



## Interim report for the first six months of 2003

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### GfK Group increases its EBIT forecast for 2003

- Sales up by 6.1 per cent to EUR 281.4 million in the first half of 2003
- EBIT after income from participations increases by 56.2 per cent to EUR 29.8 million
- Consolidated total income rises by 73.9 per cent to EUR 15.5 million
- Forecast for EBIT after income from participations for 2003 is increased to EUR 61 million, with an improvement in the margin of 10.3 per cent
- Acquisitions compensate for currency effects on sales

Following a good first quarter of 2003, the GfK Group has successfully continued its business activities in the second quarter of 2003 and achieved EBIT growth after income from participations of over 56 per cent in total.

In the first six months of financial year 2003, the GfK Group increased sales by 6.1 per cent compared with the same period in the previous year. The increase in EBIT after income from participations was much higher, rising by 56.2 per cent from EUR 19.1 million to EUR 29.8 million.

#### GfK GROUP: KEY GROWTH FIGURES <sup>1)</sup>

In EUR million	Q2 2002	Q2 2003	Change in %	I HY 2002	I HY 2003	Change in %
Sales	139.0	145.7	+4.8	265.1	281.4	+6.1
EBITDA	18.1	24.1	+33.2	29.3	37.7	+28.5
EBIT	12.2	18.3	+49.6	17.0	26.6	+56.6
Net income from participations	1.2	2.4	+108.1	2.1	3.3	+52.6
EBIT after income from participations	13.4	20.7	+54.6	19.1	29.8	+56.2
Margin in per cent <sup>2)</sup>	9.6	14.2		7.2	10.6	
Consolidated total income	7.7	11.0	+42.7	8.9	15.5	+73.9
Earnings per share in EUR	0.29	0.42		0.34	0.59	

1) Rounding differences may occur

2) EBIT after income from participations/sales

Combined with a significantly improved net financial income and a tax ratio which was two percentage points lower than for the same period in the previous year, consolidated total income rose by almost 74 per cent to EUR 15.5 million (same period in the previous year: EUR 8.9 million).

As a result of this positive growth in sales and earnings, GfK has increased its forecast for EBIT after income from participations in the current financial year. Instead of EUR 59 million, this figure is now set to amount to EUR 61 million, which corresponds to a sales margin of 10.3 per cent.

### **1. The economy as a whole and the market research sector**

Similar to 2002, the global economic situation in the first half of 2003 was difficult. According to forecasts made in August, growth in 2003 of 0.8 per cent is estimated for the euro-zone, of 2.2 per cent for the USA, of 4.1 per cent for Eastern Europe and of 4.8 per cent in Asia. Further deterioration of the economic situation in the markets which are relevant for the GfK Group is unlikely.

Expert growth forecasts of three per cent (excluding currency effects) for the market research sector in 2003 therefore seem realistic.

### **2. Economic and financial development of the GfK Group**

GfK has built on the growth of the first quarter of 2003 and achieved a further rise in sales and earnings in the second quarter of the year. The increase in earnings, in particular, is once again considerably higher than in sales.

Sales in the first six months of 2003 increased by 6.8 per cent<sup>\*)</sup> compared with the same period in the previous year, totalling EUR 281.4 million. Organic growth in the first half of the current financial year, excluding multi-year projects with fixed order volumes, amounted to 5.7 per cent. Including these projects, organic growth stood at 4.2 per cent.

Negative currency effects, caused by the euro rise against the US dollar, pound sterling and the respective currencies in Eastern Europe and Asia, reduced sales growth in the first half of 2003 by 3.5 per cent.

\*) The analysis of the structure of company sales growth is taken from the Management Information System. In 2002, this deviated slightly from the figures taken from the consolidated accounts, which is attributable to consolidation effects. The difference amounts to 0.7 percentage points.

In terms of **CURRENCY EFFECTS** impacting on the GfK Group, the situation is as follows: the company generates almost 70 per cent of its sales in the euro-zone with no currency risks. Where there are sales in foreign currencies, expenses are generally also in the relevant local currency.

The margin resulting from **OPERATING INCOME** in relation to sales rose from 7.2 per cent in the same period in the previous year to 9.3 per cent in the first half of 2003. This was due to the lower cost increase compared with the sales increase.

**INCOME FROM PARTICIPATIONS** in the first six months of 2003 amounted to EUR 3.3 million compared with EUR 2.1 million in the previous year. The increase of almost 53 per cent was attributable to the sale of the minority interest in Dutch company Centrum voor Marketing Analyses B.V. in the second quarter of 2003, as well as improved operating activities by the minority participations.

