



schlott sebaldu[®]

the cross media company

Interim report 2 / 2002

Report on the first six months
as well as the second quarter as at 30 June 2002

Interim report 2 / 2002 for schlott sebaldu AG

Report on the first six months as well as the second quarter as at 30 June 2002

- Development in the second quarter of 2002 also in line with expectations
- Swift progress in the concentration on the intaglio printing site in Nuremberg
- Scope of reporting to the capital market further increased

KEY FIGURES AS AT 30 JUNE

in Mio. € (in accordance with IAS, unaudited)	Half year 2002		Half year 2001		Full year 2001					
	QI 02	Share in %	QII 02	Share in %	accumulated	Share in %	accumulated	Share in %	accumulated	Share in %
Turnover	110.8	90.2	112.0	92.3	222.8	91.2	232.4	88.0	505.5	83.4
Gross performance	122.9	100.0	121.3	100.0	244.2	100.0	264.1	100.0	605.9	100.0
EBITDA	11.6	9.5	12.9	10.7	24.5	10.1	25.8	9.8	107.3	17.7
EBITA	10.6	8.6	11.9	9.8	22.5	9.2	23.8	9.0	103.3	17.1
EBIT	3.1	2.5	5.0	4.1	8.1	3.3	10.5	4.0	72.7	12.0
EBT	1.4	1.1	2.5	2.1	3.9	1.6	5.5	2.1	60.2	9.9
Profit for the period	0.3	0.2	1.1	0.9	1.4	0.6	2.1	0.8	35.9	5.9
Earnings per share (€)	0.06		0.21		0.27		0.39		2.34	
Average number of employees	3,978		3,943		3,961		4,015		3,996	

in Mio. € (in accordance with IAS, unaudited)	Half year 2002		Half year 2001		Full year 2001			
	QI 02	Share in %	accumulated	Share in %	accumulated	Share in %	accumulated	Share in %
Fixed assets	324.6	80.2	323.3	78.9	299.5	73.0	327.3	75.0
Goodwill	74.8	18.5	73.6	18.0	78.3	19.1	76.0	17.4
Current assets	78.7	19.4	82.6	20.2	108.2	26.4	108.8	24.9
Trade debtors	44.2	10.9	48.2	11.8	54.6	13.3	71.5	16.4
Liquid funds	4.1	1.0	4.3	1.1	6.2	1.5	2.4	0.6
Deferred taxes (assets)	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0
Prepaid expenses	1.7	0.4	3.9	0.9	2.6	0.6	0.3	0.1
Equity capital	121.1	29.9	118.3	28.9	92.1	22.4	120.7	27.7
Loan capital	254.2	62.7	267.4	65.3	246.3	60.0	279.8	64.1
Provisions	59.7	14.7	56.7	13.8	61.4	15.0	53.9	12.4
Bank loans and overdrafts	144.8	35.1	154.9	37.8	119.4	29.1	153.9	35.3
Trade creditors	21.5	5.3	22.2	5.4	35.2	8.6	38.2	8.7
Deferred taxes (liabilities)	19.2	4.8	18.7	4.6	9.9	2.4	18.8	4.3
Deferred income	10.5	2.6	5.4	1.3	62.2	15.1	17.1	3.9
Balance sheet total	405.0	100.0	409.8	100.0	410.4	100.0	436.4	100.0

Foreword by the Executive Board

DEAR SHAREHOLDERS,

Insidious recession, a collapse in the turnover of the advertising industry, investment backlog in virtually all industries — the overall economic background and the environment in which the *schlott sebaldu Group* operates have not improved in the first half of 2002 compared with the end of the last financial year. Since we were not taken unawares by these economic developments, we have succeeded in keeping our activities on track in the first six months of 2002. And what is very important is the fact that by taking logical steps we have made our group of companies even more profit-orientated. In spite of the lower gross performance caused by market conditions and the prevailing pressure on margins — as already announced on several occasions — we have managed to keep our results at the level planned and therefore in line with our forecasts.

All in all we believe that the current situation offers real opportunities. For on the one hand the drop in margins, and all experts agree on this, is merely of a temporary nature. On the other hand it will significantly speed up the necessary consolidation in this market. And it is precisely for this that we are prepared. The objective of our strategy is to assume an active role and to shape the market during this phase of consolidation. In the medium-term the media market is attractive and will remain so, too — and we intend to maintain and further expand our leading role in Europe.

The first half of 2002 was dominated by the above-mentioned condition of the markets affecting us as well as by internal projects and measures. These include measures to optimise processes and cut costs — which is consistent with the set objective of significantly lowering the break-even threshold in all divisions. In the *high performance printing* division our new intaglio works in the Nuremberg Docks is an important element in our plan to increase and optimise efficiency. In addition to drastic measures such as closing down the rotary offset sites in Karlsruhe and Bamberg, we are currently working on optimisation schemes in further processing and direct marketing.

