



REPORT FOR THE PERIOD FROM
1 JANUARY 2002 TO 30 SEPTEMBER 2002

ECONOMIC DEVELOPMENT

The ongoing weakness of the economy as a whole and the reservation on the part of consumers in the retail trade have also had a considerable impact on the results of the Essanelle Hair Group AG. Nevertheless, total sales by the company rose by 1.7% to EUR 88.0 million, following on from EUR 86.6 million in the same period the previous year; these figures are still lower than the original planning for the year.

As in the past the essanelle Ihr Friseur concept made the largest contribution to sales with a sum of EUR 63.2 million. With the Super Cut concept revenues rose by some 26.1% to a figure of EUR 10.6 million. The HairExpress salons were also able to post a clear increase of 34.5% in earnings to EUR 4.6 million. The Jürgen Tröndle brand contributed EUR 4.5 million; Mod's Hair, as a franchise concept, contributed EUR 3.7 million to total sales. The franchisee also attained external sales of EUR 8.8 million.

The Essanelle Hair Group was also able to post a rise in sales of products specific to hairdressers, the products with the highest return: Total sales in the salons and the Beauty Hair Shops increased by 9.6% to EUR 11.0 million. Their share of total revenues increased from 11.6% in the same period

last year to 12.5% in the first nine months of 2002. Sales at the Service division amounted to EUR 73.7 million. This represents an increase of 0.5%, following on from EUR 73.4 million in the same period of the previous year, and 83.8% of the total sales. Franchise revenues amounted to EUR 3.2 million, and thus to 3.7% of total sales revenues.

Earnings at the Essanelle Hair Group suffered considerably under the development of sales, which although rising and still lower than the original expectations. The measures initiated in the course of the year to lower costs at all levels and to adapt to the weak economic climate will only take effect towards the end of the year and at the beginning of 2003.

After the deduction of operating costs, which are still geared to much higher sales, the EBITDA fell to EUR 3.2 million, following on from EUR 3.3 million in the first nine months of 2001. The EBIT was EUR -2.2 million, compared to EUR -1.9 million in the same period of the previous year. Earnings before taxes improved slightly, from EUR -3.6 million to EUR -3.4 million.

The Essanelle Hair Group AG is continuing with the gradual implementation of its package of measures to lower operating and strategic costs.

INVESTMENT

In the first three quarters of 2002 the Essanelle Hair Group AG invested some EUR 3.4 million, with the bulk of this sum accounted for by new salons, and in particular by Super Cut with 6 new salons and HairExpress with 11 new salons. In total 32 new salons were opened in the first nine months and 14 salons were closed.

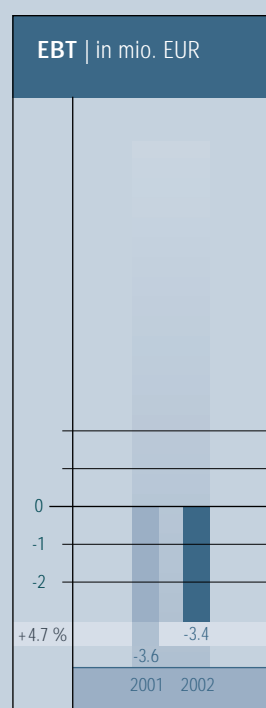
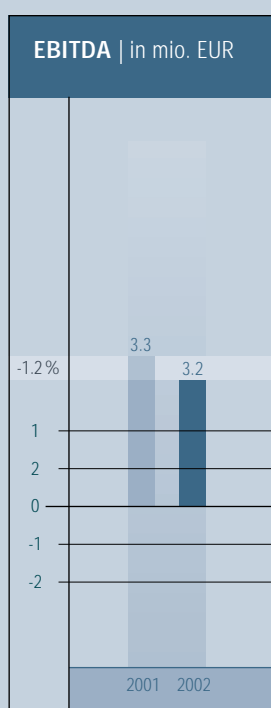
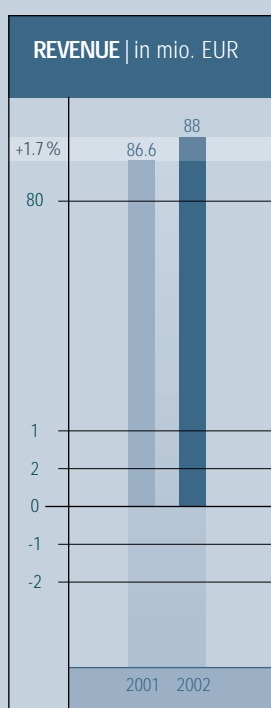
DEVELOPMENT OF COSTS AND PRICES

Prices and costs developed, as expected by the company, within the framework of overall economic developments. The Essanelle Hair Group increased prices to a slight degree in the first nine months of the year.