Compared with the first six months of 2002, **DEPRECIATION/AMORTIZATION** decreased in the first half of 2003 by 10.1 per cent to EUR 11.1 million. This was due to the fact that expenses of the Contingent Participation Plan resulting from the takeover of US company, GfK Custom Research Inc., which were still reported in the last financial year, were no longer included.

**NET INTEREST INCOME** and **NET OTHER FINANCIAL INCOME** added up to EUR –0.8 million. The figure for the previous year of EUR –1.4 million reported under net other financial income related to write-downs on the participation in JMXI and the loan to the bwv Group, Switzerland.

**TAXES ON INCOME AND EARNINGS** stood at EUR 11.0 million. The tax rate therefore decreased compared with the first six months of 2002 from 40.0 per cent to 38.0 per cent.

### **3. Investment**

GfK's investment in the first half of 2003 amounted to EUR 14.2 million (previous year: EUR 22.6 million). Of this figure, 63.4 per cent related to the expansion of existing business, while the rest was spent on acquisitions.

### **4. Assets and capital structures**

Due to the increased consolidated total income, the **EQUITY RATIO** rose from 38.7 per cent at the beginning of the year to 39.9 per cent as at 30 June 2003.

**SHAREHOLDERS' EQUITY** covers 72 per cent of fixed assets. There are short-term assets of EUR 204.7 million and short-term liabilities of EUR 199.4 million.

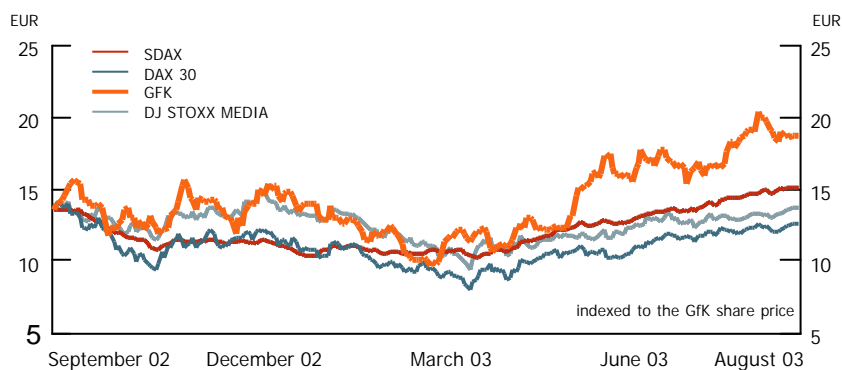
Following a resolution by the Annual General Meeting on 13 June 2003, GfK increased the **DIVIDEND** per ordinary share from 17 to 20 cents. A total dividend payment of EUR 5.2 million was distributed in the second quarter. GfK does not hold own shares or subscription rights to GfK shares.

GfK's **CASH FLOW FROM ONGOING ACTIVITY** in the first half of 2003 amounted to EUR 6.6 million (previous year: EUR 7.8 million). Free cash flow before acquisitions, other investments and asset disposals totalled EUR –2.2 million compared with EUR –2.6 million in the same period of the previous year.

## 5. GfK shares in the first half of 2003

Since the beginning of 2003, the GfK share price has moved between EUR 9.51 and EUR 20.29. While the share price fell in the first two months of the year, it has picked up substantially since then.

### GfK SHARE PRICE PERFORMANCE



The publication of the good financial results at the accounts press conference on 30 April and in the quarterly report on 27 May 2003 was the main impetus for this improvement, resulting in higher demand for GfK shares. GfK's growth was also rated positively by analysts, with 10 out of the 13 banks which rate GfK shares giving a "buy" recommendation. The share price at the 2002 year-end stood at EUR 12.81. By 22 August 2003, the GfK share price had risen by 49.3 per cent, significantly outperforming the Dax, SDax and DJ Stoxx Media. In the first six months of 2003, the Dax only improved by 22.7 per cent, while the SDax, to which GfK shares are allocated, rose by 40.2 per cent in the same period.

## 6. Business divisions

Although the economic conditions remain difficult, growth in all business divisions has generally been satisfactory. There have been no structural changes to the core activities of the business divisions.

With effect from 1 July 2003, GfK's healthcare activities were pooled in a separate division. In order to take account of this restructuring, the new division, HealthCare, is already being reported separately in this interim report.