In February we successfully completed the first construction phase of our new intaglio printing works in Nuremberg with taking into operation the second new intaglio printing machine so that we are right on schedule. A schedule that has targeted for just half the time that is usually allowed for such undertakings by our industry. In the interim period the building work for Construction Phase II is already at an advanced stage and we intend to complete the transfer to the Nuremberg site in 2003 — this means it will be completed two years earlier than originally planned. We are taking advantage of the current slackness in the market for the relocation — and in doing so we are paving the way for the future in the best possible way.

Despite all our internal measures taken in the first half of 2002 we were active in both the national and international markets in order to seize external opportunities for growth. One initial result is that we took over the Swedish direct marketing specialist Elanders Lithorex, which is now trading under the name of *meiller lithorex*. Further negotiations with companies regarding their incorporation into the *schlott sebaldu Group* are at an advanced stage.

All in all have significantly expanded the scope of our reporting with the interim report to hand. In future, too, we shall explain to you in detail what we are doing in an interim report — the additional transparency should provide you with a better insight into our activities and further strengthen your trust in our company.

Freudenstadt, August 2002

The Executive Board

Business development

ECONOMIC BACKGROUND

The economy in Germany is getting into its stride in 2002 later, and also more slowly, than the economic experts forecasted. This is why it has been impossible over the past half year to say that the economy is picking up. The gross domestic product, for example, dropped in the first quarter compared with the previous year by 1.2 percent and there was hardly any momentum for growth in the second quarter either. The Hamburger Wirtschaftsinstitut HWWA therefore stated that there had been a “weak first half year with very modest growth”. The economic researchers at the RWI in Essen noted in particular that there wasn’t any stimulus for growth from within Germany, so that some research institutes have already corrected their forecasts for 2002 downwards and they are now below the growth rate of 0.9 percent expected by the six leading economic research institutes as recently as in spring of this year.

In the advertising market, which has been hit particularly hard by the economic downturn this time, the situation is continuing to deteriorate. Nielsen Media Research stated that the drop in the gross advertising turnover in the first half of 2002 was 6.1 percent. As a result of these poor figures the Zentralverband der deutschen Werbewirtschaft (ZAW)⁽¹⁾ has largely written off a turn-around in the German advertising market in 2002. The experts at ZAW now reckon that in the best case scenario the industry will stagnate in the current year and are thus retracting their earlier forecast of “one percent plus X”.

No wonder that the mood in the German printing industry is affected by this. The results of the IFO economy test designed to ascertain the state of business in the second quarter of 2002 were the worst since the survey started to assess the printing industry in 1972. But there is another important factor: in all the depressing reports about the advertising, media and printing markets the Bundesverband der Deutschen Zeitungsverleger⁽²⁾ emphasises that there isn’t a structural crisis in the print media, but simply a cyclical weakness which is responsible for the collapse in turnover.

EMPLOYEES AND PERSONNEL MANAGEMENT

In view of the background conditions in the overall economy and in our specific industry, we have continued to speed up the process of internal optimisation in the first half of 2002. Our employees play an important role in the review of work systems and structures: with their experience and expertise they make crucial contributions to improving productivity. That is why qualification measures at all levels — from assistant to machine operator to master craftsman — are central to our vocational training programme. This is being implemented on a systematic basis at all management levels.

As a result of the bleak economic conditions, it was already clear at the beginning of the year that the measures to refine production processes and cut costs would have to be supplemented by personnel cutbacks. In addition to placing a ban on recruitment at all levels throughout the Group, in view of the situation in the advertising industry we have been unable to avoid laying people off for operational reasons. Due to the notice periods required by law only part of the dismissals are reflected in the figures for 30 June. At 30 June 2002 we employed 3,920 staff in the Group (at 31 December

(1) Central Association for the German Advertising Industry
(2) Federal Association of German Newspaper Publishers

2001: 3,965). The staff expenditure has dropped from the comparable period in the previous year from 86.9 million € down to 85.9 million €.

What will be crucial for further cut-downs in personnel — in addition to closing down the rotary press works in Bamberg and Karlsruhe — will be productivity optimisation measures and enhancement of the processes and workflow in the new intaglio printing works in Nuremberg as well as improved organisational concepts in further processing and direct marketing. Consequently we shall, for example, increasingly cover seasonal peaks at *druckverarbeitung nürnberg* by resorting to employing temporary agency staff and in doing so benefit from reducing our block of fixed costs. At *meiller direct* we are making preparations for relocating labour-intensive operations to our works in the Czech Republic.

In accordance with our corporate culture we attach a great deal of importance on the social acceptability when we are forced to dismiss employees as part of inevitable measures taken to adjust staff levels in response to lower levels in demand. Wherever possible, we strive to avoid dismissals by undertaking advance planning in the personnel department and releasing older staff approaching retirement, as well as offering them the opportunity to work part-time. Our objective is to build up flexible, “living” production runs in all divisions and in doing so to change our fixed and variable cost structure.

