parties. The product portfolio, which has expanded alone as a result of the combination opportunities from both worlds, has attracted a lot of interest among our target customers. Due to its size and the know-how now concentrated under one roof, IS.Teledata AG is increasingly receiving enquiries from the banking world, in particular in respect of intranets.

Perspective

Economic recovery in sight

In the financial year 2004, we expect to see a gradual recovery of the economy. Our assessment is supported by every available forecast. In its annual economic report, the Federal Government projects a real net increase in the gross domestic product of between 1.5 and 2.0%. Behind the restrained positive expectations lies the fact that the global economy is likely to pick up considerable speed. The restraint shown by investors and consumers as a result of the conflict in Iraq has largely dissolved. Like the rest of the world, Germany too should benefit from stabilised oil prices and lower key interest rates. Furthermore, after three years of stagnation, there is now a backlog of demand in the area of investments which could be cut down in 2004.

Improved general conditions in our sales markets

The economic situation in our sales markets is expected to improve as a result of the general economic trend. We view the general conditions in the Media segment considerably more cheerful. According to estimations by experts, the advertising market has now bottomed out. According to empirical findings, advertising investments are made in line with the national economy, which means the economic recovery will ensure growth in this area. The expectation is corroborated by the latest 'Werbeklimastudie' (advertising climate study).[24] Based on discussions with both customers and agencies, we assume that advertising on the Internet will grow at a disproportionately rapid pace. The advancing online advertising market makes it easier for us to attract orders for our finance portal and the recently acquired health care portal. Furthermore, the improved market mood also has a positive impact on the reach of our finance portal.

The rallying capital market, which many of our customers benefit from, is also the main reason for our quietly optimistic view of the future as far as the general conditions in the Technologies business segment are concerned. In the first few weeks of 2004, the DAX for example rose further and, except for a few runaways, continuously exceeded 4,000 points. In expectation of the upward trend stabilising, the first IPOs –

[24] The 'Werbeklimastudie' (advertising climate study) is a survey of advertising managers in companies and agencies conducted annually by the consumer research organisation GfK and the magazine 'Wirtschaftswoche'.

including some larger ones – have also been announced for the current year.

Despite embarking on restructuring programmes, banks are still facing ever increasing pressure on earnings, which is becoming especially obvious in an international comparison. Experts therefore expect increasing consolidation through mergers and take-overs in this sector – which also includes foreign financial institutions. For us, this development harbours both risks and opportunities. The licensing agreements into which IS.Teledata AG enters with its customers span several years, which means that any potential decline in sales resulting from the pooling capacities would, at best, have a medium-term effect. Opportunities might arise since we have the option of also gaining access to an international merger partner of one of our existing customers.

Optimistic outlook for OnVista

After three very difficult years as a result of the general and sector specific economic conditions, we are optimistic about the future. Our positive outlook rests only partly on the more cheerful general conditions; we primarily believe the company to be very well placed both in terms of the organisation and our staff – the result of our efforts during the year under review.

Media business segment: Profitable growth to continue

The biggest challenge in the Media segment in the financial year 2004 will be posed by the integration of the recently acquired health portal into the general activities of OnVista Media GmbH. Up until now specialised in the subject area of finance, OnVista Media has now become a provider of several special interest portals. We can only be successful if we manage to transfer the existing know-how of presenting and marketing database based content to the new subject area and at the same time develop sector specific expertise in the field of health care.

In respect of our finance portal www.onvista.de, we plan to maintain our competitive edge and to continue growing. With continuous earnings oriented innovations on the web site, we intend to both maintain our leadership in reach while also enhancing our strong standing among advertising customers.

For the Media business segment, we expect a sales increase in the lower region of double-digit percentage points in 2004. The segment performance will be positive but might not quite reach the level achieved in the year under review. This is due to the fact that the envisaged growth in sales will be set off by higher personnel expenditure as a result of several employees moving from OnVista AG to OnVista Media GmbH.[25] Despite this additional cost burden, investments required for the further expansion of the recently acquired health care portal can be financed from the current business of OnVista Media GmbH. The order situation at the start of the new financial year bears out our positive expectations.

Technologies business segment: Positive profit contribution anticipated

Following the completion of the merger between OnVista Technologies GmbH and IS Innovative Software AG in 2003, we consider our position in the Technologies business segment to be better than ever.

Since the actual amalgamation of the two partner companies had already been prepared in the second half of 2003, implementation of the integration process is now in full swing. IS.Teledata AG is facing a special challenge in combining the two technical platforms. Another focal point is the optimisation of the joint product portfolio. A crucial factor will be to maintain day-to-day business operations with the customary efficiency, despite the additional burden arising from the integration process.

Following the merger, IS.Teledata AG – as the leading provider of financial market information

[25] The holding company will be streamlined as a result of the merger. Please also refer to page 13 of the Management Report.

systems based on Internet technology – is in an excellent market position. Furthermore, cost benefits too will improve the company's profitability. On completion of the integration process, management at IS.Teledata expects an annual synergy potential in the region of lower single-digit millions. Contributing factors include savings in the area of technology, procurement, marketing and human resources. A proportion of the synergies will be able to be realised already in the first year of the new company.

As already announced, OnVista expects a moderately positive result from IS.Teledata AG as early as in the 2004 financial year. Consequently, our Technologies business segment will also make a positive contribution to the group income of OnVista AG.

OnVista group: Profit projected

Both operating business segments therefore will, in all probability, operate at a profit. Since we have substantially reduced our costs in the holding company, these can now be covered in full by the interest income generated by our mortgage bonds. As a result, OnVista's third segment – Corporate Services – will also contribute to the company's profits for the first time.

On this basis, we are projecting a positive **group pre-tax result** in the region of six-digit Euro. In contrast to 2003, this result will, however, be reached without any accounting effects. We will also markedly improve **EBIT** and **EBITDA**. Whereby EBIT is likely to be again negative in 2004, while we currently expect EBITDA on the other hand to be moderately positive.

As a result of the reduced number of companies included in consolidation, **group sales** will, essentially, correspond to sales generated by OnVista Media GmbH. Optically, group sales will therefore seem lower than in 2003, when sales generated by OnVista Technologies GmbH in the first eleven months were still included. A comparison is therefore not appropriate.

To sum up: We are convinced that we have identified and exploited a major opportunity for OnVista AG and its shareholders with the merger of OnVista Technologies. Overall, the OnVista group with its Media and Technologies business segments rests on two strong mainstays, which will generate sustained profits from 2004 onward. Added to this is our liquidity cushion, which currently yields considerable interest income, while certainly being available in the future to exploit strategic opportunities in both business segments, as we have already demonstrated with the acquisition of A Med-World AG.

Increasing benefits.

OnVista Media continues on its profitable course

Distinct upturn in sales and performance

OnVista Media GmbH[1] operates and markets the leading bank-independent finance portal in Germany with www.onvista.de. Since March 2004, the company has extended its business activities also to the operation and marketing of the health care portal www.medicine-worldwide.de. Revenue sources in the Media business segment include income generated through advertising and content collaborations.

For OnVista Media, the financial year 2003 was the best since the formation of the company. We were able to grow sales and further increased the company's profitability. With total sales in the amount of € 4.52 million, we were able to increase our revenues by more than € 1 million (prev. year: € 3.51 mill.). This represents a rise of 29%. External revenues alone amounted to € 4.50 million (prev. year: € 3.43 mill.; +31%).

The fact that we once again generated a positive segment performance is particularly encouraging. In the year under review, the pre-tax result amounted to € 0.60 million (prev. year: € 0.40 mill.) and therefore increased by 50%. The profit to sales ratio of 13% also exceeded the average sales return achieved in our industry sector. As a result, OnVista Media is one of the few portal providers on the German Internet to operate at a profit.

Several factors contributed to the positive performance. On the one hand, general external conditions have improved. The recovering online advertising market and the brightening mood in the equity market, particularly since the second half of the year, have noticeably stimulated business. On the other hand, the positive accounts are also attributable to the increased number of trusting customer relationships. Services, which are invariably centred on our customers' advertising and sales success, are paying dividends.

[1] OnVista Media GmbH is a wholly-owned subsidiary of OnVista AG.

Media Business Segment

• Competitive edge in reach further extended

In terms of reach, OnVista can also be very pleased with its performance. In the year under review, the entire segment of online finance sites enjoyed a steady upward trend in the number of hits. For the third year in succession, www.onvista.de not only maintained its leading position in the market of bank-independent finance portals but also recorded an above-average performance compared to the rest of the sector. According to the statistics published by the independent IVW[2] association, OnVista was able to increase the number of page impressions by 66% over the 12 months period. Consequently, the finance portal substantially extended its lead over the competition. In the as usual seasonally induced low reach in the month of December we recorded 40.9 million page impressions (December 2002: 24.6 mill.). The period from September to November gives a more meaningful account of the overall trend, during which time OnVista was able to record around 50 million page impressions per month.

• Measurable advertising benefits

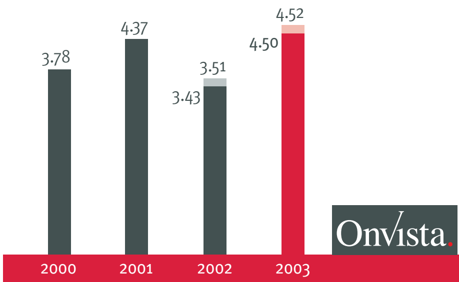
In addition to high reach, the commercial success of online services also hinges on professional marketing. Our expertise manifests itself through the fact that we do not only act as a pure provider of existing advertising space but also offer our customers wide-ranging advise in respect of planning and placement of their respective online campaigns. The aim is to achieve measurable advertising benefits for our customers. The high degree of interest in campaigns aimed at attracting new customers was again an unbroken trend in 2003. Consequently, OnVista regularly integrates direct marketing[3] components into specific advertising concepts, which help our customers to attract new business or to generate addresses.[4]

Our main customers are financial service providers. However, nowadays, well-known manufacturers of high quality consumer goods, like Lexus, Seat, Microsoft and Nokia, also advertise on OnVista. We want to further expand this customer target group in the future. To this end, we are developing advertising formats with a stronger branding character, such as our ‘Homepage Exclusive’, which offers a particularly large-scale presentation opportunity.

• Profitable expansion of web site services

In the further development of our web site in terms of content, OnVista gives priority to innovative solutions that meet the interests of our users as well as those of our advertising clients. Our issuer micro-sites, introduced in 2003, are a good example for this. These micro-sites are attached to the start pages of the warrant and certificate tools and are used by issuers to make available news, master data and their own publications. Users are provided with interesting information in a bundled format, which saves time by not having to visit the various web sites of different issuers. Our advertising clients benefit by being able to reach their target groups and to inform them about their products in addition to their own web sites. Issuers use our micro-sites for marketing measures and pay OnVista a fee for the use of the service. We were able to persuade issuers with the ‘RealPush’ service already back in 2002 to pay us for the provision of special content on the OnVista web site.

Distinct sales growth



Sales in Media business segment in € mill.
2000, 2001: External revenues only
2002, 2003: External revenues and total revenues

With the launch of the bond tool in September 2003, we filled the last major gap on our finance portal. Due to this innovation we can also increase user value and create interesting advertising environments for existing and new customer groups.

In addition, we carried out a user survey in the second half of the year under review and also examined methods of utilisation on our web site in order to identify pinpointed additional potential for improvement and enhancement. The findings now serve as a basis for the redesign of the OnVista finance portal. The relaunch will go online in spring 2004.

• Opportunities for growth through strategic realignment

In 2004, we plan to steadily further develop the content and advertising services on our finance portal in order to continue to offer interesting opportunities to both our users and customers. However, our biggest challenge lies in integrating the health care portal into the company’s other activities. This is the first time OnVista is venturing outside the subject area of finance and is therefore extending its strategic focus. A second subject specific portal offers us additional potential for growth. It also gives us access to a new user group and represents an additional revenue source, while also contributing to the diversification of revenues.[5]

[2] German information association which determines the reach of advertising vehicles.

[3] Direct marketing relates to advertising measures that directly address the recipient or strategically use media to achieve a measurable reaction from or a transaction with customers.

[4] When generating addresses, we naturally observe all data protection rules stipulated by law.

[5] Please also refer to the section ‘Management Report’ on page 22.

Technologies Business Segment

Growing together.

Merger bundles strengths

New strategic course

The outstanding event in the Technologies business segment in the year under review was the amalgamation of OnVista Technologies GmbH – a wholly-owned subsidiary of OnVista AG – and its competitor IS Innovative Software AG under IS.Teledata AG in November 2003.[1] The merger has created Europe's largest provider of Internet based financial market information systems. As the largest individual shareholder, OnVista AG holds around a third of the shares in the IT company.

The sphere of activity and the product range of the two partners were almost identical already prior to the merger. Just like OnVista Technologies, IS Innovative Software AG offered its customers financial market information as well as software systems for processing and presentation of financial data. Both companies entered into longer term agreements with their customers and charged a monthly fee for the use of their respective databases and related applications.

The new company, IS.Teledata AG, looks after 170 customers across Europe. In the area of financial service providers alone, customers include all of the four big banks in Germany, ten of the 14 largest online brokers as well as other European banks and brokerage firms. The customer portfolio also contains large sections of the cooperative and public sector banking industry, all major stock exchanges in Europe as well as various regional stock exchanges in Germany.

In addition to improving the market position, the aim of the merger was to increase profitability through the release of synergies and to exploit the effects of scale set out in the business model.

[1] See also Management Report, page 11 f.