### GROWTH IN THE BUSINESS DIVISIONS <sup>1)</sup>

In EUR million	I HY 2002	I HY 2003	Change in %
<b>CONSUMER TRACKING</b>			
Sales	41.5	43.3	+4.5
Operating profit	0.5	0.6	+23.2
<b>HEALTHCARE <sup>2)</sup></b>			
Sales	11.9	16.6	+39.9
Operating profit	0.4	1.5	+248.6
<b>NON-FOOD TRACKING</b>			
Sales	63.8	78.5	+23.1
Operating profit	8.8	13.1	+49.2
<b>MEDIA</b>			
Sales	30.0	28.9	-3.5
Operating profit	3.3	3.1	-5.1
<b>AD HOC RESEARCH</b>			
Sales	108.6	107.9	-0.6
Operating profit	6.0	7.4	+23.3
<b>OTHER</b>			
Sales	7.6	6.0	-20.8
Operating profit	1.3	0.8	-35.4
<b>TOTAL</b>			
Sales	263.4	281.4	+6.8
Operating profit	20.3	26.5	+30.7

1) Figures from the Management Information System; rounding differences may occur.

2) In the first half of 2002, GfK's Healthcare activities were reported under the Ad Hoc Research and Other divisions. In order to facilitate the comparison of 2003 figures with those for the previous year, the figures for the first half of 2002 are also shown separately under HealthCare.

### Growth in the business divisions in detail:

The **CONSUMER TRACKING** division has enjoyed pleasing growth. Purely organic sales growth of 6.1 per cent was reduced by 1.7 per cent due to negative currency effects. Operating profit also improved compared with

the first six months of 2002. Compared with the first quarter of 2003, which closed with EUR –0.8 million, this resulted primarily from the cost reduction measures relating to production, as well as the positive sales growth.

#### STRUCTURE OF SALES GROWTH BY BUSINESS DIVISION <sup>1)</sup>

Growth in per cent	Total	Organic	Acquisitions	Currency
<b>CONSUMER TRACKING</b>	+4.5	+6.1	0.0	-1.7
<b>HEALTHCARE</b>	+39.9	-14.7	+63.5	-9.0
<b>NON-FOOD TRACKING</b>	+23.1	+16.6	+10.6	-4.1
<b>MEDIA</b>	-3.5	-2.6	-0.3	-0.6
<b>AD HOC RESEARCH</b>	-0.6	+1.9	+1.8	-4.3
<b>OTHER</b>	-20.8	-20.3	0.0	-0.4
<b>TOTAL</b>	+6.8	+4.2	+6.1	-3.5

1) Figures from the Management Information System; rounding differences may occur.

The new **HEALTHCARE** division includes in particular the Global Healthcare Division of Martin Hamblin GfK Ltd. in the UK and Martin Hamblin Research Inc. in the USA, as well as the healthcare activities of the former I+G in Germany. In organic terms, sales were down by 14.7 per cent in the first half of 2003, mainly due to the healthcare activities in the UK and the USA, which are currently not meeting GfK's expectations. A further 9.0 per cent reduction in growth was due to currency effects. Divisional growth of almost 40 per cent can be ascribed to the acquisition of GPI, and the I+G activities in Germany in 2002. Both companies have been consolidated since 1 July 2002. Operating profit increased from EUR 0.4 million to EUR 1.5 million, largely as a result of acquisitions.

The **NON-FOOD TRACKING** division continued to build on the very positive growth of previous years. Sales in the first six months of the current financial year increased by 23.1 per cent, of which almost 17 per cent was organic growth. This means that the Non-Food Tracking division has already met its growth targets for 2003 as a whole. Currency effects, however, depressed sales by 4.1 per cent in the first half of 2003. Operating profit for the division increased substantially by 49.2 per cent to EUR 13.1 million.

Compared with the first six months of 2002, sales in the **MEDIA** division were down by 3.5 per cent, which was a similar trend to that of the first quarter of 2003. At –0.6 per cent, only the negative currency effects are higher than in the first three months of the current year (-0.1 per cent). At –2.6 per cent, as in the first quarter of 2003, organic growth was

lower than the same period in the previous year. While there have been no fluctuations in long-term TV and radio contracts, the situation regarding print media continues to be difficult. In spite of this, with a sales margin of 10.9 per cent, the division's results are in line with forecasts.

In the **AD HOC RESEARCH** division, sales in the first half of 2003 decreased slightly by 0.6 per cent to EUR 107.9 million. This decrease is due mainly to currency effects amounting to -4.3 per cent, which also reduced sales in the first quarter of 2003 by 4.6 per cent. Organic growth amounted to 1.9 per cent, a positive result compared with the first quarter of this year. In organic terms, operating profit rose by 24.3 per cent to a total of EUR 7.4 million (same period in the previous year: EUR 6.0 million).

The **OTHER** division includes GfK Group Services and GfK Data Services, which provide central services to the Group and to GfK companies and their cooperation partners. The anticipated lower sales and operating profit figures are attributable exclusively to the reduction in services supplied to Information Resources GfK by GfK Data Services.