NEW INTAGLIO PRINTING SITE IN NUREMBERG DOCKS

In the Nuremberg Docks industrial area (north), the most advanced state-of-the-art intaglio printing house in the world is being built together with the ancillary fittings required and the relevant administration on a site of about 85,000 m². We have installed the first two new intaglio printing machines with a track width of 3.64 metres in record time and have thus completed Construction Phase I. According to plan the first new intaglio rotary machine entered into operation at the beginning of November 2001. The second followed in February this year. Meanwhile, the building work for Construction Phase II is already at an advanced stage and in 2003 — which means two years earlier than originally planned — we intend to complete the relocation to this site. The relocation of the first machine (track width 3.08 metres) is currently underway in order to be ready for operation in time for the beginning of the catalogue season in early November. The relocation of the second machine with the same track width will probably be completed by May 2003. In each of the relocation phases of just under four months we are lacking about ten percent of our intaglio printing capacity — that is why this work is being carried out at a time of the year when order levels are historically low.

CORPORATE GOVERNANCE

The introduction of the Corporate Governance Code in Germany and its embodiment as part of the 4th (German) Financial Market Support Act is an important indication that there is to be greater transparency in the capital markets. Ever since we went public in 1997, we have been acting in accordance with the requirements of the code in many respects. For instance, the collaboration between the executive board, the supervisory board and the general shareholders' meeting at *schlott sebaldu* has been clearly regulated. Standing rules on the collaboration between the executive board and the supervisory board have been in existence for a long time. In particular they stipulate that reports are to be submitted to the supervisory board in writing on a regular basis. Anyway, as a company listed in the SDAX, we regard ourselves as being under a particular obligation to maintain very high standards of transparency — we are convinced that open and detailed lines of communication with the capital market are absolutely essential. The executive board and the supervisory board are currently working out a company-specific adjustment of the "Scorecard for Corporate Governance" presented by the DVFA⁽³⁾. Since we have already been practising the important regulations of the code for a long time, its introduction will not result in any noteworthy changes to our company policy.

GROSS PERFORMANCE AND EARNINGS

In order to give our shareholders an even better insight into our activities, we have not only extended the financial data but also show what happened in the individual quarters. In doing so we want to make the development in the respective quarters even more transparent than by submitting a cumulated report on the half-year as a whole. Accordingly we also give pride of place to the comments on the comparison between the quarters. Above and beyond that, in comparing the first six months of 2002 and 2001, the real operating performance is only shown to a limited extent. The reason for this is fire damage as well as the indemnity payments which were not spread evenly over the quarters. This affects in particular the profit and loss account as well as the cash flow statement.

Due to the fact that business is very slack in the market and in our industry, our gross performance dropped in the first half of 2002 from 264.1 million € down to 244.2 million € compared with the first six months of the previous year. The cost of materials decreased slightly over-proportionally down to 82.0 million € (previous year: 89.9 million €). Admittedly, in comparison with the first quarter of 2002 the gross performance in the second quarter decreased from 122.9 million € down to 121.3 million €. However, it is to be noted that the proportion of paper provided by customers was significantly higher in the second quarter at 62.8 percent than it was in the first quarter (52.4 percent). Adjusted by this influence, the gross performance went up in the comparison of the first and second quarter of 2002 by 4.8 percent. As a result of the higher proportion of paper provided by customers the material costs dropped in the second quarter down to 38.8 million € (Q1: 43.2 million €) with corresponding beneficial effects on our margin.

(3) German Association for Financial Analysis

By implementing systematic cost management measures we have been able to achieve our profit targets. Consequently the 6-month earnings before interest, tax, depreciation and amortisation (EBITDA) dropped degressively in comparison with the gross performance down to 24.5 million € (previous year: 25.8 million €) and in the comparison between the quarters it went up from 11.6 million € up to 12.9 million €. This improvement in earnings in the second quarter compared with the first three months of 2002 can also be seen in the 61.3-percent increase in EBIT up from 3.1 million € to 5.0 million €.

In the comparison between the first half of 2002 and that of 2001, the EBIT has decreased from 10.5 million € down to 8.1 million € as a result of the increase in write-downs associated with the high investments in our new site in Nuremberg. Altogether the net profit in the first half of 2002 fell to 1.4 million € (previous year 2.1 million €). The increasing earnings momentum in the course of the year does however show that here too there is an increase in the net profit for the period amounting to 1.1 million € in the second quarter following 0.3 million € in the first quarter of 2002.

The deficiency in Other interest income in the second quarter is the result of the market valuation of securities in current assets. This concerns the shares we took over in the course of the acquisition of Computec Media AG by the Sebaldu Group. We do not have other investments in securities.

In the first half of 2002 we incurred costs for optimisation measures, in particular for closing down the two rotary offset sites in Karlsruhe and Bamberg, amounting to 0.5 million €.