Technologies Business Segment

Decline in sales due to difficult market climate

In the financial year 2003, the company generated total revenues of € 7.26 million in the Technologies business segment. External revenues amounted to € 6.29 million. In 2002, segment sales totalled € 10.29 million, of which € 9.07 million were generated with companies outside the group. We therefore had to – at least on paper – record a respective decrease of 29% and 31%. However, a comparison with the previous year is only partly meaningful, since the sales figure for the year under review only includes sales generated in the first eleven months due to the merger related de-consolidation[2] of OnVista Technologies. The continued difficult market conditions were a further reason for the sales deficit. As a result, sales lost through cancellations of licence agreements could not be fully made up through new business.

The segment performance of € 9.47 million (prev. year: € 0.63 mill.) was highly positive. However, non-cash income in the amount of € 12.06 million, which arose from the release of hidden reserves in the course of the changes to the entities include in consolidation, had a marked impact on the result.[3]

Strengthened market position

The difficult situation with regard to demand has not changed for IS.Teledata AG. We are nevertheless confident that the opportunities and potential arising from the merger will also be strongly reflected in both sales and performance.

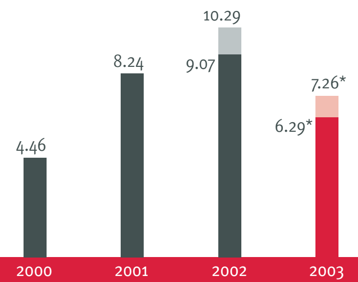
Financial service providers, the main customer segment of IS.Teledata AG, continue to suffer from the ongoing weakness in earnings power. As a result, demand for financial market information has changed considerably. This applies in particular to the 'Retail Banking and Brokerage' sector, the company's previous bread and butter business. This is where external web services offered by banks and online brokers are supplied with financial market data and applications. In Germany, this market is largely stagnant and growth can be achieved only through crowding out or international expansion.

In contrast, the second key market sector 'Institutional Asset Management and Private Banking' holds new opportunities. Traditionally, the sector has been heavily dominated by the major providers of terminals and data, like Reuters. For quite some time now, low-cost, yet high performance products, have been increasingly in demand in this area. IS.Teledata AG offers its customers both. Due to its flexible technology and related applications, which can be easily integrated into any existing IT system, the company is able to avoid high investments in software and hardware. As a result, customers are able to realise cost advantages and at the same time benefit from a high performance and particularly user-friendly product range.

Combining the best of both worlds

In terms of technology, the current offering is based on the core elements of the IT platforms of both merger parties, which have been combined. The so-called IS.Market Data Gateway provides a high performance system that incorporates the advantages of both platforms.

Unexpectedly distinct sales decline



Sales in Technologies business segment in € mill.
2000, 2001: External revenues only
2002, 2003: External revenues and total revenues
* Due to the merger only sales from the first eleven months

Despite a great deal of overlap, the two companies complement each other in terms of product range and IT orientation. For instance, IS Innovative Software AG had already successfully launched several products in the area of internal corporate applications. OnVista Technologies, on the other hand, was further advanced with its backend technology, namely the design of database platforms, and had already won initial orders. For customers of IS.Teledata AG this means they now have access to the bundled know-how and can choose the best possible solution for their business from the expanded product range.

The two companies were brought together not just from a technological perspective. IS.Teledata AG has also presented itself with a new organisational structure. The merger related reduction in personnel levels was accompanied by a redressing of interests and a redundancy scheme.

Positive performance anticipated for 2004

Even in the absence of market growth in the near future, IS.Teledata AG will operate at a profit as a result of synergies. With a customer base of more than 170, a third of which is located in other European countries outside Germany, the company is represented in seven countries and therefore rests on a solid foundation. Among others, initial customer projects after the merger have been realised for Citigroup and Banco Santander.

[2] See also Management Report, page 13 f.

[3] See also Management Report, page 16.

Price performance again positive

Stock market makes a comeback

After three years in succession of at times heavy stock price losses, the mood in the equity market brightened considerably in 2003. The MSCI world-wide index rose by 31% and the DAX by 37%. OnVista's shares maintained their positive trend and after a rise of 9% in the previous year advanced by 13%. The closing price on 31 December 2003 on the trading floor of the Frankfurt Stock Exchange stood at € 5.40 compared to € 4.80 at the end of 2002. However, our performance fell below our benchmark index, TecDax, which managed to gain 51%.

43% rise after announcement of the merger

Having passed through their annual low of € 3.56 on 7 January already, the OnVista share price repeatedly exceeded € 4.50 in the course of the general market recovery. From July onward, we saw the beginning of a special movement, brought about by the announcement on 30 June regarding our intention to merge our subsidiary OnVista Technologies GmbH with IS Innovative Software AG.

On 19 September, the share price reached its annual high with € 6.47 – 43% above the level prior to the announcement of the merger and 35% above the annual closing price in 2002. This shows the speculative hopes bestowed on the merger project by the market.

Unfortunately, this level could not be maintained through to the end of the year. With a permanently low trading volume of at most just around 5,000 shares per day, the share price shed two thirds of its gains again. There are no apparent reasons for this loss.

Since our subsidiary OnVista Media GmbH already operates at a sustained profit, it is now down to the newly formed IS.Teledata AG, in which we have some influence, to fulfil the positive expectations we have placed on the amalgamated company in the current and next financial year. We assume that the earnings position of OnVista AG will improve markedly as a result and the company's market capitalisation will reach an appropriate, higher level.

Substantial undervaluation

With the number of outstanding shares remaining unchanged at 6,700,000 (corresponding to a capital stock of € 6.7 mill.) and a share price of € 5.40, the stock market valued OnVista at € 36.18 million at the end of 2003 compared to € 32.16 million twelve months earlier. Our net liquidity continues to be exceptionally high. In view of the company's cash funds in the amount of € 24.99 million at year-end, many observers consider the above market capitalisation to be substantially undervalued. After all, the stock market valued our nationally leading and increasingly profitable finance portal and our investment in IS.Teledata AG – Europe's market leader for Internet based financial market information systems, entirely unrealistically at just € 11.19 million. For example, on 6 July 2003, the publication 'Euro am Sonntag' wrote: "With cash assets of around 4.25 Euro per share, OnVista is a clear buy." "With what looks like a record equity cover of a cool 96 percent and liquid funds of almost 27 million Euro, the company is in an excellent position", could be read on 1 September in the publication 'TradeCentre Börsenbrief'. "The operating business and the lucrative investment can be had near enough for only one Euro."

Key figures of OnVista shares	2000	2001	2002	2003
EBT[1] per share (€)	0.10	-1.42	0.02	1.13
Net income[1] per share (€)	0.05	-1.39	0.37	0.86
Number of shares (mill.)	6.70	6.70	6.70	6.70
Price earnings ratio	280	–	13	6
Highest price[2] (€)	55.00	17.20	6.85	6.47
Lowest price[2] (€)	13.00	3.11	3.35	3.56
Year-end price[2] (€)	14.00	4.40	4.80	5.40
Market capitalisation as at 31 Dec. (€ mill.)	93.80	29.48	32.16	36.18
Lowest unit trading per day	842	0	240	0[3]
Highest unit trading per day	839,339	118,242	191,110	99,866[3]
Average unit trading per day	25,107	4,742	13,667	7,224[3]

[1] US GAAP
[2] Closing price Frankfurt trading floor
[3] On the basis of XETRA and Frankfurt trading floor only

Solid shareholders structure

The composition of the OnVista AG shareholder group has changed only insignificantly. The company's major shareholder, Burda Digital Ventures GmbH, did slightly increase its holding again and at the time of the general meeting in mid-August 2003 held 16.96% of the shares compared to 15.83% on 1 April 2002. At year-end, the three founder Directors held 56.9% (previous year: 57.4%). The number of shares held by the Members of the Supervisory Board remained unchanged. For details on shareholdings by board members please refer to page 58 f. The total free float of stock (incl. Burda) now amounts to 43.2% (42.6%).

No dividend distribution

With a group after-tax result determined under US GAAP of € 5.79 million and 6.7 million shares, earnings per share amount to € 0.86 compared to € 0.37 in the previous year.

In particular as a result of OnVista AG taking on the loss generated by OnVista Technologies GmbH, the individual accounts of OnVista AG for 2003 under the German Commercial Code (HGB) show a sizeable accumulated deficit. Profits accumulated in 2002 have therefore been partially eroded. Since the residual profit arose from the non-cash release of hidden reserves in the previous year, rather than being generated through operations, the Executive Board and the Supervisory Board again propose not to distribute a dividend.

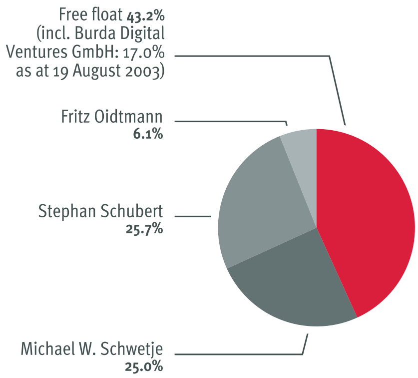
Extraordinary general meeting gives go-ahead for the merger

For the first time in the year under review, OnVista AG held two general meetings. The regular general meeting of shareholders on 3 June, in Cologne was used as a basis for largely routine agenda items. With a presence of almost 77%, all resolutions were passed with only a few dissenting votes and abstentions. Because of the proposed amalgamation of OnVista Technologies GmbH under IS Innovative Software AG, we again convened our shareholders just a few weeks later, this time for an extraordinary general meeting on 19 August. The capital stock represented at the meeting cleared the way for the transaction with a 99.8% rate of approval, and the merger was finally entered in the Register of Companies in November and consequently came into force. Detailed reports on the two general meetings can be found on our web site www.onvista-ag.de in the 'Investor Relations' section under 'General Meeting of Shareholders'.

OnVista is continuing its programme of active investor and press relation, which is focused entirely on the quality of the content rather than the quantity of work generated. We will continue on this successful course also in the current financial year. Please refer to page 64 for contact information in respect of investor and press enquiries and details of our financial calendar. We look forward to engaging in dialogue with you!

More than 40 percent free float

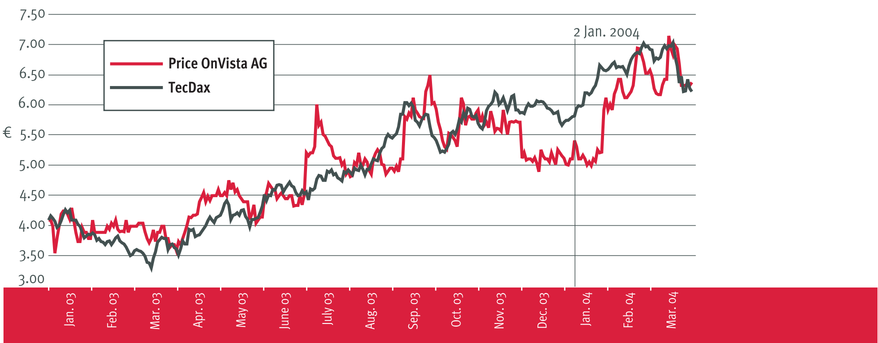
Shareholders structure



Stock market data

Securities reference number / ISIN	546 160 / DE0005461602
Reuters symbol	ONVG.DE
Bloomberg symbol	ONV
Trading segment	'Geregelter Markt' (Prime Segment) since 1 Jan. 2003
Classification according to the German Stock Exchange	Software / Software
Designated Sponsors	HSBC Trinkaus & Burkhardt KGaA

Development largely parallels benchmark index



Development of OnVista share price and TecDax normalised

Report of the Supervisory Board

In the period under review, the Supervisory Board and the Executive Board jointly reviewed the business situation and performance of the group, as well as key corporate policy issues in the course of nine ordinary meetings. The Supervisory Board did not form any committees. At each meeting, the Executive Board provided the Supervisory Board with detailed information based on comprehensive management reports on the business and financial position of OnVista AG and its affiliated companies as well as on general corporate policy issues. Outside the scope of the Supervisory Board meetings, the Supervisory Board was also kept up-to-date on OnVista's current business performance through regular written and verbal communication. A key issue was the debate about the further strategic development of the company. The Supervisory Board dealt in detail with the strategic options for OnVista Technologies GmbH and finally also with the key aspects of the amalgamation of OnVista Technologies GmbH under IS Innovative Software AG. Detailed discussions also focused on the further development of OnVista Media GmbH – in particular the transfer of existing core competencies to further portal services still to be developed or to be acquired. Naturally, the economic and financial performance of the core business and the group's affiliated companies were constant subjects of discussion for the Supervisory Board.

The financial statements of OnVista AG and the management report were audited by PwC Deutsche Revision AG Wirtschaftsprüfungsgesellschaft, Cologne, appointed by the general meeting of shareholders, and received the auditor's unqualified approval. The consolidated financial statements prepared under US GAAP also received the auditor's unqualified approval. The consolidated financial statements have been supplemented with a consolidated management report and additional statements in accordance with § 292a of the German Commercial Code (HGB). Under this article the consolidated financial statements on hand release the company from its duty to prepare consolidated financial statements under German law.

At its meeting on 19 March 2004, the Supervisory Board discussed the 2003 financial statements of OnVista AG as well as the 2003 consolidated financial statements with the Executive Board and the accountants and acknowledged and agreed the auditor's reports. Furthermore, following the conclusion of its own review of the 2003 financial statements and the management report of OnVista AG as well as the consolidated financial statements and the consolidated management report, the Supervisory Board did not raise any objections. It has therefore approved the company's annual financial statements as well as the consolidated financial statements as at 31 December 2003, prepared by the Executive Board. The annual financial statements are herewith adopted. The Supervisory Board also accepts the recommendation of the Executive Board regarding the allocation of unappropriated retained earnings of OnVista AG.