## 7. Regions

Compared with the same period in the previous year, the GfK companies based in **GERMANY** achieved an increase in sales of 16.1 per cent in the first half of 2003. Organic growth and growth from acquisitions accounted for approx. 50 per cent each of this figure.

### GROWTH BY REGION<sup>1)</sup>

In EUR million	I HY 2002	I HY 2003	Change in %
<b>GERMANY</b>	93.2	108.2	+16.1
<b>NORTHERN EUROPE</b>	28.1	27.1	-3.3
<b>WESTERN AND SOUTHERN EUROPE</b>	92.7	102.3	+10.3
<b>CENTRAL AND EASTERN EUROPE</b>	13.2	13.8	+4.7
<b>AMERICA</b>	21.7	15.7	-27.7
<b>ASIA AND THE PACIFIC</b>	14.5	14.3	-1.5
<b>TOTAL</b>	<b>263.4</b>	<b>281.4</b>	<b>+6.8</b>

1) Figures from the Management Information System, rounding differences may occur.

### STRUCTURE OF SALES GROWTH BY REGION<sup>1)</sup>

Growth in per cent	Total	Organic	Acquisitions	Currency effects
<b>GERMANY</b>	+16.1	+8.0	+8.1	0
<b>NORTHERN EUROPE</b>	-3.3	-0.5	+2.1	-4.9
<b>WESTERN AND SOUTHERN EUROPE</b>	+10.3	+2.2	+8.7	-0.5
<b>CENTRAL AND EASTERN EUROPE</b>	+4.7	+14.3	-0.3	-9.2
<b>AMERICA</b>	-27.7	-8,8	0	-18,9
<b>ASIA AND THE PACIFIC</b>	-1.5	+12.3	0	-14.2
<b>TOTAL</b>	+6.8	+4.2	+6.1	-3.5

1) Figures from the Management Information System; rounding differences may occur.

In **NORTHERN EUROPE**, in organic terms sales were slightly down by 0.5 per cent, while growth from acquisitions, which resulted mainly from the business generated by IFR in the UK, amounted to 2.1 per cent. Currency effects reduced sales by 4.9 percentage points.

In the second largest region in terms of sales, **WESTERN AND SOUTHERN EUROPE**, GfK achieved sales growth of 10.3 per cent. A major share of this growth is attributable to the newly acquired company, IFR, which is based in France. Compared with the first quarter of 2003, organic growth has continued to rise to 2.2 per cent in total.

GfK achieved organic growth of 14.3 per cent in **CENTRAL AND EASTERN EUROPE**, which was reduced by currency effects of –9.2 per cent. However, sales growth totalling 4.7 per cent in this region is significantly up on the figure for the first quarter of 2003.

Business development in **AMERICA** was similar to the first quarter of the year, with sales 27.7 per cent below the figure for the same period in the previous year. Of this, almost 19 percentage points were due to exchange losses. Organic growth stood at –8.8 per cent. The marked reduction in sales is attributable to the pharma market business of Martin Hamblin Research Inc., which is currently being affected by the cautious approach of global pharmaceutical manufacturers. By comparison, overall business growth at GfK Custom Research Inc., whose activities cover ad hoc research, was less affected.

**ASIA AND THE PACIFIC** saw a sales increase in organic terms of 12.7 per cent compared with the same period in the previous year, with currency effects impacting on this growth with –14.2 percentage points. As a result, overall growth in this region was down by 1.5 per cent.

## **Employees**

The number of employees in the GfK Group rose by 41 to 4,920 full-time staff in the first six months of the year.

With 1,430 full-time employees working in German GfK companies as at 30 June 2003, this figure is down by 35 compared with the 2002 year-end.

The number of full-time employees in GfK's international subsidiaries rose by 76 to a total of 3,490. 71 per cent of the GfK Group's workforce is employed outside Germany.

Personnel expenses totalled EUR 124.5 million in the first six months of 2003 (same period in the previous year: EUR 120.7 million). GfK achieved a reduction in the personnel expenses ratio from 45.5 to 44.2 per cent.

## **Research and development**

GfK's research and development projects are typically based on joint implementation with clients. As in the first quarter of 2003, key research and development projects comprise:

- further development of electronic metering instruments for continuous consumer and media reach research
- fine-tuning of data merging methods and development of valid, standard services for clients' new and complex marketing issues
- expansion of the data management and data warehousing instruments, in particular in the Ad Hoc Research division.

## **Organization and administration**

GfK AG acts both as a holding company and as an operating unit. Its operating activities are organized on a matrix basis.