Due to the conversion of the accounting methods from HGB (German Commercial Code) over to IAS (International Accounting Standards), in the converted annual financial statements for 2001 we are showing for the first time earnings before tax in accordance with IAS of 60.2 million € compared with 24.9 million € in accordance with HGB. An essential reason for this large discrepancy and non-recurring exaggeration of the earnings is that under IAS it is not allowed to form special reserves. This item which has existed up until now has been released accordingly and was contributed in full to the earnings in 2001. On the other hand the largest cost blocks, that is for the procurement of new plant and machinery, are only incurred as part of the relocation in the current year. Accordingly, under IAS the comparison of 2002 and 2001 will show a high volatility in earnings resulting from the non-operating conversion of accounting methods from HGB to IAS.

DEVELOPMENT IN THE DIVISIONS

The report for the individual divisions shows the figures for the *high performance printing*, *direct marketing*, and *digital services* business divisions as well as the *corporate services* sector before the transition from HGB to IAS. All the activities of the service companies including those of the holding company have been grouped together under *corporate services*. The development of the performance of the holding company in the individual quarters has not been consistent, which is the result of apportionments as well as of the additional strains at the balance sheet date — for example the insurance contributions for the group subsidiaries.

DIVISIONAL REPORTING AS AT 30 JUNE

in Mio.€ <small>(in accordance with IAS, unaudited)</small>	Q I 02		Q II 02		Halbjahr 2002		Halbjahr 2001	
		Share in %		Share in %	accumulated	Share in %	accumulated	Share in %
<i>high performance printing</i>								
Gross performance	91.5	100.0	92.4	100.0	183.9	100.0	205.5	100.0
EBIT	2.8	3.1	5.9	6.4	8.7	4.7	11.4	5.5
EBT	2.2	2.4	5.2	5.6	7.4	4.0	11.0	5.4
Employees (at key date)	2,373		2,331		2,331		2,397	
<i>direct marketing</i>								
Gross performance	30.9	100.0	27.8	100.0	58.7	100.0	59.7	100.0
EBIT	1.9	6.1	0.9	3.2	2.8	4.8	3.6	6.0
EBT	1.6	5.2	0.6	2.2	2.2	3.7	2.7	4.5
Employees (at key date)	1,428		1,414		1,414		1,420	
<i>digital services</i>								
Gross performance	1.0	100.0	1.2	100.0	2.2	100.0	2.0	100.0
EBIT	-0.2		-0.1		-0.3		0.0	
EBT	-0.2		-0.1		-0.3		0.0	
Employees (at key date)	46		46		46		42	
<i>corporate services</i>								
Gross performance	6.3	100.0	3.8	100.0	10.1	100.0	8.7	100.0
EBIT	-0.4		-0.7		-1.1		-2.4	
EBT	-1.3		-2.1		-3.4		-6.2	
Employees (at key date)	132		129		129		140	

The performance of our largest business division *high performance printing* in the second quarter has been encouraging. We have managed to improve earnings before tax from 2.2 million € up to 5.2 million € compared with the first three months in 2002 thus achieving an EBT of 7.4 million € in the first half of 2002. This resulted inter alia from June, which

is a busy month for intaglio printing. The result for mid 2002, which overall is weaker than that for the first half of 2001, is attributable, besides the difficult market position, in particular to the increase in depreciation and amortisation — this is in connection with investments in our intaglio printing site in Nuremberg.

The concentration of all rotary offset activities at one site is going ahead according to plan. Consequently we closed down our former rotary offset site in Bamberg on 30 June 2002. *kro* in Karlsruhe closed down its production operations on 31 July 2002. By pooling all the rotary offset operations at *heckel* in Nuremberg, we are achieving a permanent improvement of our cost situation in this division and as a result we are able to lower the break-even threshold considerably.

In the *direct marketing* division we felt the savings being made in the advertising industry keenly and recorded an overall lower level of capacity utilisation. The downward pressure on prices has intensified against the background of this difficult market environment which has consequently affected our earnings. However, over the mid to long term we are assuming that there will be constant growth in this business division given the increasing degree of individualisation in advertising.

We are still on target with building up our latest business division, *digital services*. Our strategy of cross-selling has already paid for itself: our subsidiary *scannova* is carrying out a pilot project with a major customer from within the *schlott sebaldu Group* dealing with the digital preparation of the material for a catalogue.

BALANCE SHEET, CASH FLOW AND INVESTMENTS

In the course of significantly expanding the scope of our reports, we are showing a detailed interim balance sheet for the first time. In order to create as much transparency as possible, we are also providing the balance sheets of previous years and the balance sheet at the end of the last financial year converted to IAS.

Because we are a company with a high ratio of fixed assets to total assets, the free cash flow at *schlott sebaldu* is one of the key variables for controlling the business representing the difference between the net cash assets earned from operating activities minus net cash assets spent on investing activities. We not only want to secure internal financing for our regular annual investments but also have a substantial positive cash flow after having financed the investments. By doing so we are ensuring a stable dividend policy with regard to our shareholders. In addition to this, it enables us to strengthen our balance sheet systematically and create room for manoeuvre to be able to go out, search for, identify and exploit business opportunities.