EMPLOYEES

As of 30 September 2002 the Essanelle Hair Group AG employed some 4,500 staff (comparative quarter previous year: 5,100 staff). The reduction in staffing levels primarily resulted from the sale of the salons in Poland and some salons in Germany. The proportion of part-time staff amounts to some 30%, a figure that is typical for the industry.

FIGURES, FIRST NINE MONTHS 2002/2001 (IAS)



CONSOLIDATED BALANCE SHEET (IAS) AS AT 30 SEP 2002

ASSETS

	30 SEP 2002	30 SEP 2001
	EUR	EUR
LONG-TERM ASSETS		
Intangible assets		
Industrial property and similar rights and licences for such rights	299,996.05	294,634.27
Goodwill	13,861,431.03	16,236,462.57
Brand names	8,754,113.57	9,304,110.25
	22,915,540.65	25,835,207.09
Property, plant and equipment		
Equipment and fittings including leasehold improvements	23,902,835.09	24,533,546.48
Advance payments	416,000.00	357,904.34
	24,318,835.09	24,891,450.82
Investments		
Investments in other companies	0.00	4,954.59
Loans to subsidiaries	0.00	16,578.98
Other loans	14,554.24	17,518.81
	14,554.24	39,052.38
Tax deferrals	2,764,390.96	2,486,515.92
	50,013,320.94	53,252,226.21
SHORT-TERM ASSETS		
Inventories		
Merchandise	5,448,085.49	4,699,163.04
Advance payments	1,440.00	0.00
	5,449,525.49	4,699,163.04
Accounts receivable and other assets		
Accounts receivable	494,485.93	472,220.55
Other assets	2,831,446.97	1,512,952.12
	3,325,932.90	1,985,172.67
Cash in hand and cash at banks	7,861,253.54	10,351,159.41
	16,636,711.93	17,035,495.12
PREPAID EXPENSES	496,271.40	391,729.37
	67,146,304.27	70,679,450.70

LIABILITIES AND SHAREHOLDERS' EQUITY

	30 SEP 2002	30 SEP 2001
	EUR	EUR
SHAREHOLDERS' EQUITY		
Share capital	4,500,000.00	4,500,000.00
Share premium account	15,136,074.22	15,069,819.41
profit reserve	0.00	0.00
Profit/loss carried forward	-4,142,516.67	-712,759.51
Consolidated profit/loss	-2,310,280.66	-2,353,501.85
	13,183,276.90	16,503,558.05
MINORITY INTEREST	0.00	0.00
LONG-TERM LIABILITIES		
Interest-bearing liabilities to banks	20,065,660.90	23,275,884.45
Interest-bearing liabilities from lease contracts	2,059,276.29	2,565,634.49
Other long-term interest-bearing liabilities	6,068,770.77	5,008,667.43
Pension accruals	225,470.00	185,107.61
	28,419,177.96	31,035,293.98
CURRENT LIABILITIES		
Interest-bearing liabilities to banks	50,224.04	2,592,005.84
Accounts payable	3,925,358.68	3,437,742.56
Other current interest-bearing liabilities	5,532,976.08	5,886,918.45
Other current liabilities	11,475,484.19	7,107,959.44
Accrued taxes	46,524.46	159,658.59
Other accruals	4,513,281.96	3,955,676.34
	25,543,849.41	23,139,961.22
DEFERRED REVENUE	0.00	637.45
	67,146,304.27	70,679,450.70