At this year's Annual General Meeting on 13 June 2003, Dr. Christoph Achenbach was elected to the Supervisory Board. He will replace Robert Raeber.

## **Major events since the reporting date (30 June 2003):**

- GfK acquired the majority stake in V2, a US-based pharmaceutical market research institute which achieved sales of EUR 21.5 million (USD 24.7 million) in 2002. The consolidation came into effect on 1 July 2003.

- As at 1 July 2003, GfK established a new division, HealthCare, the activities of which were previously attributed to the Consumer Tracking division. The companies providing the services covered by the new division include the Global Healthcare Division of Martin Hamblin GfK Ltd., UK and Martin Hamblin Research Inc. in the USA and, from 1 July 2003, US-based V2 GfK, as well as the healthcare activities acquired from the former shareholding, I+G. In financial year 2002, the sales generated by these companies were reported under the Ad Hoc Research and the Other divisions.
- GfK also acquired the majority in Media Control AG's retail research relating to books, videos, CDs and films. The company, which is based in Germany, achieved sales of EUR 3.6 million in 2002.
- In addition, the radio ratings contract in Switzerland worth EUR 8.3 million was prematurely extended by a further four years and will now run until the end of 2008.

### **Outlook**

Sector experts expect the global market research industry to achieve growth of around three per cent in 2003. This represents a higher growth rate than that forecast for the economy as a whole. Further impetus for growth in the Ad Hoc Research and Media divisions will largely depend on overall economic developments.

Thanks to the establishment of a fifth division, HealthCare, and the continued expansion of the existing four divisions, GfK is well positioned as the No. 5 market research company worldwide. GfK will continue to globally expand its Non-Food Tracking, Ad Hoc Research and HealthCare divisions also focusing on the European expansion of its Consumer Tracking and Media divisions.

Growth in operating business continued to be pleasing in July. On the basis of consistent exchange rates, aggregated orders already invoiced and existing orders for 2003 account for 84 per cent of forecast sales for 2003 as a whole. This exceeds the figure for the previous year by two percentage points. The increase is attributable to orders both in Germany and abroad.

The development of the euro so far this year, especially in relation to the US dollar and pound sterling, reduced growth at GfK in the first six months of 2003 by 3.5 per cent. Should this development continue for the rest of the year, GfK anticipates a reduction in sales of around EUR 15 million compared with previous forecasts. However, the GfK Group expects to absorb the reduction in sales resulting from currency effects through sales at the companies acquired to date in the year under

review, thereby achieving sales of EUR 590 million. Due to the overproportional rise in EBIT after income from participations in the first half year, GfK has increased its target for 2003 as a whole from EUR 59 million to EUR 61 million.

### Provisional key dates in the financial calendar

27 August 2003	Interim report as at 30 June*
26 November 2003	Quarterly report as at 30 September*
26 February 2004	Provisional result for financial year 2003*
22 April 2004	Accounts press conference, Nuremberg
22 April 2004	Analysts' conference, Frankfurt/Main
27 May 2004	Quarterly report as at 31 March*
15 June 2004	Annual General Meeting, Meistersingerhalle in Nuremberg
26 August 2004	Interim report as at 30 June*
25 November 2004	Quarterly report as at 30 September 2004*
27 November 2004	Deutsche Börse Frankfurt Equity Forum

\* Publication is scheduled for before the start of the trading session

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### Brief description of GfK divisions

<b>Consumer Tracking</b>	Information services regarding market and marketing matters relating to day-to-day consumer buying decisions and habits, providing information on almost all fast moving consumer goods plus a large number of slow moving consumer goods and services.
<b>HealthCare</b>	Information services relating to product development, communication, image and price control of medicines, market positioning and customer satisfaction, measuring the unit number and sales of materials and products used by dentists and laboratories as well as measuring the consumption of veterinary medicines.
<b>Non-Food Tracking</b>	Information services regarding marketing, sales, logistics in retail and industry for companies operating in consumer technology markets.
<b>Media</b>	Information services on media consumer behaviour and attitudes. Services include quantitative analyses of viewer, reader and listener reach and qualitative surveys on acceptance, preferences and recall of media content.
<b>Ad Hoc Research</b>	Information services for developing, positioning and maintaining products and services, aimed at optimizing the mix of marketing policy activities and managing product and corporate brands and customer loyalty.

## Tables

The consolidated accounts of the GfK Group as at 30 June 2003 are based on the same accounting and valuation methods according to US GAAP as the annual accounts for 2002. The scope of consolidation has been extended to include the newly established GfK Media Ltd., UK.