In addition, the Supervisory Board also kept itself informed on the active risk management policy of OnVista AG.

Stephan Schubert, previously Director of Technologies of OnVista AG, resigned his mandate as at 31 December 2003 to fully concentrate on his responsibilities as IT Director of IS.Teledata AG. In his new role, Mr. Schubert will, in particular, press ahead with the IT integration and further technical development of our strategic investment. The Supervisory Board would like to thank Mr. Schubert for taking on this important function for OnVista AG and its shareholders. As a result of his position at IS.Teledata AG, he will continue to exert considerable influence on the fortunes of the OnVista Technologies business segment and therefore the entire OnVista group. Mr. Schubert has also earned our appreciation and thanks for his commitment to date in respect of the company's development, to which he was closely attached right from the start as co-founder, Member of the Executive Board and shareholder of OnVista AG.

We would also like to thank the Members of the Executive Board, Fritz Oidtmann and Michael W. Schwetje, as well as the employees of OnVista for their exceptional dedication and commitment in the year under review. Our thanks also go to OnVista's shareholders for their confidence in the company. Together, we will proceed to work towards enabling OnVista to continue to operate profitably in the future on the basis of radical innovations and new products.

Cologne, Germany, 19 March 2004

Paul-Bernhard Kallen

Dr. Paul-Bernhard Kallen
Chairman of the Supervisory Board

Consolidated Financial Statements 2003 under US GAAP

Balance Sheet as at 31 December 2003

€	31 Dec. 2003	31 Dec. 2002
ASSETS		
Current assets		
Cash and cash equivalents [5]	3,147,737	5,014,601
Other securities [9]	21,846,350	22,442,444
Trade accounts receivable [6]	511,180	2,289,957
Accounts due from other group companies	46,696	9,816
Other assets and prepaid and deferred items [7]	1,236,845	1,337,548
Deferred taxes, short term [19]	700,770	192,050
Total current assets	**27,489,578**	**31,286,416**
Deferred taxes, long term [19]	**1,606,473**	**4,055,732**
Fixed assets		
Financial assets [9]	17,705,533	779,671
Tangible assets [8]	225,841	2,922,942
Intangible fixed assets [8]	596,296	4,050,583
Total fixed assets	**18,527,670**	**7,753,196**
Total assets	**47,623,721**	**43,095,344**

€	31 Dec. 2003	31 Dec. 2002
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short term liabilities		
Trade accounts payable	271,086	486,619
Advance payments received	125,499	0
Other liabilities and deferred liabilities [12]	129,873	714,978
Other accruals [11]	1,231,483	1,490,056
Total short term liabilities	**1,757,941**	**2,691,653**
Shareholders' equity [13]		
Subscribed capital	6,700,000	6,700,000
Capital reserves	39,749,875	39,749,875
Revenue reserves	3,350,000	3,350,000
Accumulated other comprehensive income	226,456	552,330
Accumulated deficit	-4,160,551	-9,948,514
Total shareholders' equity	**45,865,780**	**40,403,691**
Total liabilities and shareholders' equity	**47,623,721**	**43,095,344**

The brackets [ ] refer to the corresponding notes on pages 40 – 61.
These notes form an integral component of the consolidated financial statements.

Profit and Loss Statement from 1 January to 31 December 2003

€	1 Jan. - 31 Dec. 2003	1 Jan. - 31 Dec. 2002
Sales [15]	**10,841,116**	**12,577,492**
Cost of sales	-6,241,105	-6,455,120
Gross margin	**4,600,011**	**6,122,373**
Marketing and selling expenses	-3,336,117	-3,270,197
General administration expenses	-4,099,460	-4,068,674
Research and development expenses [17]	-1,883,036	-1,262,728
Other operating expenses, net of other operating income	160,758	1,291,257
Goodwill amortisation [8]	-454,364	0
Operating income / loss (-)	**-5,012,208**	**-1,187,970**
Interest income, net	902,136	1,293,873
Income from financial assets recorded at equity [9]	51,314	0
Write-downs on financial assets [9]	-389,671	-11,543
Income from de-consolidation [9]	12,059,940	0
Currency exchange losses (-)	-51,526	-5,283
Result before income tax and minority interests	**7,559,985**	**89,075**
Taxes on income [19]	-1,772,022	2,294,837
Result before minority interests	**5,787,963**	**2,383,913**
Minority interests		64,296
Net income	**5,787,963**	**2,448,208**
Accrued deficit (-)	-9,948,514	-9,046,722
Allocation to revenue reserves	0	-3,350,000
Accumulated deficit	**-4,160,551**	**-9,948,514**
Net income per share (basic / diluted) [25]	**0.86**	**0.37**
Weighted average shares outstanding (basic)	**6,700,000**	**6,642,944**
Weighted average shares outstanding (diluted) [25]	**6,724,616**	**6,642,944**

The brackets [ ] refer to the corresponding notes on pages 40 – 61.
These notes form an integral component of the consolidated financial statements.

Statement of Cash Flows from 1 January to 31 December 2003

€	1 Jan. - 31 Dec. 2003	1 Jan. - 31 Dec. 2002
Net income for the year	5,787,963	2,448,208
Depreciation, amortisation and write-downs on fixed assets	4,150,607	2,637,952
Deferred tax expense/income (-)	1,772,021	-2,294,837
Loss on the disposal of assets	0	20,449
Income not affecting payments from changes to entities included in consolidation	-12,059,940	0
Income from subsidiaries recorded at equity	-51,314	0
Gain on the disposal of other securities	-168,100	-239,500
Other non-cash changes	3,093	217,031
Minority interests	0	-64,296
Decrease/increase (-) in assets and increase/decrease (-) in liabilities and shareholders' equity		
Trade accounts receivable	980,369	-1,216,711
Accounts due from other group companies	943,791	4,746
Other current assets and prepaid expense	-87,346	-327,231
Trade accounts payable	4,635	-151,115
Other liabilities and deferred income	-231,605	-171,712
Other accruals	176,775	-496,730
Cash flow from operating activities	**1,220,950**	**366,254**
Proceeds from disposals of tangible fixed assets	22,330	75,593
Investments in tangible fixed assets	-201,025	-225,946
Investments in intangible fixed assets	-1,165,194	-1,499,373
Investments in loans to other group companies	-1,800,000	0
Proceeds from the disposal of financial assets	0	460,000
Investments in financial assets	0	-11,543
Investments due to change in entities included in consolidation	-582,473	0
Proceeds from the disposal of other securities	12,145,100	16,004,046
Investments in other securities	-11,527,900	-14,493,650
Cash flow from investment activities	**-3,109,162**	**309,127**
Proceeds from the disposal of treasury stock	0	481,935
Cash flow from financing activities	**0**	**481,935**
Change in cash and cash equivalents from exchange rate movements	21,348	-1,078
Change in cash funds	**-1,866,864**	**1,156,238**
Cash and cash equivalents at the beginning of the financial year	5,014,601	3,858,363
Cash and cash equivalents at the end of the financial year[1]	**3,147,737**	**5,014,601**

[1] Cash and cash equivalents at the end of the financial year do not include the freely disposable mortgage bonds in the amount of '000 € 21,846, as these are not counted as equivalent means of payment.

Statement of Changes in Shareholder's Equity from 1 January to 31 December 2003

€	Subscribed capital	Capital reserves	Revenue reserves	Treasury stock	Accumulated other comprehensive income	Retained earnings /accumulated deficit (-) after minority interests	Total shareholders' equity
As at 1 Jan. 2002	**6,700,000**	**40,077,317**	**0**	**-823,087**	**228,075**	**-9,046,722**	**37,135,583**
Other comprehensive income	0	0	0	0	324,255	0	324,255
Net income after minority interests	0	0	0	0	0	2,448,208	2,448,208
Total comprehensive income							**2,772,463**
Treasury stock	0	0	0	823,087	0	0	823,087
Disposal of treasury stock (after deferred tax)	0	-206,025	0	0	0	0	-206,025
Subsequent IPO expenditure (after deferred tax)	0	-121,417	0	0	0	0	-121,417
Allocation to other revenue reserves	0	0	3,350,000	0	0	-3,350,000	0
As at 31 Dec. 2002	**6,700,000**	**39,749,875**	**3,350,000**	**0**	**552,330**	**-9,948,514**	**40,403,691**
Other comprehensive income	0	0	0	0	-325,874	0	-325,874
Net income after minority interests	0	0	0	0	0	5,787,963	5,787,963
Total comprehensive income							**5,462,089**
As at 31 Dec. 2003	**6,700,000**	**39,749,875**	**3,350,000**	**0**	**226,456**	**-4,093,804**	**45,865,780**

Statement of Movements on Fixed Assets for the Financial Year 1 January to 31 December 2003

€	Acquisition costs			
	1 Jan. 2003	Additions	Disposals	31 Dec. 2003
I. Financial assets				
Financial assets	5,036,244	10,030	-533,862	4,512,412
Associated companies	510,000	15,505,503	0	16,015,503
Loans to associated companies	0	1,800,000	0	1,800,000
Total financial assets	**5,546,244**	**17,315,533**	**-533,862**	**22,327,915**
II. Tangible assets				
Leasehold improvements	1,218,969	6,719	-586,894	638,794
Office furniture and equipment	5,359,287	194,307	-3,797,646	1,755,948
Total tangible assets	**6,578,256**	**201,026**	**-4,384,540**	**2,394,742**
III. Intangible assets				
Software and licences	6,329,741	946,762	-4,361,330	2,915,173
Goodwill	334,618	218,432	-193,136	359,914
Total intangible assets	**6,664,359**	**1,165,194**	**-4,554,466**	**3,275,087**
Total fixed assets	**18,788,859**	**18,681,753**	**-9,472,868**	**27,997,744**

Accumulated depreciation 1 Jan. 2003	Additions	Disposals	31 Dec. 2003	Book value 31 Dec. 2003	Book value 31 Dec. 2002
-4,256,573	-389,671	533,862	-4,112,382	400,030	779,671
-510,000	0	0	-510,000	15,505,503	0
0	0	0	0	1,800,000	0
-4,766,573	**-389,671**	**533,862**	**-4,622,382**	**17,705,533**	**779,671**
-457,667	-444,185	279,179	-622,673	16,121	761,302
-3,197,647	-1,203,274	2,854,693	-1,546,228	209,719	2,161,639
-3,655,314	**-1,647,459**	**3,133,872**	**-2,168,901**	**225,841**	**2,922,942**
-2,590,391	-1,659,113	1,930,627	-2,318,877	596,296	3,739,350
-23,385	-454,364	117,835	-359,914	0	311,233
-2,613,776	**-2,113,477**	**2,048,462**	**-2,678,791**	**596,296**	**4,050,583**
-11,035,663	**-4,150,607**	**5,716,196**	**-9,470,074**	**18,527,670**	**7,753,196**

1. Reporting basis under corporate law and preparation of the consolidated financial statements

Company

OnVista Aktiengesellschaft based in Cologne ('the Company') was incorporated in 1998 as GmbH & Co. KG (OnVista.de Finanzanalyse GmbH & Co. KG). On 16 November 1999, the Company was transformed into a public limited company by way of a corporate transformation in accordance with §§ 214 ff. of the Act relating to the transformation of a company (UmwG). Since then, the Company has been trading under the name of OnVista AG.

The Company is registered in the Register of Companies of the city of Cologne under registration number HRB 32470.

The articles of association in the version dated 3 June 2003 are valid.

Changes under corporate law

The amalgamation of OnVista Technologies GmbH under IS Innovative Software AG was adopted under the merger agreement of 30 June 2003 (deed no. 80/2003 of the notary Dr. Wolf Schröder-Hilgendorff, Frankfurt). OnVista Technologies GmbH transfers its assets as a whole together with all rights and obligations under a dissolution without execution to IS Innovative Software AG (absorbing company) by way of absorption in exchange for the provision of the absorbing company's shares to the stockholder of the transferrer company, OnVista AG (merger through absorption) in accordance with §§ 2 no. 1, § 3 para. 1 no. 2, 46 ff., 60 ff. of the Act relating to the transformation of a company (UmwG).

Within the framework of the merger, the formerly fully consolidated companies OnVista Ltd., London/England, OnVista S.A.S., Paris/France, OnVista S.r.l. i.L., Milan/Italy and OnVista S.L., Barcelona/Spain also pass to the absorbing company.

In return for the transfer of the assets of the transferrer company, the absorbing company grants OnVista AG 682,515 registered ordinary shares for its stake in the business in the amount of € 90,000 and for its stake in the business in the amount of € 10,000 75,835 registered ordinary shares of the absorbing company in the form of denomination shares with a theoretical nominal value of € 1.00 each.

The shareholders' meeting of OnVista Technologies GmbH approved the merger agreement on 3 July 2003 (deed no. 674/2003 -CN- of the notary Dr. Christoph Neuhaus, Cologne).

The shareholders of OnVista AG approved the amalgamation of OnVista Technologies GmbH under IS Innovative Software AG at the extraordinary general meeting on 19 August 2003 (deed no. 880/2003-ID- of the notary Dr. Ingrid Doyé).

The merger came into force on 27 November 2003 with entry in the Register of Companies in Frankfurt. OnVista AG holds 31.5% of the equity interest and 41.45% of the voting rights in the new company now trading under the name of IS.Teledata AG.