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT IN ACCORDANCE WITH IAS FROM 1 JANUARY 2002 TO 30 SEPTEMBER 2002

	1 JAN - 30 SEP 2002	1 JAN - 30 SEP 2001
	EUR	EUR
Revenue	87,993,529.89	86,559,380.97
Other operating income	1,243,611.57	797,213.40
Cost of materials		
Cost of goods purchased	-7,687,183.36	-7,457,301.44
Personnel expenses		
Wages and salaries	-43,831,211.52	-42,036,182.28
Social security, pension and other benefit costs (pensions)	-9,736,853.21 (-71,244.80)	-9,456,293.26 (-27,501.89)
Depreciation and amortisation	-5,432,024.54	-5,123,772.18
Other operating expenses	-24,771,318.30	-25,156,827.20
Profit/loss from operating activities	-2,221,449.47	-1,873,781.99
Income from long-term investments	23,462.62	0.00
Other interest and similar income	155,317.95	407,275.90
Depreciation on investments		-17,750.24
Interest and similar expenses	-1,381,993.73	-2,109,842.40
Investment income	-1,203,213.16	-1,720,316.74
Profit/loss from ordinary activities	-3,424,662.63	-3,594,098.73
Income tax	1,154,648.64	1,224,251.89
Other tax	40,266.67	-832.56
Consolidated net loss for the year	-2,310,280.66	-2,370,679.40
Portion of loss allocated to third-party shareholders	0.00	17,177.55
CONSOLIDATED LOSS	-2,310,280.66	-2,353,501.85

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT (IAS) AS AT 30 SEPTEMBER 2002

	1 JAN - 30 SEP 2002	1 JAN - 30 SEP 2001
	'000 EUR	'000 EUR
CASH FLOW FROM OPERATING ACTIVITIES		
Consolidated net loss for the year	-2,310	-2,354
Adjustments for transference of result for the year to receipts/(expenses)		
Amortisation of goodwill	2,018	1,790
Depreciation of other fixed assets	3,404	3,351
Increase (decrease) in accruals	644	576
Profit/loss from disposals of fixed assets	5	215
Interest expense	1,227	1,703
Income tax	-1,155	-1,224
Income tax paid	-31	-148
Interest paid	-809	-920
Decrease (increase) in assets and increase (decrease) in liabilities		
Inventories	-718	-872
Accounts receivable and other assets	-1,224	-296
Accounts payable and other current liabilities	1,587	-639
	2,639	1,182
CASH FLOW FROM INVESTING ACTIVITIES		
Receipts from disposals of fixed assets	1,394	89
Expenditure on investment in fixed assets	-3,385	-9,483
Acquisition of subsidiaries net of cash acquired	0	0
	-1,991	-9,394
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts from increase in capital	0	3,067
Receipts from flotation	0	13,079
Flotation costs paid	0	-3,208
Change in financial liabilities		
Expenditure on discharge of liabilities	-6,420	-31,213
Receipts from new loans taken up	2,775	35,001
	-3,645	16,726
CHANGE IN FUNDS HELD	-2,997	8,514
Funds held at start of year	10,858	1,837
FUNDS HELD AT END OF YEAR	7,861	10,351

*Totals may vary due to roundings

OUTLOOK

__The overall economic situation has not improved in the course of the year, and if anything will deteriorate as a result of current economic policy plans and the subsequent reticence on the part of consumers. Among the measures to reduce costs are withdrawal from SMAX as of December 2002 and the intention to comply with the demands of the new General Standard from 2003 onwards. While this still allows for extensive information for shareholders, the costs of complying with the demands of the Prime Standard are out of all proportion to the economic situation of the company. The measures already initiated in the course of the year allow for an improvement in the sales figures over the previous year. The decisive factor here will be the traditionally strong Christmas trade. The implementation of the reduction in the workforce and the streamlining of structures will not take full effect until 2003 and will only improve the result for 2002 as a whole to a slight degree.

CONTACT

Investor Relations, Business Press
Haubrok Investor Relations
Michael Müller
+49.(0)211.301260
m.mueller@haubrok.de
www.haubrok.de

Public Relations
grimm-pr
Ingrid Grimm
+49.(0)211.5590600
info@grimm-pr.de
www@grimm-pr.de

Business
Essanelle Hair Group
Dr. Norbert Breuer
+49.(0)211.1748-0
Norbert.Breuer@essanelle.de
www.essanelle-hair-group.com