

# Nine Months Report 2003/2004

## An Overview

### AMADEUS FIRE Group Financial Summary

Amounts in EUR k	01.04. – 31.12.2003	01.04. – 31.12.2002	Divergency in %
<b>Sales revenues</b>	<b>36.272</b>	<b>47.506</b>	<b>-23,6</b>
<b>Gross profit on sales</b>	<b>14.304</b>	<b>18.057</b>	<b>-20,8</b>
Gross profit margin in %	39,4	38,0	
<b>EBITDA</b>	<b>2.489</b>	<b>4.967</b>	<b>-49,9</b>
EBITDA-margin in %	6,9	10,5	
<b>EBITA</b>	<b>1.512</b>	<b>4.009</b>	<b>-62,3</b>
EBITA-margin in %	4,2	8,4	
<b>EBIT</b>	<b>456</b>	<b>2.985</b>	<b>-84,7</b>
EBIT-margin in %	1,3	6,3	
<b>Profit before tax</b>	<b>609</b>	<b>3.307</b>	<b>-81,6</b>
PBT margin in %	1,7	7,0	
<b>Net earnings</b>	<b>-315</b>	<b>1.477</b>	<b>-121,3</b>
Net earnings margin in %	-0,9	3,1	
<b>Balance sheet total</b>	<b>29.505</b>	<b>35.890</b>	<b>-17,8</b>
<b>Stockholders' equity</b>	<b>21.847</b>	<b>24.103</b>	<b>-9,4</b>
<b>Cash and cash equivalents</b>	<b>11.577</b>	<b>15.821</b>	<b>-26,8</b>
<b>Net cash from operating activities</b>	<b>1.165</b>	<b>3.279</b>	<b>-64,5</b>
<b>Net cash from operating activities per share</b>	<b>0,22</b>	<b>0,62</b>	
<b>Earnings per share</b>	<b>-0,06</b>	<b>0,28</b>	<b>-121,1</b>
Average number of shares undiluted	5.295.064	5.248.768	
<b>Earnings per share diluted</b>	<b>-0,06</b>	<b>0,27</b>	<b>-121,4</b>
Average number of shares diluted	5.540.711	5.555.444	
<b>Average number of employees</b>	<b>815</b>	<b>1.097</b>	<b>-25,7</b>



## Management's Discussion

### **Consolidated Financial Statements 9 Months of Fiscal Year 2003/2004 (01.04. – 31.12.2003)**

After 9 months of the fiscal year the Group achieves consolidated sales revenues of EUR k 36.272 (prior year: EUR k 47.506), a decline of 23,6 per cent. Sales revenues are below the plan for the reporting period. The consolidated financial statements are prepared in accordance with IFRS and show at 31. December 2003 the following revenues in the different services:

- Temporary staffing EUR k 22.130; a decrease of 32,1 per cent
- Interim and project management EUR k 5.550; a decrease of 13,9 per cent
- Permanent placement EUR k 2.371; a decrease of 7,2 per cent
- Executive search EUR k 548; a decrease of 51,2 per cent
- Training & education EUR k 5.673; an increase of 18,4 per cent

While the temporary staffing market shows first signs of recovery in the blue collar area, there is still a late cyclical decline in demand in the specialized staffing market, especially in finance & accounting. Many companies continue their restrictive hiring policies and cut down investments. An increase of the demand for specialized temporary staffing services is yet not foreseeable. The revenues of interim and project management services and permanent placement could not reach prior year levels in a weak economic environment, but are within the projections. The strong decline of executive search revenues is impacted by the weak market and the changing general conditions of the industry. Therefore the AMADEUS FIRE Group has reorganized the offered services.



## Management's Discussion

Steuer-Fachschule Dr. Endriss continued the positive development. By introducing new seminars and improving training courses the leading market position was enlarged. Sales increased by 18 per cent compared to prior year.

After 9 months of the fiscal year AMADEUS FIRE Group achieved a gross profit of EUR k 14.304 (prior year: EUR k 18.057). The gross profit margin gained 138 basis points, improving from 38,0 per cent to 39,4 per cent. In the 3rd quarter of fiscal year 2003/2004 the gross profit margin was improved by 220 basis points.

The utilization rate in temporary staffing showed an expected seasonal decline in the 3rd quarter, but improved compared to prior year.