Since that day, IS.Teledata AG has been valued under the equity method within the framework of the consolidated financial statements of OnVista AG in accordance with the Accounting Principles Board Opinion No. 18 '*The Equity Method of Accounting for Investments in Common Stock*', since OnVista AG exerts considerable influence on the business and corporate policies of the company.

Under a participation transfer agreement of 31 January 2003 (deed no. 78/2003 -CN- of the notary Dr. Christoph Neuhaus), OnVista AG acquired a 100% stake in IFVB Institut für Vermögensbildung GmbH.

Objectives of the Company

The objectives of the Company are the development, implementation and sale of Internet services in the finance sector and in particular the development, implementation and sale of analysis tools and databases aimed at increasing transparency in market sectors dealing with high volumes of asymmetric information. A further objective of the Company is the acquisition of IT systems and ancillary equipment, computer programs, data and other assets as well as the procurement of services against payment, in so far as this is necessary or appropriate with regard to the implementation of the objectives of the Company described in the first sentence. Another objective of the Company is the acquisition of companies and/or acquisition of participating interests in companies involved in the development, implementation, marketing or provision of Internet services in the finance sector.

The Company is free to pursue any business and take any measures which are deemed to directly support the objectives of the Company.

The Company is also authorised to acquire companies with a similar or different corporate purpose and to acquire participating interests in such companies or to take on the management of such companies, as well as being entitled to set up affiliated companies.

The Company may enter into corporate agreements of any kind and may spin off or transfer its operation and/or business divisions either partly or wholly to affiliated companies. The Company may consolidate companies, in which it holds participating interests, under its own common control and may restrict itself to assuming the role of a group holding company.

Financial year

The financial year corresponds to the calendar year.

Preparation of the consolidated financial statements

The consolidated financial statements of OnVista AG and its subsidiaries on hand have been prepared in accordance with the Generally Accepted Accounting Principles of the US (US GAAP).

The Company maintains its books pursuant to the German Commercial Code (HGB) in accordance with the accounting principles generally accepted in Germany. The accounting principles adopted in Germany differ from US GAAP in several aspects. All adjustments and particulars required for a complete presentation of the consolidated financial statements under US GAAP have been carried out.

OnVista makes use of the exemption option presented under § 292a of the German Commercial Code (HGB), whereby companies do not have to prepare consolidated financial statements or a group management report under the regulations of the German Commercial Code, if consolidated financial statements and a group management report are prepared and disclosed in accordance with internationally recognised accounting principles. The notes on the accounting, valuation and consolidation principles differing from those under German law required to make use of this exemption option have been set out in the notes ‘Summary of key differences between German accounting principles and US GAAP’.

2. Material accounting and valuation principles

Consolidation

Included in the consolidated financial statements are all major subsidiaries under the legal or actual control of OnVista AG. Material investments are recorded in accordance with the equity method, based on the Accounting Principles Board Opinion No. 18 ‘*The Equity Method of Accounting for Investments in Common Stock*’, where OnVista holds between 20% and 50% of the voting rights or exerts considerable influence on the business and finance policy. Any difference between the acquisition cost and the proportionate equity capital is, as far as possible, allocated to the appropriate balance sheet items. Any remaining difference is counted towards the goodwill of the affiliated company and must be tested annually for impairment.

Capital consolidation follows the book method in accordance with the Accounting Principles Board Opinion No. 16 ‘*Business Combinations*’, by which acquisition costs are set off against the proportionate equity capital of the parent company at the time of acquisition (‘purchase accounting’). The difference between the acquisition cost and the proportionate equity capital is allocated in its entirety or partially to the assets of the subsidiary company. Any remaining active difference is capitalised as goodwill and must be tested annually for impairment. For acquisition dates after 30 June 2001, capital consolidation is carried out in accordance with the Statement of Financial Accounting Standards No. 141 ‘*Business Combinations*’. Under this regulation, any potential goodwill arising must be capitalised and tested annually for impairment in accordance with the Statement of Financial Accounting Standards No. 142 ‘*Goodwill and Other Intangible Assets*’.

Any effects resulting from intra-group transactions are eliminated under consolidation in accordance with the Accounting Research Bulletin No. 51 ‘*Consolidated Financial Statements*’.

Foreign currency conversion

In accordance with the Statement of Financial Accounting Standards No. 52 ‘*Foreign Currency Translation*’, the annual accounts of foreign subsidiaries, where the functional currency is not the Euro, are included in the consolidated financial statements under the functional currency concept. In principle, the balance sheet is converted at the mean rate of exchange applicable on the balance sheet date, or at the historical exchange rate, while the profit and loss account is converted into

Euro at the average annual rate of exchange. Any difference in calculation arising from the foreign currency conversion is shown as other comprehensive income under equity without any effect on profit/loss.

On 30 November 2003, the underlying exchange rate applied to OnVista Ltd., London/England for currency conversions was GBP 0.69710/€.

Use of estimates

For the preparation of the consolidated financial statements in accordance with US GAAP, management is required to make estimates and assumptions which have an impact on the assets and liabilities shown in the balance sheet, the statements on contingent liabilities on the balance sheet date as well as on the income and expenses reported for the financial year. The actual results may differ from these estimates.

Credit risk

In essence, OnVista is exposed to a potential risk of default in respect of trade accounts receivable. To minimise the credit risk, OnVista continuously investigates the credit worthiness of its customers. Furthermore, the risk of collectibility of trade accounts receivable is limited through OnVista's broad based customer structure. No material bad debts were recorded in the year under review nor in prior years.

Revenue recognition

Sales in the 'Media' segment are recognised when the services rendered relate to banner placements. In the 'Technologies' segment, sales relating to so-called set-up fees are recognised following a successful set-up. Monthly licence revenues generated on the basis of agreements are recognised at the time services are rendered. Since licence fees are generally invoiced at the start of the contractual licence period, amounts paid are deferred and recorded as income in accordance with services being rendered. Sales proceeds are recorded less cash discounts, price reductions or customer rebates.

Advertising expenses

In accordance with the Statement of Position No. 93-7 '*Reporting on Advertising Costs*', advertising expenses are charged to expenditure as incurred.

Earnings per share

In the event of a dilution of equity, two characteristics must be reported in respect of earnings per share. In the case of the characteristic 'earnings per share' ('basic earnings per share'), the dilution effect is not taken into account; the group net income for the year is divided by the weighted average number of shares. The characteristic 'diluted earnings per share' not only takes into account the actual number of shares issued but also the number of shares available on the basis of options. The calculation is explained under note 25. The group net income for the year represents the total income for the year generated within the group, from which the minority shareholders' shares are deducted or added as appropriate.

Cash and cash equivalents

All investments with high fungibility and a term of up to three months at the time of acquisition are treated as cash and cash equivalents.

Securities and investments

Securities and investments are valued at market prices, provided these are available. Any unrealised gains and losses from the fair value of securities designated for disposal in the short term ('trading securities') are reflected in the profit and loss account. Unrealised gains or losses from all other securities valued at fair value ('available-for-sale securities') are recorded under other comprehensive income, taking into consideration any deferred taxes. Other securities are valued at cost. All securities and investments are written down in event of impairment and reflected in the profit and loss account.

Current assets

Current assets include receivables, securities and cash, including amounts due after one year. All amounts with a due date of more than one year have been recorded in the notes.

Intangible assets

Acquired intangible assets are valued at cost and, where their useful life is limited in time, amortised on a pro rata basis according to the straight-line method over their useful life of three to five years. In the event of a lower value resulting from impairment, the value is written down. Goodwill acquired after 30 June 2001 in connection with business combinations is capitalised in accordance with the Statement of Financial Accounting Standards No. 142 '*Goodwill and Other Intangible Assets*' and tested annually for impairment.

Web site development costs

Development costs incurred in connection with programming and the enhancement of tools for the OnVista web site and the OnVista database are reported in the balance sheet in accordance with the Emerging Issues Task Force (EITF) Issue 00-2 '*Accounting for Web Site Development Costs*' and the Statement of Financial Accounting Standards No. 86, '*Accounting for the Cost of Computer Software to be Sold, Leased or Otherwise Marketed*'. Under these regulations, research and development costs must be recorded as expenditure as incurred until their technological feasibility is reached. Technological feasibility is reached when all planning, design, programming and test activities required to prove the product can be produced according to its respective design specifications have been completed. From the time of technological feasibility, all further development costs must be capitalised until the time the product is available for general release to customers or for the Company's own use. Capitalised software development costs are amortised on a straight-line basis over the estimated useful life of the software (between three and five years).

Tangible fixed assets

Fixed assets are valued at acquisition cost, less depreciation. Fixed assets are depreciated on a pro rata basis according to the straight-line method over the estimated useful life (four to 10 years). In the event of a lower value resulting from impairment, the value is written down.

Taxes on income

Taxes on income are recorded in accordance with the Statement of Financial Accounting Standards No. 109 '*Accounting for Income Taxes*'. Under this method, deferred tax assets and tax liabilities are based on timing differences between the balance sheet value under tax legislation and US GAAP which are presumed to be reversed in the future. The calculation is based on the applicable tax rates and regulations that are likely to apply at the time the differences are reversed, on the basis of the prevailing legal position. Accrued deficits which are appropriate to reduce future tax charges are subject to deferred tax assets. Deferred tax assets set up for loss carryforwards which are unlikely to be realised are written down.

Stock-based compensation

As at 31 December 2003, OnVista operates the stock option plans presented in detail under note 14. Stock-based compensation is generally reported in accordance with the Statement of Financial Accounting Standards No. 123 '*Accounting for Stock-Based Compensation*', according to the so-called fair value method. OnVista does, however, make use of the simplification rule set out in the Statement of Financial Accounting Standards No. 123, whereby stock-based compensation in accordance with the Accounting Principle Board Opinion No. 25 '*Accounting for Stock Issued to Employees*' is reported under the intrinsic value method and additional disclosures required under the Statement of Financial Accounting Standards No. 123 are presented in the notes to the consolidated financial statements.

Other comprehensive income

Changes to equity within a particular reporting period are recorded in accordance with the Statement of Financial Accounting Standards No. 130, '*Reporting Comprehensive Income*', with the exception of shareholder contributions and dividend payments to shareholders. Under this method, all equity components are recorded under comprehensive income. A sub-line – 'other comprehensive income' – contains all changes in equity which are excluded from net income, so that any differences from currency conversions as well as unrealised gains and losses arising from valuations of certain securities on the reporting date are included under this sub-line. Changes in the comprehensive income are set out in the statement of changes in shareholders' equity.

Accruals

Provisions are created in respect of existing liabilities to third parties, if their utilisation is likely and the estimated amount of the accrued liabilities can be reliably assessed.

Research and development

Expenditure for research and development is generally charged to income as incurred, provided the expenditure is not capitalised in accordance with EITF 00-2 in connection with the Statement of Financial Accounting Standards No. 86 (see note on web site development costs).

New accounting rules

The FASB Statement No. 149 (FAS 149), *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*, was published on 30 April 2003. The standard specifies a number of accounting regulations under FASB Statement No. 133 (FAS 133), *Accounting for Derivative Instruments and Hedging Activities* and needs to be applied to derivative financial instruments concluded after 30 June 2003. The standard did not have any effect on the consolidated financial statements.

The FASB Statement No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*, was published on 31 May 2003. The standard regulates classifications in equity or liabilities for certain financial instruments with characteristics of both liabilities and equity. The standard needs to be applied to periods after 30 June 2003. Since Onvista AG did not issue any financial instruments of this type, the company's consolidated financial statements are not affected.

The FASB Interpretation No. 46, *Consolidation of Variable Interest Entities*, was published on 17 January 2003 and revised once more in December 2003. FIN 46 provides an interpretation of the Accounting Research Bulletin No. 51 (ARB 51), *Consolidated Financial Statements*, regarding the question of the need for existing or new enterprises to consolidate in accordance with the new variable interest model. FIN 46 needs to be applied to reporting periods ending after 15 March 2004. OnVista does not expect FIN 46 to affect the company's consolidated financial statements.

3. Entities included in consolidation

Up until 27 November 2003, entities included in consolidation in addition to OnVista AG included the Company's domestic subsidiaries OnVista Beteiligungs-Holding GmbH, Cologne, OnVista Technologies GmbH, Cologne, OnVista Media GmbH, Cologne, Trade & Get AG (now Trade & Get GmbH), Cologne, and IFVB Institut für Vermögensbildung GmbH, Cologne, as well as the foreign subsidiaries OnVista S.r.l. i.L., Milan/Italy, OnVista S.A.S., Paris/France, OnVista S.L., Barcelona/Spain and OnVista Ltd., London/England.

Within the framework of the amalgamation of OnVista Technologies GmbH under IS Innovative Software AG, Frankfurt, by way of absorption in exchange for the provision of shares, OnVista Technologies GmbH as well as the foreign subsidiaries OnVista S.r.l. i.L., Milan/Italy, OnVista S.A.S., Paris/ France, OnVista S.L., Barcelona/Spain and OnVista Ltd., London/England no longer form part of the entities included in consolidation.

Up until the time of de-consolidation, all income and expenditure of the companies concerned was taken into the group profit and loss account. For reasons of simplification, the date of de-consolidation was fixed for 30 November 2003.

The investment of OnVista AG in IS.Teledata AG has been included under the equity method since 1 December 2003, since OnVista exerts considerable influence on the company's business and corporate policies.

The effects of the changes to entities included in consolidation as well as to companies valued at equity have been set out in the table below.