### Consolidated income statement for the second quarter from 01.04.03 to 30.06.03 in EUR '000 (according to US GAAP, not audited)

in EUR '000						
<b>Income statement item</b>	<b>II Q 2002</b>	<b>% of sales</b>	<b>II Q 2003</b>	<b>% of sales</b>	<b>Change in abs. %</b>	
<b>Sales</b>	138,978	100.0%	145,697	100.0%	6,719	4.8%
Cost of sales	(103,207)	-74.3%	(96,609)	-66.3%	6,598	-6.4%
<b>Gross income from sales</b>	<b>35,771</b>	<b>25.7%</b>	<b>49,088</b>	<b>33.7%</b>	<b>13,317</b>	<b>37.2%</b>
Selling, general and administrative expenses	(22,629)	-16.3%	(30,470)	-20.9%	-7,841	34.7%
<b>Operating income</b>	<b>13,142</b>	<b>9.5%</b>	<b>18,618</b>	<b>12.8%</b>	<b>5,476</b>	<b>41.7%</b>
Other income less other expenses	(898)	-0.6%	(307)	-0.2%	591	-65.8%
<b>EBIT before income from participations</b>	<b>12,244</b>	<b>8.8%</b>	<b>18,311</b>	<b>12.6%</b>	<b>6,067</b>	<b>49.6%</b>
Net income from participations	1,151	0.8%	2,395	1.6%	1,244	108.1%
<b>EBIT after income from participations</b>	<b>13,395</b>	<b>9.6%</b>	<b>20,706</b>	<b>14.2%</b>	<b>7,311</b>	<b>54.6%</b>
Net interest income	(248)	-0.2%	(364)	-0.2%	-116	46.8%
Net other financial income	14	0.0%	71	0.0%	57	407.1%
<b>Result from ongoing business activity</b>	<b>13,161</b>	<b>9.5%</b>	<b>20,413</b>	<b>14.0%</b>	<b>7,252</b>	<b>55.1%</b>
Taxes on income and earnings	(4,633)		(7,636)		-3,003	64.8%
Tax rate		35.2%		37.4%		
<b>Consolidated total income before minority interests</b>	<b>8,528</b>	<b>6.1%</b>	<b>12,777</b>	<b>8.8%</b>	<b>4,249</b>	<b>49.8%</b>
Minority interests' share of total income	(827)	-0.6%	(1,791)	-1.2%	-964	116.6%
<b>Consolidated total income</b>	<b>7,701</b>	<b>5.5%</b>	<b>10,986</b>	<b>7.5%</b>	<b>3,285</b>	<b>42.7%</b>
<b>Earnings per share (EUR)</b>	<b>0.29</b>		<b>0.42</b>		<b>0.13</b>	
<b>For information:</b>						
Personnel expenses	(62,485)	-45.0%	(62,188)	-42.7%	297	-0.5%
Depreciation/amortization	(5,876)	-4.2%	(5,826)	-4.0%	50	-0.9%
EBITDA	18,120	13.0%	24,137	16.6%	6,017	33.2%

**Consolidated income statement for the first half year  
from 01.01.03 to 30.06.03 in EUR '000 (according to US GAAP, not audited)**

In EUR '000						
<b>Income statement item</b>	<b>I HY 2002</b>	<b>% of sales</b>	<b>I HY 2003</b>	<b>% of sales</b>	<b>Change abs.</b>	<b>Change %</b>
Sales	265,107	100.0%	281,395	100.0%	16,288	6.1%
Cost of sales	(188,892)	-71.3%	(195,573)	-69.5%	-6,681	3.5%
<b>Gross income from sales</b>	<b>76,215</b>	<b>28.7%</b>	<b>85,822</b>	<b>30.5%</b>	<b>9,607</b>	<b>12.6%</b>
Selling, general and administrative expenses	(57,084)	-21.5%	(59,702)	-21.2%	-2,618	4.6%
<b>Operating income</b>	<b>19,131</b>	<b>7.2%</b>	<b>26,120</b>	<b>9.3%</b>	<b>6,989</b>	<b>36.5%</b>
Other income less other expenses	(2,171)	-0.8%	439	0.2%	2,610	-120.2%
<b>EBIT before income from participations</b>	<b>16,960</b>	<b>6.4%</b>	<b>26,559</b>	<b>9.4%</b>	<b>9,599</b>	<b>56.6%</b>
Net income from participations	2,149	0.8%	3,280	1.2%	1,131	52.6%
<b>EBIT after income from participations</b>	<b>19,109</b>	<b>7.2%</b>	<b>29,839</b>	<b>10.6%</b>	<b>10,730</b>	<b>56.2%</b>
Net interest income	(736)	-0.3%	(835)	-0.3%	-99	13.5%
Net other financial income	(1,436)	-0.5%	39	0.0%	1,475	-102.7%
<b>Result from ongoing business activity</b>	<b>16,937</b>	<b>6.4%</b>	<b>29,043</b>	<b>10.3%</b>	<b>12,106</b>	<b>71.5%</b>
Taxes on income and earnings	(6,776)		(11,037)		-4,261	62.9%
Tax rate		40.0%		38.0%		
<b>Consolidated total income before minority interests</b>	<b>10,161</b>	<b>3.8%</b>	<b>18,006</b>	<b>6.4%</b>	<b>7,845</b>	<b>77.2%</b>
Minority interests' share of total income	(1,235)	-0.5%	(2,480)	-0.9%	-1,245	-
<b>Consolidated total income</b>	<b>8,926</b>	<b>3.4%</b>	<b>15,526</b>	<b>5.5%</b>	<b>6,600</b>	<b>73.9%</b>
<b>Earnings per share (EUR)</b>	<b>0.34</b>		<b>0.59</b>		<b>0.25</b>	
<b>For information:</b>						
Personnel expenses	(120,692)	-45.5%	(124,455)	-44.2%	(3,763)	3.1%
Depreciation/amortization	(12,353)	-4.7%	(11,101)	-3.9%	1,252	-10.1%
EBITDA	29,313	11.1%	37,660	13.4%	8,347	28.5%