The selling and administrative expenses decreased by 9 per cent from EUR k 14.077 to currently EUR k 12.817. Major cost cuttings in branch offices as well as in administration were executed. Partly these savings are compensated by increased marketing spending and one time merger costs.

At 31<sup>st</sup> of December 2003 the EBITA totals to EUR k 1.512 (prior year: EUR k 4.009), a reduction by 62,3 per cent. The EBITA margin after 9 months was 4,2 per cent compared to 8,4 per cent of prior year. In the 3rd quarter of fiscal year 2003/2004 an EBITA margin of 2,1 per cent (prior year 3,6 per cent) was achieved. The planned result for the first nine months was met.



## Management's Discussion

The AMADEUS FIRE Group states a nine months net income of EUR k -315 after achieving a net income of EUR k 1.477 in the prior year. The undiluted earnings per share including goodwill amortization amount to EUR -0,06 (prior year: EUR 0,28).

### Financial Situation

After nine months capital expenditure of software and equipment amounts to EUR k 717. Disposals of fixed assets total to EUR k 202.

In August 2003 a dividend of EUR k 2.224 has been paid to the shareholders. For outstanding purchase price instalments of acquisitions EUR k 696 were paid to the former shareholders of Greenwell Gleeson Limited. An additional cash out of EUR k 504 occurred due to the acquisition of the minority interests of Föhr Human Resources.

At 31.12.2003 the cash position of the AMADEUS FIRE Group totals to EUR k 11.577.



## Management's Discussion

### Prospects

Since January 1st, 2004 the new regulations of the temporary staffing act are effective. The AMADEUS FIRE AG has joined the employers' association IGZ and applies to their collective labour agreement. A price increase of temporary staffing services rendered by the AMADEUS FIRE AG due to the application of the collective labour agreement will not occur.

Despite the first signs of increase of demand in the blue collar area of the temporary staffing market, a short term recovery in the specialized area is not foreseeable. The general economic situation in Germany as well as the investing activities of the companies will not improve remarkably during the current quarter.

Due to the expected flat demand in the 4th quarter compared to the previous quarter the management revises the EBITA projections for the current fiscal year to approx. EUR 2,2 Mio.

Frankfurt, January 21<sup>st</sup>, 2004



Günter Spahn  
CEO & Chairman  
of the Board



Peter Haas  
CFO &  
Board Member



Christian Schreiter  
Board Member

# Consolidated Income Statement

Nine Months of Fiscal Year 2003/2004

Amounts stated in EUR k	01.04. – 31.12.2003	01.04. – 31.12.2002
Sales revenues	36.272	47.506
Cost of rendered services	-21.968	-29.449
<b>Gross profit</b>	<b>14.304</b>	<b>18.057</b>
Selling expenses	-9.487	-10.590
Administrative expenses	-3.329	-3.487
Other operating income	49	35
Other operating expenses	-24	-6
<b>Income from operations before goodwill amortization</b>	<b>1.512</b>	<b>4.009</b>
Goodwill amortization	-1.056	-1.023
<b>Income from operations</b>	<b>456</b>	<b>2.986</b>
Financial result	153	321
<b>Income before taxes</b>	<b>609</b>	<b>3.307</b>
Income taxes	-310	-1.605
<b>Income after taxes</b>	<b>299</b>	<b>1.702</b>
Minority interests in profit/loss	-614	-225
<b>Net income for the period</b>	<b>-315</b>	<b>1.477</b>
<b>Earnings per share</b>		
basic (euro/share)	-0,06	0,28
diluted (euro/share)	-0,06	0,27

# Consolidated Income Statement

3<sup>rd</sup> Quarter of Fiscal Year 2003/2004

Amounts stated in EUR k	01.10. – 31.12.2003	01.10. – 31.12.2002
Sales revenues	11.102	14.643
Cost of rendered services	-6.945	-9.483
<b>Gross profit</b>	<b>4.156</b>	<b>5.160</b>
Selling expenses	-2.925	-3.411
Administrative expenses	-1.004	-1.221
Other operating income	11	7
Other operating expenses	-10	-9
<b>Income from operations before goodwill amortization</b>	<b>228</b>	<b>526</b>
Goodwill amortization	-355	-341
<b>Income from operations</b>	<b>-127</b>	<b>185</b>
Financial result	52	105
<b>Income before taxes</b>	<b>-75</b>	<b>290</b>
Income taxes	79	-268
<b>Income after taxes</b>	<b>4</b>	<b>22</b>
Minority interests in profit/loss	-217	-16
<b>Net income for the period</b>	<b>-212</b>	<b>6</b>
<b>Earnings per share</b>		
basic (euro/share)	-0,04	0,00
diluted (euro/share)	-0,04	0,00