'000 €	Group 31 Dec. 2003	Of which resulting from changes to entities included in consolidation
Balance sheet		
Fixed assets	18,528	11,730
Current assets	27,461	-589
Total assets	47,595	11,141
Shareholders' equity	45,933	12,025
Accrued liabilities	1,136	-435
Other liabilities	526	-449

In addition, PROZENTOR GmbH, Berlin, an investment of OnVista Beteiligungs-Holding GmbH, has also been included in consolidation under the equity method, since OnVista exerts considerable influence on the company's business and corporate policies.

4. Major companies included at equity

In the financial year 2003, companies included in consolidation at equity refer to the following companies:

Company	Interest held %
PROZENTOR GmbH	25.1
IS.Teledata AG (since 1 December 2003)	31.5

The acquisition of the participating interest in PROZENTOR GmbH, Berlin, resulted in a difference between the book value of the investment and the proportionate equity, which, at the time, amounted to '000 € 370 and was amortised over an estimated useful life of five years. The difference between the purchase price and the proportionate equity at the time of acquisition was fully taken into account as goodwill and allocated to the updated book value of the investment.

Under the equity method, the purchase price for investments is also updated by the pro rata share of income or loss, by the pro rata change in equity capital as well as by dividends received. Up to 31 December 2001, goodwill was amortised over an estimated useful life of five years.

The 31.5% investment in IS.Teledata AG was acquired within the framework of a 'Nonmonetary Transaction'. In accordance with the Emerging Issues Task Force Interpretation 01-02 in respect of the Accounting Principle Board Opinion No. 29 '*Accounting for Nonmonetary Transactions*', the purchase price of the investment is made up of the book value of the sold asset and the portion of the market value offered. Any difference between the purchase price and the proportioned equity of IS.Teledata AG needs to be examined in respect of pro rata hidden reserves and charges. Any remaining differences need to be reported as goodwill.

Due to the very short period of consolidation, it was not possible to already conclusively examine the existing differences between the purchase price of the investment in IS.Teledata AG and the proportioned equity of the company as at year-end on 31 December 2003. A more detailed analysis will be carried out in the subsequent period.

In the financial year 2003, the operating results of companies reported at equity in the balance sheet were transferred to the consolidated statement of income as follows:

Company	Gains/losses (-) transferred €
PROZENTOR GmbH	0
IS.Teledata AG (since 1 December 2003)	51,314

The operating results were transferred on the basis of the two companies' preliminary, unaudited annual accounts. In the event of differences arising to the preliminary value in the final accounts, these will be taken into account in the subsequent period.

Notes to the consolidated balance sheet

5. Cash and cash equivalents

Cash and cash equivalents refer to time and notice deposits as well as money market investments with an original maturity of less than three months in the amount of '000 € 3,020 (prev. year: '000 € 4,242) and to credit balances with banks in the amount of '000 € 127 (prev. year: '000 € 773).

6. Trade accounts receivable

Trade accounts receivable are reported at their nominal value and without exception have a residual maturity of less than one year.

As at 31 December 2003, provisions for bad debts amounted to '000 € 65 (prev. year: '000 € 68).

7. Other assets and prepaid expenses and deferred charges

In principle, these balance sheet items are recorded at their nominal value and are made up as follows:

'000 €	31 Dec. 2003	31 Dec. 2002
Deferred interest	323	462
Claims for tax refunds	626	337
Prepaid services	78	188
Loans	180	150
Cash in transit	1	95
Suppliers with debit balances	14	10
Other	15	96
	1,237	1,338

Other assets and prepaid expenses in the amount of '000 € 0 (prev. year: '000 € 125) have a residual maturity of more than one year.

Other assets include amounts totalling '000 € 323 (prev. year: '000 € 462), which are legally created only after the balance sheet date. These amounts relate to deferred interest.

As at 31 December 2002, other assets included a claim on IFVB Institut für Vermögensbildung GmbH arising from a loan agreement in the amount of '000 € 125. The loan was consolidated with the company's liability in the same amount as part of the acquisition of the participating interests in IFVB Institut für Vermögensbildung GmbH. As at 31 December 2003, claims arising from a loan agreement on OnVista Ltd., London/England, which had been fully consolidated the previous year, amounted to '000 € 180. The term of the loan expires on 31 December 2004.

8. Intangible fixed assets and tangible fixed assets

Changes to intangible fixed assets and tangible fixed assets have been set out in the consolidated statement of movements on fixed assets.

Intangible fixed assets include licences, web site development costs, software and goodwill.

In the financial year 2003, operating equipment no longer deployed came to an early end of its useful life and resulted in write-offs totalling '000 € 237. The write-offs have been allocated to general administration expenses. In addition, internally developed software in the Media segment was written down by a total of '000 € 214 to take into account a new software release, and internally developed software no longer used at Trade & Get AG was written down by '000 € 204. Both write-downs on internally developed software have been allocated in full to research and development expenditure. In the financial year 2002, the Company did not record any write-offs.

In the financial year 2003, OnVista relieved the profit and loss account with the capitalisation of development costs in the amount of '000 € 908 (prev. year: '000 € 1,399), which arose in connection with programming and the enhancement of tools for the OnVista web site and the OnVista database. Web site development costs are amortised on a pro rata basis according to the straight-line method over an estimated useful life (three to five years) and in the financial year 2003 amounted to '000 € 755 (prev. year: '000 € 559) not taking into account special write-downs. Development costs directly related to the OnVista web site will in future be amortised over a period of three years instead of five years, since the period reflects the actual useful life of the software from today's perspective.

As a result of the acquisition of shares in OnVista Ltd., London/England, and OnVista S.A.S., Paris/France, each amounting to 10% of the nominal capital of the respective company, as well as the acquisition of shares in Trade & Get AG totalling 12% of the company's capital stock, the Company capitalised goodwill in the amount of '000 € 311 in the financial year 2002. Within the framework of the acquisition of shares in IFVB Institut für Vermögensbildung GmbH totalling 100% of the company's nominal capital, the Company capitalised goodwill in the amount of '000 € 218. Under the Statement of Financial Accounting Standards No. 142 '*Goodwill and Other Intangible Assets*', goodwill must be tested annually for impairment. In this respect, goodwill relating to OnVista Ltd., London/England, Trade & Get AG and IFVB Institut für Vermögensbildung GmbH was fully written down in the amount of '000 € 454, since the value of the goodwill was no longer appropriate. The residual goodwill of OnVista S.A.S., Paris/France in the amount of

‘000 € 75 was deducted on 30 November 2003 in the course of the de-consolidation of OnVista Technologies GmbH, so that no goodwill exists in the OnVista group as at 31 December 2003.

Tangible assets mainly include hardware, operating and business equipment as well as fixtures and fittings.

9. Securities and financial assets

Movements on financial assets have been set out in the consolidated statement of movements on fixed assets.

Investments included under the equity method refer to the following companies:

	Interest held %	Share in equity €	Purchase price €	Accumulated additions €	Accumulated write-downs €	Investment book value €
PROZENTOR GmbH	25.1	140,324	510,000	0	510,000	0
IS.Teledata AG	31.5	1,535,672	15,454,188	51,314	0	15,505,502
						15,505,502

The investment in IS.Teledata AG was acquired within the framework of a ‘Nonmonetary Transaction’. In accordance with the Emerging Issues Task Force Interpretation 01-02 in respect of the Accounting Principle Board Opinion No. 29 ‘*Accounting for Non-monetary Transactions*’, the purchase price of the investment is made up of the book value of the sold asset and the portion of the market value offered. In the course of the company’s first-time consolidation, OnVista AG was able to recognise the difference between the purchase price for the investment and the book value sold in the amount of ‘000 € 12,060 in the profit and loss account.

The difference between the purchase price of the investment in IS.Teledata AG and the company's proportioned equity amounts to ‘000 € 13,919. Due to the very short period of consolidation, it was not possible to already conclusively examine the existing difference as at year-end on 31 December 2003 and to allocate the difference to hidden reserves and charges as well as to any potentially existing goodwill in the assets of IS.Teledata AG. A more detailed analysis will be carried out in the subsequent period.

The key figures of the profit and loss account of the IS.Teledata group under IFRS are as follows at the end of the financial year:

IS.Teledata group under IFRS	**2003** **‘000 €**
Sales proceeds	28,374
Result of ordinary operations	213
Net income/loss (-) for the year	-204

At year-end, the balance sheet of the IS.Teledata group essentially includes the following items:

IS.Teledata group under IFRS	**31 Dec. 2003** **‘000 €**
Fixed assets	8,228
Current assets	6,571
Shareholders’ equity	5,025
Minority interests	12
Liabilities	9,762
Balance sheet total	14,799
Capital to asset ratio	34%

The figures are based on the preliminary, unaudited annual accounts of the IS.Teledata group under IAS/IFRS. In the event of differences arising at the time of the final accounts, these will be taken into consideration in the subsequent period.

Investments included at cost amounted to ‘000 € 400 (prev. year: ‘000 € 780) and refer to the following companies:

	Interest held %	Share in nominal capital €
ALTUS Media AG	12.88	9,457
Lang & Schwarz Wertpapierhandel AG	3.20	302,400
PriceContrast GmbH	2.50	650
OnVista S.L.	1.00	30
OnVista S.r.l. i.L.	1.00	10,000

Under the participation transfer agreement of 17 March 2003, OnVista Beteiligungs-Holding GmbH assigned its interests in NetpoolOne GmbH to Mr. Matthias Pirner.

As part of the changes to the entities included in consolidation as at 30 November 2003, the shares held by OnVista Beteiligungs-Holding GmbH in OnVista S.L., Barcelona/Spain and OnVista S.r.l. i.L., Milan/Italy are reported as investments for the first time. As at 31 December 2003, the investment in OnVista S.r.l. i.L. was written down by ‘000 € 10, in order to report the investment at its lower applicable value of ‘000 € 0.

In addition, the investment in Lang & Schwarz Wertpapierhandel AG was written off in the amount of ‘000 € 380 in the financial year 2003 due to impairment.

The interest acquired in the financial year 2002 in ALTUS Media AG in the amount of ‘000 € 12 was fully written off as at 31 December 2002 due to impairment.

In the absence of readily determinable fair values, the regulation set out in the Statement of Financial Accounting Standards No. 115 has not been applied to investments included at cost.

Purchase prices, fair values and unrealised gains and losses relating to the mortgage bonds (‘available-for-sale securities’) shown under marketable securities are essentially made up as follows:

	Date of acquisition	Purchase price 31 Dec. 2003 €	Value as at 31 Dec. 2003 €	Value as at 31 Dec. 2002 €	Unrealised accumulated gains €	Unrealised accumulated losses €
Eurohypo AG (formerly: Rheinhyp Rheinische Hypothekenbank AG)	17.03.2000	3,498,250	3,496,500	3,986,000		1,750
Allgemeine Hypothekenbank AG	30.08.2001	1,949,000	2,033,600	3,542,000	84,600	
Deutsche Hypothekenbank AG	18.01.2002	4,988,000	0	5,095,000		
DEPFA Deutsche Pfandbriefbank AG	20.06.2002	4,993,500	5,231,500	5,232,500	238,000	
Eurohypo AG	26.09.2002	4,512,150	4,607,100	4,586,850	94,950	
Hypo Real Estate Bank AG	30.10.2003	3,496,500	3,473,750			22,750
Eurohypo AG	31.10.2003	3,003,900	3,003,900			
		21,453,300	21,846,350	22,442,350	417,550	24,500

As in the previous year, OnVista AG does not hold any securities as at 31 December 2003 which fall under the category of ‘trading securities’.

Securities have been valued at their fair value on the balance sheet date. The difference between unrealised gains and losses in the financial year 2003, taking into account deferred taxes, amounted to ‘000 € 226 (prev. year: ‘000 € 539) and has been recorded under other comprehensive income. With the sale of two securities as well as portions of two further securities (prev. year: three securities), the Company generated a profit of ‘000 € 168 (prev. year: ‘000 € 239) in the financial year 2003. The sales resulted in deposits totalling ‘000 € 12,145 (prev. year: ‘000 € 16,004). The disposal led to a net change in other comprehensive income in the amount of ‘000 € -100 (prev. year: ‘000 € -239).

10. Liabilities

All liabilities have a residual maturity of up to one year.

11. Other accruals

Other accruals are made up as follows:

'000 €	31 Dec. 2003	31 Dec. 2002
Bonus payments	318	576
Tax risks	207	202
Cost of the annual general meeting and the annual report	150	125
Outstanding suppliers' invoices	277	118
Restructuring	87	112
Annual audit fees	46	102
Cost of litigation	1	0
Non-occupation risks	67	0
Other	78	255
Total	1,231	1,490

The Company has rented premises which were no longer used as at 31 December 2003 and for which subletting until the end of the term of the rental agreement in April 2005 seems doubtful. Rental payments due until the end of the term have therefore been set aside.

All other accruals have a residual maturity of up to one year.

Accruals for restructuring purposes refer to compensation payments and salaries in respect of two (prev. year: three) employees of OnVista AG, scheduled for termination in connection with the restructuring process.

12. Other liabilities and deferred income

Other liabilities include advance payments for services not yet fully rendered.

13. Equity capital

The Company operates as a public stock corporation. Shareholders' liability is therefore strictly limited to the amount of their capital contribution.

Changes to equity have been set out in the statement of changes in shareholders' equity.

Number of shares issued

As at 31 December 2003, the number of no-par shares issued by OnVista AG totalled 6,700,000. Each share represents a share in the subscribed capital with a nominal value of € 1.00.