**Consolidated balance sheet**  
as at 30 June 2003 in EUR '000 (according to US GAAP, not audited)

<b>Assets</b>	<b>31.12.2002</b>	<b>30.06.2003</b>
Intangible assets	163,048	164,439
Tangible assets	69,718	67,200
Financial assets	31,040	31,642
<b>Fixed assets</b>	<b>263,806</b>	<b>263,281</b>
Inventories	1,519	1,322
Trade receivables	119,336	139,375
Other accounts receivable and other assets	16,351	13,031
Securities	7,350	7,099
Liquid funds	45,167	33,774
<b>Current assets</b>	<b>189,723</b>	<b>194,601</b>
<b>Deferred taxes</b>	<b>9,324</b>	<b>8,596</b>
<b>Prepaid expenses</b>	<b>6,701</b>	<b>7,955</b>
<b>Total assets</b>	<b>469,554</b>	<b>474,433</b>
of which short term	197,819	204,748
<b>Liabilities</b>		
Subscribed capital	66,872	66,872
Capital reserve	87,098	87,098
Retained earnings	27,357	37,237
Other comprehensive income	177	-1,720
<b>Shareholders' equity</b>	<b>181,504</b>	<b>189,487</b>
<b>Minority interests</b>	<b>17,623</b>	<b>17,746</b>
Provisions	69,636	73,287
Financial liabilities	72,882	73,874
Trade payables	36,318	24,365
Liabilities on orders in progress	56,015	65,506
Other liabilities	28,663	23,615
<b>Provisions and liabilities</b>	<b>263,514</b>	<b>260,647</b>
<b>Deferred taxes</b>	<b>6,004</b>	<b>6,061</b>
<b>Deferred income</b>	<b>909</b>	<b>492</b>
<b>Total liabilities</b>	<b>288,050</b>	<b>284,946</b>
of which short term	203,118	199,406
<b>Shareholders' equity and total liabilities</b>	<b>469,554</b>	<b>474,433</b>
Equity ratio	38.7%	39.9%

**Changes of consolidated shareholders' equity**  
(according to US GAAP, not audited)

	No. of shares (in thousands)	Subscribed capital	Capital reserve	Retained earnings	Other comprehensive income				Total
					Difference from currency conversion	Market valuation of securities	Difference from pension valuation	Valuation from cash flow hedges	
<b>As at 1 January 2002</b>	<b>26,122</b>	<b>66,872</b>	<b>87,098</b>	<b>6,366</b>	<b>2,814</b>	<b>11</b>	<b>-34</b>	<b>0</b>	<b>163,127</b>
Dividend				-4,441					-4,441
Consolidated total income after tax				8,926					8,926
Other changes				-1,641					-1,641
Other comprehensive income					-2,440	-18	0		-2,458
<b>As at 30 June 2002</b>	<b>26,122</b>	<b>66,872</b>	<b>87,098</b>	<b>9,210</b>	<b>374</b>	<b>-7</b>	<b>-34</b>	<b>0</b>	<b>163,513</b>
Consolidated total income after tax				16,747					16,747
Other changes				1,400					1,400
Other comprehensive income					-183	-7	34		-156
<b>As at 31 December 2002</b>	<b>26,122</b>	<b>66,872</b>	<b>87,098</b>	<b>27,357</b>	<b>191</b>	<b>-14</b>	<b>0</b>	<b>0</b>	<b>181,504</b>
Dividend				-5,224					-5,224
Consolidated total income after tax				15,526					15,526
Other changes				-422					-422
Other comprehensive income					-1,953	31		25	-1,897
<b>As at 30 June 2003</b>	<b>26,122</b>	<b>66,872</b>	<b>87,098</b>	<b>37,237</b>	<b>-1,762</b>	<b>17</b>	<b>0</b>	<b>25</b>	<b>189,487</b>