This fundamental philosophy will apply in particular in the current financial year as well bearing witness not only to the difficult market environment but also to the exceptionally high investments as result of stepping up the pace of the relocation to the Nuremberg site — which will be completed within two years instead of the originally planned six.

Consequently, at nine percent of turnover the investments this year will considerably exceed the long-term average annual investments of about six percent of turnover. We shall not be able to finance all this above-average amount from our own resources but shall have to make use of credit lines already promised to us by banks for part of the sum.

It is precisely this current year that it is important to restrict the lockup of capital within current assets. If just the balance of the net cash assets from operating activities is taken into account, its drop in the second quarter will indeed point to an increase in the amount of locked capital. But the seasonal cyclical nature of the business we are in has to be taken into account here: for example, the very busy month of June naturally reflects an increase in our trade receivables at the last day of the quarter. In addition to this, in the first quarter of 2002 there was an inflow of taxes amounting to 4.1 million € net, whereas in the second quarter we paid out the net sum of 0.6 million € for taxes. And finally, in the first quarter the net sum of 1.9 million € was allocated to provisions, whereas in the second quarter on balance 1.1 million € was released. These in particular concerned provisions for holiday pay as well as taxes — the provisions released were balanced by a corresponding outflow of funds and costs in the profit and loss account.

The largest investment block in the second quarter as well at 4 million € out of a total of 6.9 million € were the investments in the new intaglio printing house in the Nuremberg Docks area. This means that, added together, the investments in this project in the first half of 2002 amounted to 7.4 million € out of a total investment sum of 12.7 million € (previous year: 32.8 million €) in the entire Group.

All in all investments of 95 million € have been earmarked for the new building on which work was begun in 2001 and the associated move into our new intaglio printing site. Of this 67 million € were incurred in the financial year 2001. By the end of 2002 there will still be a total of about 40 million € of outstanding investments, primarily to pay for the second construction phase. This sum shall be divided almost equally over the coming two quarters. The second construction phase includes the construction of another production hall for two rotary intaglio printing machines with a track width of 3.08 metres to be relocated from the old site.

Altogether, as a result of the investments made the free cash flow has dropped from 13.2 million € at 31 March 2002 down to 9.9 million € at 30 June 2002. The difference has been financed by utilising short-term bank loans and overdrafts. In addition to this, the dividend approved by the general shareholders' meeting was paid out in the second quarter. Therefore, the funds available to the Group at the end of the second quarter have increased up to 4.3 million € following 4.1 million € at 31 March 2002.

OUTLOOK

Taking into account the seasonal cyclic effect that has already been mentioned our gross performance and earnings are in line with plan. We are expecting that the whole of the 2002 calendar year will see gross performance unchanged at about 560 million €, primarily as a result of the continuing weakness in the market and the shortage of capacity caused by our bringing the removal forward. Ignoring optimisation activities we are still expecting pre-tax earnings of 20 million €, in line with earlier forecasts.

The Share

In the first half of the year the *schlott sebaldu* share had a volatility of about 15 percent relating to its high in the first half of April. What is conspicuous is the weakness of the share price from the second half of June onwards, which has led to the current price level of about 16 € since the end of July when it has been trying to bottom out. Prior to that, the share price had moved sideways on balance. Since this fall in share price was not caused by company-specific reasons, it simply reflects the general weakness of the markets. In fact the SDAX has also shown a steep downwards trend since the beginning of June.

CHART OF THE SCHLOTT SEBALDUS SHARE PRICE



Security Identification Number: 504630

Reuters abbreviation: SHTG.F

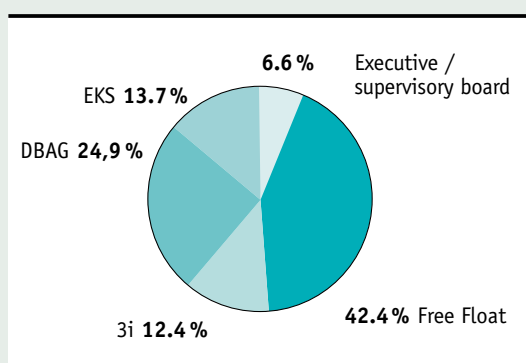
Bloomberg abbreviation: SHT GR

Price of the schlott sebaldu share in €

With our reporting, which has been significantly expanded in scope once more and the increase in transparency, we intend to show that the *schlott sebaldu* share is fundamentally attractive in a way that all investors can understand. This means that the performance of the share price should be less dependent on the overall market. Instead greater significance should be attached to the intrinsic value of the share, which should be taken as the basis for determining the share price.