Treasury Stock

Under the resolution passed by the annual general meeting on 3 June 2003 (deed no. 530/2003 of the notary Dr. Christoph Neuhaus, Cologne), the Executive Board was authorised to purchase OnVista shares up to a value of 10% of the Company's capital stock with the approval of the Supervisory Board and up to 2 December 2004, in accordance with § 71 para. 1 no. 8 of the German Stock Corporation Act, either on the stock market or on the basis of a public offer addressed to all shareholders of the Company, other than for the purpose of trading with the Company's treasury stock.

As at 31 December 2003, OnVista AG does not hold any treasury stock.

Authorised capital

Under a resolution passed by the extraordinary general meeting on 16 February 2000 (deed no. 217/2000 of the notary Dr. Ingrid Doyé, Cologne), the Executive Board of OnVista was authorised to increase the Company's capital stock in the period up to 15 February 2005 with the approval of the Supervisory Board through the issue of new shares for cash or contributions in kind, up to a total of € 3,350,000 – either through a one-time or multiple tranches – under exclusion of the shareholders' subscription rights.

The authorised capital in the amount of € 3,350,000 was entered in the Register of Companies appertaining to the Company on 18 February 2000.

Conditional capital

Under a resolution passed by the extraordinary general meeting on 16 February 2000 (deed no. 217/2000 of the notary Dr. Ingrid Doyé, Cologne), the Company's capital stock was conditionally increased by up to € 472,080 through the issue of up to 472,080 registered denomination shares. The conditional capital increase will be used solely to grant stock options to employees of the Company as well as to staff and members of the management team of the Company's affiliated businesses (including senior executives) ('Employees') and to members of the Company's Executive Board ('Board'). The conditional capital increase is to be implemented only in so far as the owners of the stock options issued exercise their options. The new shares will participate in the Company's profits from the start of the respective financial year in which they are created as a result of options being exercised. The Board and/or in the event of options being granted to members of the Executive Board the Company's Supervisory Board have been authorised to offer stock options for subscription to the Company's new shares to individuals entitled to take up options, subject to the conditions set out under note 14.

The conditional capital in the amount of € 472,080 was entered in the Register of Companies appertaining to the Company on 18 February 2000.

Under a resolution passed by the annual general meeting on 30 May 2001 (deed no. 668/2001 of the notary Dr. Christoph Neuhaus, Cologne), the Company's capital stock was conditionally increased by up to € 197,920 through the issue of up to 197,920 registered denomination shares (conditional capital II). The conditional capital increase will be used solely to grant stock options to employees of the Company as well as to staff and members of the management team of the Company's affiliated businesses (including senior executives) ('Employees') and to members of the Company's Executive Board ('Board'). The conditional capital increase is to be implemented only in so far as the owners of the stock options issued under the 'OnVista Stock Option Plan 2001' exercise their options. The new shares will participate in the Company's profits from the start of the respective financial year in which they are created as a result of options being exercised. The Board and/or in the event of options being granted to members of the Executive Board the Company's Supervisory Board have been authorised to offer stock options for subscription to the Company's new shares to individuals entitled to take up options, subject to the conditions set out under note 14.

The conditional capital II in the amount of € 197,920 was entered in the Register of Companies appertaining to the Company on 6 July 2001.

The conditional increase of the capital stock agreed on 16 February 2000 by up to € 472,080 through the issue of 472,080 registered denomination shares carrying dividend rights from the start of the financial year in which they are issued, granted under the 'Stock Option Plan 2000' solely for the purpose of exercising subscription rights, is extended in so far as the conditional capital created for this purpose may also be used to exercise subscription rights granted under the 'OnVista Stock Option Plan 2001'. The conditional capital increase is to be implemented only in so far as subscription rights are granted from the conditional capital under the 'Stock Option Plan 2000' or the 'OnVista Stock Option Plan 2001' and holders of said subscription rights exercise their options.

Revenue reserves

The Executive Board of OnVista AG has allocated an amount of € 3,350,000 from the net income for the financial year 2002 to other revenue reserves in accordance with § 58 para. 2 of the German Stock Corporation Act (AktG).

Accumulated other comprehensive income

Movements on individual items shown under accumulated other comprehensive income have been set out below:

'000 €	31 Dec. 2003 Before taxes	31 Dec. 2003 Tax effect	31 Dec. 2003 Net
Unrealised gains (losses) arising from the valuation of securities at market price:			
1 January 2002	237	-12	225
Change in unrealised gains (losses)	539	14	553
less realised gains (losses)	-239	0	-239
Unrealised gains (losses), total	537	2	539
Difference arising from foreign currency conversions:			
1 January 2002	3	0	3
Capital conversion	1	0	1
Profit/loss conversion	9	0	9
	13	0	13
Accumulated other comprehensive income as at 31 December 2002	**550**	**2**	**552**
Unrealised gains (losses) arising from the valuation of securities at market price:			
1 January 2003	537	2	539
Adjustment prior year tax effect		-221	-221
Change in unrealised gains (losses)	15	-6	9
less realised gains (losses)	-159	58	-100
Unrealised gains (losses), total	393	-167	226
Difference arising from foreign currency conversions:			
1 January 2003	13	0	13
Change in entities included in consolidation	-13	0	-13
	0	0	0
Accumulated other comprehensive income as at 31 December 2003	**393**	**-167**	**226**

In previous years, the Company did not create any deferred tax liabilities for unrealised gains from the valuation of securities at market price. In the financial year 2003, an adjustment was made to the previous year in the amount of '000 € 221, to ensure deferred tax liabilities are reported accurately in future.

14. Stock option plan

On the balance sheet date, the Company had in place a fixed 'Stock Option Plan' within the meaning of the Accounting Principle Board Opinion No. 25, '*Accounting for Stock Issued to Employees*'.

OnVista introduced the 'Stock Option Plan 2000' with the approval of the extraordinary general meeting on 16 February 2000. Under this plan, stock options in respect of subscriptions to OnVista shares will be granted to the Company's employees and members of the Executive Board as well as to staff and members of the management team of the Company's affiliated businesses (including senior executives).

The stock purchase options are offered to the Company's employees and to staff and members of the management team of the Company's affiliated companies as well as to the members of the Executive Board through up to twenty tranches in the period between 24 February 2000 and 31 December 2004. The respective offer can be submitted only during the last week of each calendar quarter, and each offer can be accepted only within a period of four weeks following its submission. Each tranche is subject to a blocking period of three years, during which time the options can not be exercised. At the end of the blocking period, up to 50% of the options can be exercised initially and may be fully exercised at the end of a five year period from the date of issue. Consequently, up to 50% of the options of the first tranche could have been exercised earliest on 24 February 2003 and can only be fully exercised from 24 February 2005.

The exercise price is determined on the basis of a reference figure, which, in the case of the first tranche corresponds to the issuing price and in respect of all further tranches to the average closing prices determined on the Frankfurt stock exchange in the last five days of trading prior to the date of the resolution adopting the grant of options. At the end of the blocking period, the exercise price amounts to 130% of the reference figure and rises to 150% of the reference figure at the end of five years from the date of the grant.

Any options that are not exercised expire at the end of the first exercise period, which occurs at the end of five years from the issue date.

With the approval of the annual general meeting on 30 May 2001 (deed no. 668/2001 of the notary Dr. Christoph Neuhaus, Cologne) OnVista introduced the 'OnVista Stock Option Plan 2001'. Under this plan, stock options for subscription to OnVista shares will be granted to the Company's employees and members of the Executive Board as well as to the staff and members of the management team of the Company's affiliated companies (including senior executives).

Up to the end of 2007, the Executive Board may offer the Company's employees, and the Supervisory Board may offer members of the Executive Board, a total of 492,250 stock purchase options for subscription through up to four tranches each year, whereby a total of 369,188 options may be allocated to the Company's employees and a total of 123,062 options to the Executive Board. In as far as the quota of a total of 123,062 options allocated to the Executive Board is not fully taken up within the framework of the tranches, the remaining stock purchase options may also be offered for subscription to the Company's employees. The offer for the subscription of stock purchase options within the framework of the tranches may be put forward only during the last week of each calendar quarter, whereby the offer may only be accepted within a period of four weeks following its submission.

The stock purchase options may be exercised earliest two years after the issue date ('blocking period'). At the end of the two year blocking period, 25% of the options may be exercised, with another 25% at the end of three years after the issue date plus any options not taken up in the previous year, and a further 25% at the end of four years after the issue date plus any options not exercised in the previous years, and the remaining 25% at the end of five years after the issue date plus any options not taken up in previous years.

The exercise price is determined on the basis of a reference figure, which corresponds to the average closing prices for the Company's shares on the Frankfurt stock exchange in the last five days of trading prior to the date of the respective resolution of the Executive Board or, in the event of options being granted to members of the Executive Board, the resolution of the Supervisory Board adopting issuance of options. The initial exercise price amounts to 120% ('multiplier') of the reference figure. The multiplier increases by ten percentage points each year. The exercise price is to be reduced following a more precise specification of the option terms if the Company takes equity measures during the option period or introduces conversion privileges or stock purchase options.

Any options that are not exercised expire at the end of the last exercise period, which occurs at the end of six years from the issue date.

At OnVista, stock-based compensation is accounted for in accordance with the Accounting Principle Board Opinion No. 25, '*Accounting for Stock Issued to Employees*'. Accordingly, OnVista's fixed stock option model does not result in any personnel expenses since the intrinsic value of the options (= exercise price less share price at the time of grant) equals zero.

Movements in stock options granted to eligible employees in the financial year 2003 are as follows:

	2003		2002	
	Number of options on OnVista shares	Average subscription price per share €	Number of options on OnVista shares	Average subscription price per share €
Position at the start of the year	243,750	16.43	160,500	24.42
Granted	130,000	5.64	116,750	6.41
Exercised	0	0.00	0	0.00
Expired	86,750	11.11	33,500	19.78
Still existing at year-end	287,000	13.15	243,750	16.43
Exercisable at year-end	27,375	28.65	0	0.00

The average subscription price per option for the different issue dates is made up as follows:

	2003		2002	
	Number of options on OnVista shares	Average subscription price per share €	Number of options on OnVista shares	Average subscription price per share €
	54,750	30.80	56,750	30.80
	49,250	20.19	76,250	20.19
	77,000	6.41	110,750	6.41
	106,000	5.64	0	5.64
	287,000	13.15	243,750	16.43

The options have an average residual life of 1.8 years.

If the expenditure relating to stock-based compensation had been determined under the Statement of Financial Accounting Standards Board No. 123 '*Accounting for Stock-Based Compensation*' on the basis of the present value at the time the options were granted, the group net income for the year would have reduced by '000 € 353 (prev. year: '000 € 409) and would have amounted to '000 € 5,435 (prev. year: '000 € 2,039). In this case, the earnings per share would have fallen by € 0.05 (prev. year: € 0.06) to € 0.81 (prev. year: € 0.31).

The present value of the stock options has been determined on the basis of a Black-Scholes option pricing model at the time the options were granted, based on the following assumptions:

	2003	2002
Expected average dividend yield	0.0%	0.0%
Expected volatility	78.35%	72.22%
Risk-free investment interest	5.0%	6.0%
Expected timeframe up to the date of exercise of the 'OnVista Stock Option Plan 2001'	2, 3, 4 and 5 years respectively	2, 3, 4 and 5 years respectively

The following present values per option apply to the respective commitments relating to the 'Stock Option Plan 2000':

Expected timeframe up to exercise	3 years €	5 years €
Commitment on 24 Feb. 2000	10.66	13.23
Commitment on 30 June 2000	9.69	12.45
Commitment on 2 Jan. 2001	7.01	8.70

The following present values per option apply to the respective commitments relating to the 'OnVista Stock Option Plan 2001':

Expected timeframe up to exercise	2 years €	3 years €	4 years €	5 years €
Commitment on 28 Jan. 2002	1.76	2.12	2.41	2.65
Commitment on 28 Jan. 2003	1.47	1.78	2.03	2.24

In January 2004, the Company granted further options to eligible employees from the 'OnVista Stock Option Plan 2001' for subscription of 57,000 shares.

Notes to the consolidated profit and loss statement

15. Sales proceeds

Sales proceeds mainly comprise income from licences and advertising. No appreciable foreign sales proceeds have been reported.

Sales proceeds by business segment are made up as follows:

'000 €	2003	2002
Technologies (formerly: Licences)	6,288	9,068
Media (formerly: Portal)	4,497	3,427
Corporate Services	58	82
	10,842	12,577

A comparison in the Technologies business segment with the previous year is only partly possible, since the figures only include sales generated in 11 months, due to changes to the entities included in consolidation as at 30 November 2003.

A detailed classification and description on individual sales categories have been provided under segment reporting (note 20).

16. Personnel expenses

The following personnel expenses have been included in the consolidated profit and loss statement for the financial years 2003 and 2002:

'000 €	2003	2002
Wages and salaries	6,186	6,283
Social security	1,046	1,168
	7,232	7,451

A comparison with the previous year is only partly possible, since the figures only include personnel expenses incurred in the Technologies segment in 11 months, due to changes to the entities included in consolidation as at 30 November 2003.

17. Research and development

In the year under review, the group charged to expenditure research and development costs in connection with programming and the enhancement of tools for the OnVista web site and the OnVista database in the amount of '000 € 1,883 (prev. year: '000 € 1,263).

18. Advertising costs

In the year under review, the group charged to expenditure advertising costs in the amount of '000 € 181 (prev. year: '000 € 152).

19. Taxes on income

Deferred taxes based on timing differences are created on the basis of the anticipated future tax rate. The calculation of the tax rate is based on an effective corporation tax rate of 26.4% plus an effective trade tax rate of 13.5%.