**Consolidated funds statement**  
**from 01. 01. 03 to 30. 06. 03 in EUR '000 (according to US GAAP, not audited)**

	I HY 2002	I HY 2003
Consolidated total income before minority interests	10,161	18,006
Write-down/write-up of intangible assets	4,185	3,605
Write-down/write-up of tangible assets	7,336	7,495
Write-down/write-up of financial assets	800	-4
Change in deferred taxes	-392	494
Income from companies valued at equity, not affecting payment	-549	560
Profits/losses from the disposal of tangible assets	-98	-1,546
Net interest income affecting payment	601	835
Increase/decrease in provisions	5,548	4,474
Other revenue/expenses not affecting payment	0	1,207
Increase/decrease in inventories, trade receivables and other assets		
not attributable to investment or financing activities	13,475	-23,525
Increase/decrease in liabilities and other liabilities		
not attributable to investment or financing activities	-33,268	-4,990
<b>a) Cash flow from ongoing business activity</b>	<b>7,799</b>	<b>6,611</b>
Cash outflows for investment in intangible assets	-3,125	-2,662
Cash outflows for investment in tangible assets	-7,284	-6,290
Cash outflows for the acquisition of consolidated companies and other business units	-7,106	-4,392
Cash outflows for investment in other financial assets	-5,122	-839
Cash inflows from disposals of intangible assets	35	21
Cash inflows from disposals of tangible assets	509	300
Cash inflows from the disposal of consolidated companies and other business units	5	27
Cash inflows from disposals of other financial assets	919	2,009
<b>b) Cash flow from investment activity</b>	<b>-21,169</b>	<b>-11,826</b>
Cash outflows to company owners	-4,441	-5,224
Cash inflows from/outflows to minority interests	-1,113	-2,104
Net interest income	-601	-835
Cash inflows from the raising of loans	34,557	6,063
Cash outflows from the repayment of loans	-5,448	-2,588
<b>c) Cash flow from financing activity</b>	<b>22,954</b>	<b>-4,688</b>
Changes in financial resources affecting payment	9,584	-9,903
(total of a), b) and c))		
Changes in financial resources owing to exchange gains/losses, scope of consolidation and valuation	-1,532	-1,490
Financial resources at the start of the period	47,555	45,167
<b>Financial resources at the end of the period</b>	<b>55,607</b>	<b>33,774</b>

## Calculation of net indebtedness and free cash flow in EUR '000

### Calculation of net indebtedness

(in EUR '000)	31.12.2002	30.06.2003
Liquid funds	45,167	33,774
Short-term securities	7,350	7,099
<b>Liquid funds and short-term securities</b>	<b>52,517</b>	<b>40,873</b>
Liabilities to banks	47,145	46,767
Pension obligations	19,235	18,297
Liabilities under leases	15,760	14,703
Other interest-bearing liabilities	9,978	12,404
<b>Interest-bearing liabilities</b>	<b>92,118</b>	<b>92,171</b>
<b>Net indebtedness</b>	<b>-39,601</b>	<b>-51,298</b>

### Calculation of free cash flow

(in EUR '000)	30.06.2002	30.06.2003
Consolidated total income before minority interests	10,161	18,006
Write-down/write-up of intangible assets	4,185	3,605
Write-down/write-up of tangible assets	7,336	7,495
Write-down of financial assets	800	-4
Other	5,110	6,024
<b>Cash flow before working capital</b>	<b>27,592</b>	<b>35,126</b>
Change in working capital	-19,793	-28,515
<b>Cash flow from ongoing business activity</b>	<b>7,799</b>	<b>6,611</b>
Capital expenditure	-10,409	-8,782
<b>Free cash flow before acquisitions, other investments and asset disposals</b>	<b>-2,610</b>	<b>-2,171</b>
Acquisitions	-11,391	-5,365
Other financial investments	-837	-36
Asset disposals	1,468	2,357
<b>Free cash flow after acquisitions, other investment and asset disposals</b>	<b>-13,370</b>	<b>-5,215</b>