Number of shares at key date:	5.437.393	
Last dividend paid:	0,80 €	at 20 June 2002

Shareholding structure



Executive Board:

Bernd Rose, Chairman
Dr. Uwe Hack
Werner Reiser
Günther Speiser
Adam Valeri

Supervisory Board:

Erwin J. Kiefer, Chairman
Reinhold Schreiner
Sigmund Kiener
Edmund Hug
Joachim Kohm
Reinhard Löffler
Ivan Bebek
Rudolf Steiner
Karl-Heinz Gramß
Dr. Herbert Pototzky
Irene Salberg
Michael Schlecht

Consolidated Profit and Loss Account

<i>in T€</i> (in accordance with IAS, unaudited)	QI 2002		QII 2002		Half year 2002		Half year 2001		Full year 2001	
	QI 2002	Share in %	QII 2002	Share in %	accumulated	Share in %	accumulated	Share in %	accumulated	Share in %
Turnover	110,815	90.16	111,993	92.35	222,808	91.25	232,361	87.97	505,492	83.43
Increase or decrease in finished goods and work in progress	2,776	2.26	374	0.31	3,150	1.29	3,367	1.27	515	0.09
Other own work capitalised	0	0.00	0	0.00	0	0.00	0	0.00	3	0.00
Other operating income	9,317	7.58	8,909	7.35	18,226	7.46	28,404	10.75	99,864	16.48
Gross performance	122,908	100.00	121,276	100.00	244,184	100.00	264,132	100.00	605,874	100.00
Cost of raw materials. consumables and goods for resale	-43,176	-35.13	-38,835	-32.02	-82,011	-33.59	-89,884	-34.03	-197,350	-32.57
Cost of purchased services	-9,968	-8.11	-9,659	-7.96	-19,627	-8.04	-20,927	-7.92	-39,724	-6.56
Staff costs	-42,140	-34.29	-43,717	-36.05	-85,857	-35.16	-86,927	-32.91	-176,585	-29.15
Other operating charges	-15,999	-13.02	-16,145	-13.31	-32,144	-13.16	-40,612	-15.38	-84,871	-14.01
EBITDA	11,625	9.46	12,920	10.65	24,545	10.05	25,782	9.76	107,344	17.72
Amortisation of goodwill	-1,007	-0.82	-1,007	-0.83	-2,014	-0.82	-2,017	-0.76	-4,031	-0.67
EBITA	10,618	8.64	11,913	9.82	22,531	9.23	23,765	9.00	103,313	17.05
Expenses for scheduled depreciation and amortisation	-7,509	-6.11	-6,886	-5.68	-14,395	-5.90	-13,281	-5.03	-30,590	-5.05
EBIT	3,109	2.53	5,027	4.15	8,136	3.33	10,484	3.97	72,723	12.00
Income from participations	0	0.00	0	0.00	0	0.00	24	0.01	73	0.01
Other interest receivables and similar income	482	0.39	-185	-0.15	297	0.12	86	0.03	588	0.10
Amounts written off long-term financial assets and current securities	0	0.00	0	0.00	0	0.00	-391	-0.15	-1,953	-0.32
Interest payable and other similar charges	-2,241	-1.82	-2,298	-1.89	-4,539	-1.86	-4,688	-1.77	-11,257	-1.86
Financial result	-1,759	-1.43	-2,483	-2.05	-4,242	-1.74	-4,969	-1.88	-12,549	-2.07
EBT	1,350	1.10	2,544	2.10	3,894	1.59	5,515	2.09	60,174	9.93
Earnings tax paid	-1,067	-0.87	-1,410	-1.16	-2,477	-1.01	-3,408	-1.29	-24,259	-4.00
Earnings after tax	283	0.23	1,134	0.94	1,417	0.58	2,107	0.80	35,915	5.93
Loss contribution from minority interests	30	0.02	8	0.01	38	0.02	-2	0.00	19	0.00
Consolidated profit	313	0.25	1,142	0.94	1,455	0.60	2,105	0.80	35,934	5.93