As a result of the amendment to German tax legislation as at 22 December 2003, changes have been made to the method applied for the treatment of losses. With effect from 1 January 2004, stock corporations can set off only up to 60% of taxable income against profits generated in the same financial year in respect of corporation tax loss carryforwards. A base amount of € 1 million can still be set off for an indefinite period. The regulation also applies to trade tax loss carryforwards. The new regulations do not effect the financial year 2003.

As a result of the amendment to German tax legislation as at 22 December 2003, the previous regulation in respect of tax exemption of capital gains and dividends has been changed for stock corporations. The new regulation calls for 5% of capital gains or dividends to be attributed to taxable income as non-deductible operating expenditure at the time of disposal or distribution. In contrast, losses on disposal are not taken into account in the taxable income. In economic terms, this corresponds to a future taxation of 5% on capital gains or dividends received for interests held in stock corporations in Germany. The introduction of the new tax legislation has resulted in deferred tax expenses totalling '000 € 77.

As a result of the Flood Victims Solidarity Act, which came into force in 2002, the corporation tax rate for 2003 has risen to 26.5%. The change to the tax rate did not have any material tax effect on the consolidated financial statements and the Company therefore dispensed with adjusting the valuation of deferred taxes with the higher tax rate, in so far as these were fiscally realised in 2003.

Deferred taxes on the asset and liabilities side arise from accounting differences under the following balance sheet items:

'000 €	31 Dec. 2003	31 Dec. 2002
Deferred tax assets:		
Spin-off gains less fiscal goodwill amortisation	1,966	4,829
Loss carryforwards	775	181
	2,741	5,010
Deferred tax liabilities:		
Web site development costs	-190	-602
Provisions for operating expenses	0	-160
Financial assets	-77	0
Unrealised price gains on securities	-167	0
Other	0	0
	-434	-762
Deferred taxes on the asset/liabilities side, net	2,307	4,248
Of which:		
With a residual maturity of < 1 year	701	192
With a residual maturity of > 1 year	1,606	4,056

As at 31 December 2003, deferred tax assets were set up in respect of the fiscal goodwill arising in connection with the spin-off of the 'Media' business segment into OnVista Media GmbH. The predominant proportion (13/15) of the deferred tax assets has a residual maturity of more than one year.

Deferred tax assets set up in the previous year in respect of the fiscal goodwill set up in connection with the spin-off of the 'Technologies' business segment into OnVista Technologies GmbH have been realised as part of the changes to the entities included in consolidation.

As at 31 December 2003, the group's accumulated corporation tax loss carryforwards amounted to '000 € 1,964 (prev. year: '000 € 477) and accumulated trade tax carryforwards totalled '000 € 1,914 (prev. year: '000 € 427), which are likely to be realised in the near future. These loss carryforwards will not expire.

The corporation and trade tax loss carryforwards for OnVista Beteiligungs-Holding GmbH amount to '000 € 81. Since the loss carryforwards relate to fiscal unity loss carryforwards which can not be used during the existence of the fiscal unity, deferred tax assets relating to these loss carryforwards were written off.

The tax loss carryforwards for Trade & Get AG and IFVB Institut für Vermögensbildung GmbH were both written off.

The following table shows a reconciliation between the respective expected tax expenditure and/or income for each financial year and the respective actual tax expenditure and/or income reported. For the calculation of the expected tax expenditure and/or income, the applicable overall rate of 39.9% (prev. year: 39.9%) in the financial year 2003 has been multiplied by the pre-tax income.

'000 €	2003	2002
Expected tax expenditure/income	3,016	35
Tax-free income	-1,948	0
Tax rate changes	77	0
Change to write-offs of deferred tax assets	0	-2,415
Non-deductible operating expenses	433	0
Financial assets write-downs	155	0
Goodwill amortisation	181	0
Result from at equity investments	-20	0
Other	-122	85
Tax expenditure/(income) reported	1,772	-2,295

The deferred tax expenditure/tax income for the financial years 2003 and 2002 is made up as follows:

'000 €	2003	2002
Change in deferred tax assets and liabilities	1,939	-2,525
Tax effects without any effect on profit/loss		
Disposal of treasury stock set off directly against capital reserves	0	136
Late IPO expenses from non-deductible input tax	0	80
Unrealised gains on marketable securities ('available-for-sale securities')	-167	14
Change in deferred tax assets and liabilities affecting net income	1,772	-2,295
Change in deferred tax assets and liabilities resulting from the acquisition of consolidated subsidiaries	0	0
Deferred tax expenditure/(income)	1,772	-2,295

The tax expenditure does not include any current taxes.

Other notes

20. Segment reporting

The OnVista group renders services in three segments – Media, Technologies and other Business Services (Corporate Services). The segments can be differentiated on the basis of product and market specific differences. Within the OnVista group, the segments are separated from an organisational perspective and have been spun off into independent companies.

In the Media segment, sales are generated through advertising and content collaborations within the OnVista finance portal area. In the Technologies segment, monthly licence fees are generated on the basis of longer term agreements in respect of the utilisation of the OnVista database by corporate customers, who use the content of the database for web sites, intranets and other applications. In addition, the Technologies segment accrues revenues from project handling and the use of the company's data processing centre capacities. The Business Services or Corporate Services segment comprises internal group services.

As a result of the changes to entities included in consolidation as at 30 November 2003, sales, income and operating expenditure from the Technologies segment will no longer be included in 2004 and will be replaced by the results of the at equity investment in IS.Teledata AG.

In the financial year 2003, the sales, performance and financial situation in each segment is as follows:

'000 €	Media	Technologies	Corporate Services	Consolidation	Total
External revenues	4,497	6,288	58		10,842
Internal revenues	21	969	1	-991	0
Total revenues	4,518	7,257	59	-991	10,842
Other operating income	68	98	2,449	-2,169	446
Operating expenses	-3,548	-7,932	-4,220	3,160	-12,540
Amortisation of intangible assets and depreciation of tangible assets	-509	-2,059	-1,193		-3,761
- of which special write-downs	-214	-118	-778		-1,110
Operating income/loss	529	-2,636	-2,905		-5,012
Financial result	68	12,103	400		12,572
- of which from at equity investment	0	51	0		51
Segment income/loss	597	9,467	-2,505		7,560
Fixed assets and current assets	1,369	15,506	31,180	-2,739	45,316
Deferred taxes	0	0	2,307		2,307
Investments in fixed assets and intangible assets	502	819	264	-218	1,367

The following summary shows the comparable figures for the financial year 2002:

‘000 €	Media	Technologies	Corporate Services	Consolidation	Total
External revenues	3,427	9,068	82		12,577
Internal revenues	81	1,222	0	-1,303	0
Total revenues	3,508	10,290	82	-1,303	12,577
Other operating income	203	1,063	3,108	-2,714	1,660
Operating expenses	-3,175	-8,687	-4,954	4,017	-12,799
Amortisation of intangible assets and depreciation of tangible assets	-136	-2,032	-458		-2,626
- of which special write-downs					
Operating income/loss	400	634	-2,222		-1,188
Financial result	2	0	1,275		1,277
- of which from at equity investment	0	0	0		0
Segment income/loss	402	634	-947		89
Fixed assets and current assets	1,087	7,828	44,230	-10,050	43,095
Deferred taxes	0	0	4,248		4,248
Investments in fixed assets and intangible assets	785	9,736	4,940	-13,724	1,737

Settlement between individual group segments has been based on the price comparison method and cost mark-up method.

In the Technologies segment, a comparison with the previous year is only partly meaningful due to the changes to entities included in consolidation. The financial result of the Technologies segment includes income from de-consolidation in the amount of ‘000 € 12,060. In the Media segment, 26% (prev. year: 17%) of total sales were realised with customers outside Germany. The proportion of international sales in the Technologies segment amounted to 20% (prev. year: 16%).

Included in the sales figure for the Technologies segment is one customer (prev. year: one customer) with whom the Company generated more than 10% of total sales (‘000 € 883). In the Media segment no customer (prev. year: no customer) accounted for more than 10% of total segment sales.

21. Contingent liabilities and commitments

Contingent liabilities

No notable contingent liabilities existed on the balance sheet date.

Commitments

The Company rents all its business premises from third parties. In the financial year 2003, rental expenditure amounted to ‘000 € 538 (prev. year: ‘000 € 517). Leasing expenditure arising from lease agreements related to technical equipment amounted to ‘000 € 83 in the financial year 2003 (prev. year: ‘000 € 95).

As at 31 December 2003, minimum rental and leasing payments due in subsequent years under non terminable agreements with an original and/or remaining term of more than one year add up as follows:

	‘000 €
2004	315
2005	247
2006	13
2007	13
Subsequent years	26
	614

22. Related party transactions

The at equity investment IS.Teledata AG and the OnVista group carry out extensive supply and services transactions. IS.Teledata AG acts as a data supplier for OnVista Media GmbH and operates most of the company's web server product family. In the financial year 2003, this resulted in expenditure for the OnVista group in the amount of '000 € 95. In addition, IS.Teledata AG provides OnVista AG and OnVista Media GmbH with back office support. The resulting expenditure in the financial year 2003 totalled '000 € 3.

As at 31 December 2003, loans to affiliated companies include a loan granted by OnVista AG to IS.Teledata AG in the amount of '000 € 1,800. The loan matures on 31 December 2005 and will be repaid through regular instalments from 1 January 2004 onward. In the financial year 2003, the related interest incurred amounted to '000 € 8.

As at 31 December 2003, net amounts due to OnVista from IS.Teledata AG totalled '000 € 1,721.

23. Remuneration for the Supervisory Board and the Executive Board

In the financial year under review, the Executive Board was made up as follows:
Friedrich Oidtmann
Stephan Schubert (up to 31 December 2003)
Michael W. Schwetje

Michael W. Schwetje is a Member of the Supervisory Board of IS.Teledata AG as well as a Member of the Supervisory Board of ALTUS Media AG.

Friedrich Oidtmann and Stephan Schubert do not hold any Supervisory Board mandates.

In the financial year 2003, total remuneration for the Executive Board amounted to '000 € 304 (prev. year: '000 € 373). In addition, the Executive Board received a performance related bonus for the financial year 2003 in the amount of '000 € 156 (prev. year: '000 € 120).

The Members of the Executive Board, Friedrich Oidtmann and Stephan Schubert, received additional remuneration as a result of their respective Executive Board mandates at the at equity investment IS.Teledata AG.

In 2003, the Executive Board was granted stock options for 30,000 OnVista shares (prev. year: no stock options). The number of OnVista shares held by Members of the Executive Board on 31 December 2003 is as follows:

	Friedrich Oidtmann	Stephan Schubert	Michael W. Schwetje
OnVista shares Holding on 31 December 2003	411,600	1,723,280	1,678,580
Stock options Holding on 31 December 2003	25,000	15,000	15,000

The Supervisory Board is made up as follows:
Dr. Paul-Bernhard Kallen, Managing Director, Chairman,
Dr. Johannes Meier, Managing Director, Deputy Chairman,
Prof. Dr. Bernhard Schwetzler, University Professor.

Dr. Paul-Bernhard Kallen is also a Member of the Supervisory Board of Tomorrow Focus AG. Dr. Johannes Meier is also a Member of the Supervisory Board of CC Compunet AG. Prof. Dr. Bernhard Schwetzler does not hold any other Supervisory Board mandates.

In the year under review, total remuneration for the Supervisory Board amounted to '000 € 20 (prev. year: '000 € 20).

The number of OnVista shares held by the Members of the Supervisory Board on 31 December 2003 is as follows:

	Dr. Paul-Bernhard Kallen	Dr. Johannes Meier	Prof. Dr. Bernhard Schwetzler
OnVista shares Holding on 31 December 2003	20,000	3,000	1,085

Members of the Supervisory Board were not granted any stock options.

24. Employees

As an annual average during the financial year 2003, the number of employees (incl. members of the board) totalled:

	2003	2002
Permanent employees (full-time equivalent)	127	138

25. Earnings per share

Basic earnings per share and diluted earnings per share for 2003 are calculated as follows:

	2003	2002
Net income for the year ('000 €)	5,788	2,448
Weighted average of shares issued – basic ('000)	6,700	6,643
Weighted average of shares issued – fully diluted ('000)	6,725	6.643
Basic earnings per share	0.86	0.37
Diluted earnings per share	0.86	0.37

For the financial year 2003, 26,500 stock options granted under the 'OnVista Stock Option Plan 2001' were taken into account in the calculation of the earnings per share (fully diluted), since the exercise price of the options exceeded the stock exchange price on the balance sheet date. The dilution effect was calculated on the basis of the treasury stock method in accordance with the Statement of Financial Accounting Standards No. 128 '*Earnings per share*'. The calculation is based on the fictitious assumption that the company first of all acquires and then issues the relevant stock. The difference between the repurchase and the offer price dilutes the position of the existing shareholders. The following summary shows the basis of calculation for the dilution effect as at 31 December 2003:

	31 Dec. 2003
Number of 'in-the-money' stock options	26,500
Average offer price of options (€)	5.02
Total value of 'in-the-money' options (€)	132,924
Repurchase price (as closing price of OnVista shares on the last day of trading) (€)	5.40
Dilution effect (number of shares)	24,616

In accordance with the 'OnVista Stock Option Plan 2001', the options affected may as yet not been exercised.

26. Major customers

In the financial year 2003, the Company did not have any customers (prev. year: no customers), generating more than 10% of net sales.