# Consolidated Balance Sheet

Amounts stated in EUR k	31.12.2003	31.03.2003
<b>Assets</b>		
<b>Non-current assets</b>		
Software	723	313
Goodwill	10.334	10.950
Property, plant & equipment	1.920	2.792
Deferred taxes	209	203
	<b>13.186</b>	<b>14.258</b>
<b>Current assets</b>		
Trade receivables and other assets	4.256	5.014
Prepaid expenses	486	400
Cash and cash equivalents	11.577	13.961
	<b>16.319</b>	<b>19.375</b>
<b>Total assets</b>	<b>29.505</b>	<b>33.633</b>
<b>Equity &amp; Liabilities</b>		
<b>Equity</b>		
Capital stock	5.295	5.295
Capital reserve	12.099	12.099
Legal reserves	30	30
Adjustment item from currency translation	-84	-67
Retained earnings	4.507	7.046
	<b>21.847</b>	<b>24.403</b>
<b>Minority interests</b>	<b>733</b>	<b>558</b>
<b>Current liabilities</b>		
Provisions for taxes	65	400
Trade payables	529	801
Other liabilities and accruals	6.331	7.471
	<b>6.925</b>	<b>8.672</b>
<b>Total equity &amp; liabilities</b>	<b>29.505</b>	<b>33.633</b>

# Statement of Changes in Equity

Amounts stated in EUR k	Capital stock	Capital reserve	Legal reserves	Currency translation	Retained earnings	Total
<b>01.04.2002</b>	<b>5.212</b>	<b>12.099</b>	<b>30</b>	<b>8</b>	<b>7.434</b>	<b>24.783</b>
Dividends paid	0	0	0	0	-2.189	-2.189
Capital increase	83	0	0	0	0	83
Currency translation	0	0	0	-52	0	-52
Net income	0	0	0	0	1.477	1.477
<b>31.12.2002</b>	<b>5.295</b>	<b>12.099</b>	<b>30</b>	<b>-44</b>	<b>6.722</b>	<b>24.103</b>
<b>01.01.2003</b>	<b>5.295</b>	<b>12.099</b>	<b>30</b>	<b>-44</b>	<b>6.722</b>	<b>24.103</b>
Currency translation	0	0	0	-23	0	-23
Net income	0	0	0	0	324	324
<b>31.03.2003</b>	<b>5.295</b>	<b>12.099</b>	<b>30</b>	<b>-67</b>	<b>7.046</b>	<b>24.403</b>
<b>01.04.2003</b>	<b>5.295</b>	<b>12.099</b>	<b>30</b>	<b>-67</b>	<b>7.046</b>	<b>24.403</b>
Dividends paid	0	0	0	0	-2.224	-2.224
Currency translation	0	0	0	-17	0	-17
Net income	0	0	0	0	-315	-315
<b>31.12.2003</b>	<b>5.295</b>	<b>12.099</b>	<b>30</b>	<b>-84</b>	<b>4.507</b>	<b>21.847</b>

# Consolidated Cash Flow Statement

Nine Months of Fiscal Year 2003/2004

Amounts stated in EUR k	01.04. – 31.12.2003	01.04. – 31.12.2002
<b>Cash Flow from operating activities</b>		
Net income before taxes and minority interest	-5	3.082
Depreciation/amortization on non-current assets	2.033	1.981
Financial income	-176	-367
Interest expenses	23	46
<b>Operating result before changes to net working capital</b>	<b>1.875</b>	<b>4.742</b>
Increase/decrease in trade receivables and other receivables	765	1.149
Increase/decrease in deferred tax assets	-6	43
Increase/decrease in prepaid expenses	-86	-28
Increase/decrease in trade payables, other liabilities and accruals	-520	-445
<b>Cash generated from operations</b>	<b>2.028</b>	<b>5.461</b>
Interest paid	-36	-19
Income taxes paid	-827	-2.163
<b>Net cash flow from operating activities</b>	<b>1.165</b>	<b>3.279</b>