Consolidated Balance Sheet

Assets in T€ (in accordance with IAS, unaudited)	31.03.02	Share in %	30.06.02	Share in %	30.06.01	Share in %	31.12.01	Share in %
A. Fixed assets	324,575	80.14	323,297	78.88	299,522	72.98	327,271	74.99
I. Goodwill	74,803	18.47	73,627	17.96	78,324	19.08	75,979	17.41
II. Other intangible assets	1,669	0.41	1,390	0.34	2,388	0.58	1,995	0.46
III. Tangible assets	230,797	56.98	231,118	56.39	191,479	46.65	231,840	53.12
IV. Financial assets	269	0.07	271	0.07	9,647	2.35	265	0.06
V. Other non-indispensable business assets	17,037	4.21	16,891	4.12	17,684	4.31	17,192	3.94
B. Current assets	78,665	19.42	82,606	20.16	108,208	26.37	108,790	24.93
I. Stocks	23,686	5.85	24,555	5.99	28,464	6.94	24,377	5.59
II. Trade debtors	44,152	10.90	48,159	11.75	54,615	13.31	71,498	16.38
III. Amounts owed by companies in which the company has a participating interest	18	0.00	20	0.00	3,372	0.82	0	0.00
IV. Tax refund claims	3,574	0.88	2,520	0.61	10,487	2.56	4,919	1.13
V. Other securities	1,134	0.28	920	0.22	2,246	0.55	684	0.16
VI. Other assets	2,029	0.50	2,114	0.52	2,804	0.68	4,906	1.12
VII. Liquid funds	4,072	1.01	4,318	1.05	6,220	1.52	2,406	0.55
C. Deferred taxes	43	0.01	88	0.02	82	0.02	45	0.01
D. Prepaid expenses	1,740	0.43	3,851	0.94	2,607	0.64	312	0.07
	405,023	100.00	409,842	100.00	410,419	100.00	436,418	100.00
Liabilities in T€ (in accordance with IAS, unaudited)								
	31.03.02	% Anteile	30.06.02	% Anteile	30.06.01	% Anteile	31.12.01	% Anteile
A. Equity	121,109	29.90	118,277	28.86	92,056	22.43	120,723	27.66
I. Subscribed capital	16,312	4.03	16,312	3.98	16,252	3.96	16,312	3.74
II. Capital reserve	49,181	12.14	49,181	12.00	49,201	11.99	49,181	11.27
III. Revenue reserve	12,834	3.17	12,806	3.12	1,705	0.42	12,462	2.86
IV. Valuation reserve	0	0.00	0	0.00	4,922	1.20	0	0.00
V. Unappropriated revenues	42,815	10.57	40,017	9.76	19,966	4.86	42,780	9.80
VI. Minority interests	-33	-0.01	-39	-0.01	10	0.00	-12	0.00
B. Long-term loan capital	173,965	42.95	171,127	41.75	135,767	33.08	177,832	40.75
I. Long-term interest-bearing loans								
Bank loans and overdrafts	139,710	34.49	136,613	33.33	101,688	24.78	143,696	32.93
II. Other long-term liabilities	11,859	2.93	11,919	2.91	11,995	2.92	11,878	2.72
III. Long-term reserves	22,396	5.53	22,595	5.51	22,084	5.38	22,258	5.10
C. Short-term loan capital	80,272	19.82	96,316	23.50	110,567	26.94	101,990	23.37
I. Short-term interest-bearing loans	5,063	1.25	18,279	4.46	17,699	4.31	10,231	2.34
II. Payments received on account	2,248	0.56	510	0.12	286	0.07	126	0.03
III. Trade creditors	21,452	5.30	22,246	5.43	35,211	8.58	38,162	8.74
IV. Amounts owed to companies in which the company has a participating interest	20	0.00	20	0.00	1,616	0.39	20	0.00
V. Other liabilities	14,156	3.50	21,168	5.16	16,473	4.01	21,771	4.99
VI. Short-term reserves	37,333	9.22	34,093	8.32	39,282	9.57	31,680	7.26
D. Deferred taxes	19,225	4.75	18,729	4.57	9,874	2.41	18,781	4.30
E. Prepaid expenses	10,452	2.58	5,393	1.32	62,155	15.14	17,092	3.92
	405,023	100.00	409,842	100.00	410,419	100.00	436,418	100.00

Consolidated Cash Flow Statement

in T€ (in accordance with IAS, unaudited)