27. Subsequent events

Under a resolution passed by the extraordinary general meeting on 28 January 2004 (deed no. 121/2004-CN- of the notary Dr. Christoph Neuhaus), the capital stock of Trade & Get AG was reduced by € 950,000 to € 50,000 by way of a simplified capital reduction to compensate for losses. The capital reduction was realised by consolidating the shares under a single denomination share. At the same time, Trade & Get AG changed its corporate form to a limited liability company ('GmbH') under §§ 190 ff., 238 ff. of the Act relating to the transformation of a company (UmwG).

With effect from 28 January 2004, OnVista Beteiligungs-Holding GmbH assigned its 1% stake in the nominal capital of OnVista S.r.l. i.L., Milan/Italy to IS Innovative Software Ltd. With effect from 16 January 2004, OnVista Beteiligungs-Holding GmbH assigned its 1% stake in the nominal capital of OnVista S.L., Barcelona/Spain also to IS Innovative Software Ltd..

In January 2004, OnVista AG acquired 49,200 non-voting preference shares of IS.Teledata AG with a theoretical nominal amount of € 1.00 each from four of the company's shareholders. As a result, OnVista AG now holds 33.5% of the company's equity interest.

With signature of the contract of sale on 1 March 2004, OnVista AG purchased 100% of the shares in A Med-World AG, Berlin, with retrospective effect from 1 January 2004. The non-listed company operates the web site www.medicine-worldwide.de and offers customers medical content for their respective Internet services. The company will be fully consolidated from 1 March 2004 and included in the OnVista consolidated financial statements.

28. Statement on the corporate governance code in accordance with § 161 of the German Stock Corporation Act

OnVista AG has submitted the declaration required for 2003 under § 161 of the German Stock Corporation Act and has made the details available to all shareholders.

Summary of material differences between the German accounting principles (German Commercial Code, German Stock Corporation Act) and US GAAP

The consolidated financial statements of OnVista AG have been prepared under the US-American accounting principles US GAAP as exempting consolidated financial statements in accordance with § 292a of the German Commercial Code (HGB).

The provisions set out under the German Commercial Code (HGB) and the German Stock Corporation Act (AktG) differ from those under US GAAP in a number of key areas. The most significant differences, which may be relevant in the assessment of the Company's assets and financial and earnings position, have been set out below.

Structure

In accordance with the German Commercial Code (HGB), all items shown in the balance sheet and in the statement of income must be presented according to the format and ranking set out under §§ 266, 275 of the German Commercial Code (HGB). The preparation of the accounts under US GAAP requires a different combination and the order of the balance sheet items begins with the short-term positions.

In addition, the short-term components of non-current receivables and liabilities are presented as separate balance sheet items under US GAAP. Positions which are due within a period of one year are treated as short-term items.

Capitalisation of web site development costs

Under US GAAP, the cost of production for internally developed software and/or web sites can be capitalised and amortised over the economic life under certain conditions. Under the German Commercial Code (HGB), internally developed intangible assets and/or web sites may not be capitalised.

Depreciation of fixed assets

Under the German Commercial Code (HGB), fixed assets are depreciated and amortised in accordance with their expected useful life, less scheduled depreciation. In so far as permissible under German tax law, depreciation on moveable fixed assets followed the declining balance method up to and including the financial year 2000. The changeover to the straight-line method of depreciation occurs in the first year the straight-line method produces a higher annual depreciation charge. Since 1 January 2001, additions to tangible assets have been depreciated on a straight-line basis. Under US GAAP, depreciation of tangible fixed assets follows the straight-line method on a pro rata basis.

Stock Options

Under the Statement of Financial Accounting Standards No. 123 '*Accounting for Stock-Based Compensation*', compensation paid to employees in the form of equity interest (stock based compensation) can be reported in the balance sheet in two ways. Under the 'fair value method', which is based on the regulation set out under the Statement of Financial Accounting Standards No. 123, compensation in exchange for job performances is valued at a fair value of the equity instrument granted, whereby the level is determined by the fair value of the shares. Under the Statement of Financial

Accounting Standards No. 123, companies are permitted to continue to adhere to the regulations set out under the Accounting Principle Board Opinion No. 25 '*Accounting for Stock Issued to Employees*' and therefore apply the 'intrinsic method' for the calculation of the annual accounts. In respect of stock options, the intrinsic value arises from the difference between the exercise price and the share price of the shares at the grant date. In the event of the intrinsic value of a fixed option model being higher or equal to zero, the application of the Accounting Principle Board Opinion No. 25 does not result in any personnel expenses.

OnVista has prepared its accounts in accordance with the Accounting Principle Board Opinion No. 25. Under this regulation, disclosure requirements set under the Statement of Financial Accounting Standards No. 123 have to be met in the notes to the financial statements, i.e. information must be provided on the pro forma profit/loss for the year and earnings per share.

In contrast to US GAAP, no expenditure arises in the profit and loss statement under the prevailing German accounting principles, since the German Stock Corporation Act strictly separates the corporate sphere from the shareholders' sphere and allocates the grant of stock options to the shareholders' sphere.

Deferred taxes

Under German accounting regulations (German Commercial Code, HGB), companies are offered a capitalisation option in respect of deferred tax assets. Deferred tax liabilities must be shown in the balance sheet. Deferred taxes are limited to so-called timing differences (differences between profits calculated in accordance with commercial law and tax law, which are reversed in later periods). Near permanent differences are treated as permanent differences.

Under the German Commercial Code, claims for tax refunds in respect of deferred taxes arising from tax loss carryforwards may not be reported in the balance sheet, since the expected future tax savings are considered not yet realised.

Under the Statement of Financial Accounting Standards No. 109 '*Accounting for Income Taxes*', future claims for tax relief of this kind must be capitalised. The valuation is based on whether the claim is more or less likely to be made during the exploitation period of the loss carryforwards. Deferred taxes relating to temporary differences (differences between the balance sheet values of assets and liabilities calculated in accordance with commercial law and tax law respectively which are later reversed) must be considered. Near permanent differences are treated as temporary differences.

Treasury stock

Under German accounting regulations, treasury stock is shown under marketable securities. The carrying value of treasury stock is based on the respective purchase price in compliance with the strict lower of cost or market principle. Gains and losses arising from the disposal of treasury stock are recorded in the profit and loss account.

Under US GAAP, treasury stock is not capitalised under marketable securities but leads to a reduction of equity. Treasury stock is deducted from the capital stock and/or capital surplus at acquisition cost price in the form of an adjustment item. Realised gains or losses do not affect the result but are set off against capital surplus net of taxes.

Cologne, Germany, 8 March 2004
The Executive Board

Auditor's Opinion

We have audited the consolidated balance sheet and the accompanying consolidated statement of income, the statement of changes in shareholders' equity, the cash flow statement and the supplementary statements in the notes (consolidated financial statements) prepared by OnVista AG, Cologne for the financial year from 1 January 2003 to 31 December 2003. The preparation and content of the consolidated financial statements under the United States Generally Accepted Accounting Principles – US GAAP are the responsibility of the company's Executive Board. It is our responsibility to assess, on the basis of our audit, if the consolidated financial statements comply with US GAAP.

We conducted our audit of the consolidated financial statements in accordance with German auditing rules and in observance of the principles of generally accepted audit procedures in Germany laid down by the institute of German auditors (IDW) and additionally in accordance with the International Standards on Auditing (ISA). According to these principles, the audit must be planned and carried out so that any misstatements in the consolidated financial statements can be assessed with reasonable certainty. During the performance of the audit procedures, information on the business activities, the group's economic and legal environment, as well as the expectation of possible errors were taken into account. Within the scope of the audit, substantiation of the valuation approach and accounting information in the consolidated financial statements are assessed on the basis of random sampling. The audit includes an assessment of the accounting and consolidation principles applied and the material estimates of the Executive Board as well as addressing the overall presentation of the consolidated financial statements. We believe that our audit provides a well-grounded basis for our assessment.

It is our view that the aforementioned consolidated financial statements provide, in all material aspects, a fair representation of the group's net assets and financial position as at 31 December 2003 in observance of US GAAP, as well as the group's earnings position and payment flows for the financial year from 1 January 2003 to 31 December 2003.

No objections have been raised on account of our audit, which also extended to the group management report prepared by the company's Executive Board for the financial year from 1 January to 31 December 2003. It is our view, that the group management report together with other information provided in the consolidated financial statements provide an accurate overall view of the group's position and properly present any risks relating to future developments. Furthermore, we confirm that the consolidated financial statements and the group management report for the financial year from 1 January to 31 December 2003 meet the requirements that exempt the company from the preparation of consolidated financial statements and a group management report under German law.

Cologne, Germany, 8 March 2004

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

	ppa. van Delden
(Pollmann)	(ppa. van Delden)
Certified Public Accountant	Certified Public Accountant

Corporate Governance recommendations largely observed

Last year and in the current year, the subject of 'Corporate Governance' was discussed even more intensively than before. In addition to new proposals, this also resulted in the further development of the recommendations and suggestions.

The Executive Board and the Supervisory Board reviewed the recommendations of the 'Government Commission on the German Corporate Governance Code' every six months and last issued a new statement of compliance in November 2003. The full statement of compliance can be viewed on our web site www.onvista-ag.de, under the heading 'Investor Relations'.

OnVista adheres to all recommendations set down in the Code, with the exception of the following points:

- In the view of the Executive Board and the Supervisory Board, it should be possible to also partly or wholly attribute extraordinary developments to the management of the Executive Board. An option of placing a cap on stock options was not provided for. (4.2.3.)

- In the opinion of the Executive Board and the Supervisory Board, a declaration of compensation paid to individual members of the Board does not provide shareholders with additional information which may aid their investment decisions but does greatly restrict the right to privacy of individual members of the Executive Board. Both Boards consider a declaration of the total compensation paid broken down into fixed and variable components as sufficient. (4.2.4.)

- The creation of committees is unnecessary since the Supervisory Board is made up of three members. (5.3.2.)

- The current version of the articles of association does not allow for higher compensation to be paid to the Deputy Chair in the Supervisory Board compared to that of a general member of the Supervisory Board. In the opinion of OnVista, performance-related compensation does not improve the supervisory duties of the Supervisory Board. Furthermore, a variable component is not considered meaningful against the background of the current overall compensation of the Supervisory Board of just € 20,000. In the view of the Executive Board and the Supervisory Board, a declaration of compensation paid to individual members of the Board does not provide shareholders with additional information which may aid their investment decisions. Both Boards consider a declaration of the total compensation paid as sufficient. (5.4.5.)

In 2003, the company did not comply with the recommendation to publish the consolidated financial statements within 90 days of the end of the financial year and interim reports within 45 days of the end of the reporting period but does intend to observe said recommendation in the future. Due to the demerger carried out in 2002, the presentation of the annual financial statements 2002 were delayed by a few days. As a result of the amalgamation of our investment OnVista Technologies GmbH under IS Innovative Software AG announced on 30 June 2003, the presentation of the accounts for the second quarter of 2003 was also delayed by a few days. However, the company does intend to publish its reports within the recommended timeframes in the future. (7.1.2.)

Value of stock options granted to members of the Executive Board at OnVista AG (as at 31 Dec. 2003): € 79.650.

Comments on the compensation system:
All members of the Executive Board have an income scheme with a target salary made up of a fixed and a variable component. The variable component is linked to the achievement of targets which, among others, include OnVista AG performance targets. The aim is to achieve a ratio between fixed and variable compensation whereby the fixed component slightly exceeds fifty percent of the total compensation paid. The exact desired ratio is determined at the start of each calendar year.

Members of the Executive Board receive stock options on OnVista AG shares as a long-term performance component. The number of stock options offered is geared to the aforementioned targets being reached. Stock options are granted on the basis of the 'Stock Option Plan 2000' and the 'OnVista Stock Option Plan 2001'. The decision on stock options being granted to members of the Executive Board is generally taken after the presentation of the annual financial statements. In terms of content, the stock options correspond with those offered also to employees of OnVista AG or employees of affiliated companies. The precise formulation of the stock option plans has been set out in the notes (item 14) in this annual report.

Corporate Calendar / Imprint

Corporate calendar 2004

Annual accounts press conference and analyst briefing	7 April 2004
Three months report 2004	10 May 2004
Annual general meeting 2004	29 June 2004
Six months report 2004	9 August 2004
Nine months report 2004	8 November 2004

OnVista AG annual accounts according to the German Commercial Code (HGB)

We would be pleased to send you a copy of the individual accounts prepared under the German Commercial Code (in German language). Please forward your request to the contact listed below.

Corporate information

Web:

www.onvista-ag.de

Contact:

Anja Seipp, Head of Public and Investor Relations
Tel: +49 22 03/91 46-306
Fax: +49 22 03/180 640
eMail: ir@onvista.de

Imprint

Published by:

OnVista AG
Stollwerckstraße 3-5
D-51149 Cologne
Tel: +49 22 03/91 46-0
Fax: +49 22 03/180 640
eMail: info@onvista.de
Web: www.onvista-ag.de

Editorial conception and content: OnVista AG, Cologne
Editorial: OnVista AG, Cologne
Finanz:Dialog GmbH, Düsseldorf
Design: Esser, Franke & Partner GmbH, Düsseldorf
Production: Schotte GmbH & Co KG, Krefeld
Translation: Ingeborg Seel Marketing Services, London

Press date: 19 March 2004

OnVista AG
Stollwerckstraße 3-5
D-51149 Cologne

Tel.: +49 22 03/91 46-0
Fax: +49 22 03/180 640
eMail: ir@onvista.de
Web: www.onvista-ag.de