# Consolidated Cash Flow Statement

Nine Months of Fiscal Year 2003/2004

Amounts stated in EUR k	01.04. – 31.12.2003	01.04. – 31.12.2002
Balance carried forward	1.165	3.279
<b>Cash Flow from investing activities</b>		
Acquisitions of minority interests	-504	0
Cash out of purchase price instalments	-696	-3.532
Purchase of intangible assets and property, plant and equipment	-717	-1.104
Disposals of non-current assets	202	268
Interest received	169	327
<b>Net cash used for investing activities</b>	<b>-1.546</b>	<b>-4.041</b>
<b>Cash Flow from financing activities</b>		
Contribution to equity / netting of equity transaction costs	-18	31
Minority interests	239	-14
Dividends paid	-2.224	-2.189
<b>Net cash used for financing activities</b>	<b>-2.003</b>	<b>-2.172</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-2.384</b>	<b>-2.934</b>
<b>Cash and cash equivalents at the beginning of fiscal year</b>	<b>13.961</b>	<b>18.755</b>
<b>Cash and cash equivalents at 31<sup>st</sup> of December</b>	<b>11.577</b>	<b>15.821</b>

# Segment reporting

Nine Months of Fiscal Year 2003/2004

Amounts stated in EUR k	Temporary staffing/ interim and project management/ permanent placement/ executive search	Training and education	Eliminations	Consoli- dated
<b>01.04.–31.12.2003</b>				
<b>Sales</b>				
External sales	30.599	5.673	0	36.272
Inter-segment sales	0	7	-7	0
<b>Total revenue</b>	<b>30.599</b>	<b>5.680</b>	<b>-7</b>	<b>36.272</b>
<b>Segment result</b>	<b>2.380</b>	<b>1.381</b>	<b>0</b>	<b>3.761</b>
<b>Segment result before goodwill amortization</b>	<b>3.140</b>	<b>1.677</b>	<b>0</b>	<b>4.817</b>
<b>01.04.–31.12.2002</b>				
<b>Sales</b>				
External sales	42.716	4.790	0	47.506
Inter-segment sales	1	0	-1	0
<b>Total revenue</b>	<b>42.717</b>	<b>4.790</b>	<b>-1</b>	<b>47.506</b>
<b>Segment result</b>	<b>5.963</b>	<b>481</b>	<b>-1</b>	<b>6.443</b>
<b>Segment result before goodwill amortization</b>	<b>6.691</b>	<b>777</b>	<b>-1</b>	<b>7.467</b>

## **Accounting according to International Financial Reporting Standards (IFRS)**

As a public enterprise, the AMADEUS FIRE Group has made use of the provision in Sec. 292a of the German commercial code (HGB). The present interim report was prepared in accordance with the IFRS published by the International Accounting Standards Board (IASB) and with their interpretations by the International Financial Reporting Interpretations Committee (IFRIC).

## **Basis of preparation**

The interim report was prepared in accordance with IAS 34 (Interim Financial Reporting).

## **Accounting and valuation methods**

In preparing the interim financial statements the same accounting and valuation methods as in the last end-of-year consolidated financial statements were applied. A detailed description of the methods applied is given in the notes to the companies annual report 2002/2003.

## **Consolidated companies**

Since the end of last fiscal year 2002/2003 on March 31, 2003, no changes have occurred in the list of consolidated companies. Following the approval of the annual shareholders meeting on August 6th 2003, FIRE AG was merged with AMADEUS AG. AMADEUS AG was renamed to AMADEUS FIRE AG.

## **Changes in the group**

The minority shareholders of Föhr Human Resources Personalberatung GmbH exercised their put option on the remaining 25 per cent of their shares. The put option was fixed irrevocably in the investment contract of April 2, 2001. At June 27, 2003, Amadeus AG acquired the minority shares. Thus Föhr Human Resources Personalberatung GmbH is a 100 per cent daughter company of AMADEUS FIRE AG. The cash out totals to KEUR 502 and was paid in July. The company was renamed to Greenwell Gleeson search & selection GmbH.

## **Segment reporting**

Pursuant to IAS 14.35, segment reporting for geographical segments is not necessary.

## **Material events after closing**

There have been no material events subsequent to the end of the interim period that have not been reflected in the financial statements.

Responsible

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