	31.03.2002	30.06.2002	30.03.2001	30.06.2001	31.12.2001
Cash flow from operating activities					
Operating profits	3,109	8,136	3,977	10,484	72,723
Depreciation and amortisation of fixed assets	8,516	16,410	7,911	15,298	34,621
Increase/(Decrease) in provisions	1,932	(1,108)	1,758	19	(7,408)
Increase/(Decrease) in deferred taxes	446	(95)	390	1,771	10,715
(Profit)/Loss from the disposal of fixed assets	(47)	(184)	(134)	(657)	(18,556)
Operating income before changes in net current assets	13,956	23,159	13,902	26,915	92,095
(Increase)/ Decrease in stocks	692	(178)	(747)	(1,798)	2,288
(Increase)/ Decrease in trade debtors	27,346	23,339	25,554	16,234	(649)
Increase/(Decrease) in trade creditors	(16,710)	(15,916)	(9,036)	(1,179)	1,772
(Increase)/ Decrease in other net current assets	(10,430)	(7,917)	14,228	41,649	(22,030)
Cash generated from ongoing business operations	14,854	22,487	43,901	81,821	73,476
Interest income	11	18	10	47	2,335
(Payout)/ Deposit of earnings tax	4,054	(553)	(4,437)	(2,186)	(186)
Cash generated from ongoing business operations	18,919	21,952	39,474	79,682	75,625
Deposits/(Payouts) from extraordinary items	0	0	0	0	0
Net funds from operating activities	18,919	21,952	39,474	79,682	75,625
Cash flow from investing activities					
Amounts paid for investments in tangible fixed assets	(5,838)	(12,544)	(7,777)	(22,232)	(80,546)
Inflow of funds from the disposal of tangible fixed assets	224	702	190	883	21,175
Amounts paid for investments in intangible assets	(79)	(200)	(205)	(401)	(840)
Inflow of funds from the disposal of intangible assets	0	0	0	3	3
Amounts paid for investments in financial assets	(4)	(8)	(2)	(5)	(12)
Inflow of funds from the disposal of financial assets	0	1	0	0	9,390
Amounts paid for the acquisition of subsidiary companies	0	0	0	0	0
Inflow of funds from the sale of subsidiary companies	0	0	0	0	0
Dividend payments received	0	0	0	25	73
Net funds used for investing activities	(5,697)	(12,049)	(7,794)	(21,727)	(50,757)
Cash flow from financing activities					
Deposits from equity capital contributions	0	0	0	354	674
Payouts to owners of the company and minority shareholders	0	(4,338)	0	(12,425)	(12,425)
Deposits from taking up financial credits	0	0	0	0	107,412
Amounts paid for the redemption of loans and financing credits	(4,056)	(7,125)	(4,023)	(6,852)	(72,700)
Increase/(Decrease) in short-term bank loans and overdrafts	(5,116)	8,132	(29,169)	(36,859)	(44,000)
Amounts paid for the redemption of financial lease liabilities	(70)	(142)	(63)	(126)	(253)
Interest paid	(2,312)	(4,518)	(2,341)	(4,725)	(10,068)
Net funds used for financing activities	(11,554)	(7,991)	(35,596)	(60,633)	(31,360)
Cash-relevant changes in funds	1,668	1,912	(3,916)	(2,678)	(6,492)
Changes in funds due to foreign exchange rates, scope of consolidation and valuation	0	0	0	0	0
Funds at the beginning of the period	2,405	2,405	8,898	8,898	8,898
Funds at the end of the period	4,073	4,317	4,982	6,220	2,406

Consolidated Changes in Equity Capital

<i>in T€</i> (in accordance with IAS, unaudited)	Subscribed capital	Capital reserve	Other revenue reserve	Translation reserve	Valuation reserve	Consolidated profit	Minority interests	Total
Balance as at 1 January 2001	16,201	48,899	1,614	19	4,973	30,025	(8)	101,723
Revaluation of securities					(51)			(51)
Differences arising from foreign exchange translation				72		261	15	348
Profit and loss not shown in PLA				72	(51)	261	15	297
Result for the period						2,105	2	2,107
Dividends						(12,425)		(12,425)
Issuance of subscribed capital	52	302						354
Balance as at 30 June 2001	16,253	49,201	1,614	91	4,922	19,966	9	92,056
Balance as at 1 January 2002	16,312	49,181	12,614	(153)	0	42,780	(12)	120,722
Revaluation of securities								0
Differences arising from foreign exchange translation				345		159	10	514
Profit and loss not shown in PLA				345		159	10	514
Result for the period						1,417	(38)	1,379
Dividends						(4,338)		(4,338)
Issuance of subscribed capital								
Balance as at 30 June 2002	16,312	49,181	12,614	192	0	40,018	(40)	118,277

Other operating expenses *Group*

<i>in T€</i> (in accordance with IAS, unaudited)	Q I 2002	Q II 2002	01–06 2001	01–12 2001
Overhead expenses	1,214	2,590	2,534	5,362
Rental and leasing expenses	1,712	2,989	4,538	9,496
Ancillary wage costs	1,095	2,212	2,063	4,964
Maintenance costs	3,637	7,325	12,994	20,869
Contribution payments and insurance premiums	629	1,251	672	1,689
Sales and marketing costs	4,555	9,140	9,635	22,608
Administration costs	2,433	4,892	6,071	12,975
Other expenses	433	1,189	1,484	5,432
Other taxes / taxes chargeable as expenses	291	556	621	1,476
	15,999	32,144	40,612	84,871

Financial calendar

Extraordinary shareholders' general meeting, Stuttgart*	20 September 2002
Interim report for the first quarter	February 2003
General shareholders' meeting	February/March 2003

** A proposal will be made at the extraordinary general meeting that the financial year should be changed. The dates proposed are subject to the consent of the general meeting.*

Contact

schlott sebalduS AG

Wittlensweilerstraße 3
D-72250 Freudenstadt

Investor Relations

Marco Walz

Telefon +49.7441.531-230

Telefax +49.7441.531-404

www.schlottsebalduS.de

marco.walz@schlottsebalduS.de

The interim report complies with the regulations of IAS 34. It is based on the same balance sheet and valuation methods as the annual financial statements for 2001.

Should the German and English versions of the quarterly report give rise to discrepancies in interpretation, the German version shall prevail.