SINNERSCHRADER GROUP
ANNUAL REPORT 2011/2012

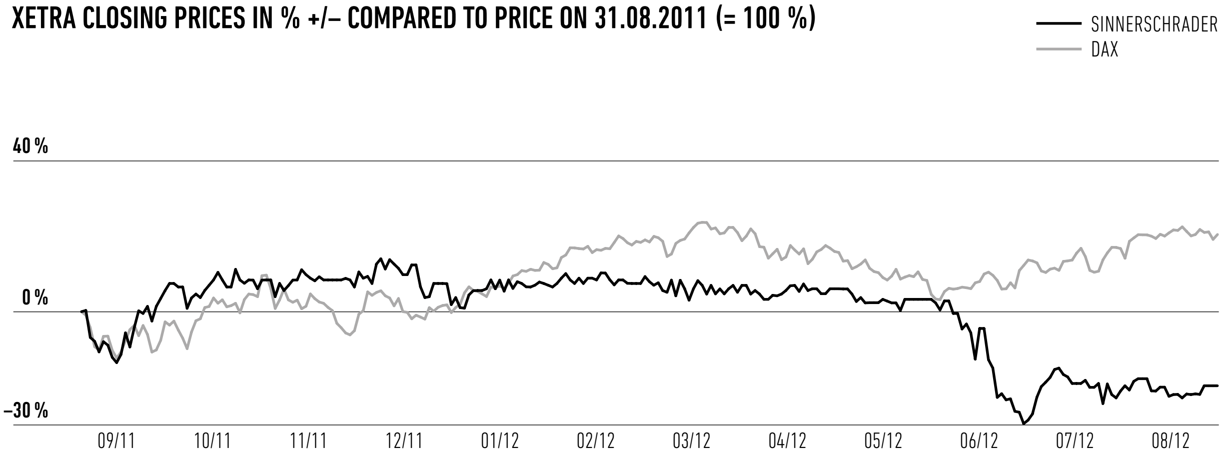
KEY FIGURES OF THE SINNERSCHRADER GROUP

		2011/2012	2010/2011	Change
Net revenues	€ 000s	35,984	30,909	+16 %
EBITA	€ 000s	1,627	2,612	-38 %
Relation of the EBITA to net revenues (Operating margin)	%	4.5	8.5	-47 %
Net income attributable to the shareholders of SinnerSchrader AG	€ 000s	157	1,278	-88 %
Net income per share	€	0.01	0.11	-88 %
Cash flows from operating activities	€ 000s	2,094	450	+365 %
Employees, full-time equivalents	number	388	335	+16 %

		31.08.2012	31.08.2011	Change
Liquid funds and securities	€ 000s	5,197	5,743	-10 %
Shareholders' equity	€ 000s	12,133	13,203	-8 %
Shareholders' equity rate	%	57	59	-3 %
Employees, end of period	number	420	400	+5 %

SINNERSCHRADER SHARE PRICE PERFORMANCE

XETRA CLOSING PRICES IN % +/– COMPARED TO PRICE ON 31.08.2011 (= 100 %)



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SINNERSCHRADER GROUP

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SINNERSCHRADER

RADICAL RELATIONSHIPS

IN FIVE YEARS, CARS WILL BE MORE DIGITAL THAN TODAY'S MOBILE PHONES.

– MANUEL STOLTE / INSIGHT & STRATEGY / SINNERSCHRADER –

Global client: As a digital lead agency, SinnerSchrader has been taking care of ŠKODA since the summer of 2012. Together with its creative agency Haasenstein, SinnerSchrader is now responsible for all the car manufacturer's global digital marketing tasks.

ŠKODA

SINNERSCHRADER

/HAMBURG
/FRANKFURT AM MAIN
/MUNICH
/PRAGUE

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/ŠKODA
/ALLIANZ
/REWE
/HOLY FASHION GROUP

Competition was keen, but in the end SinnerSchrader won through against many international agencies. ŠKODA preferred the combination of platform and communication competence offered by SinnerSchrader. SinnerSchrader decided to set up its own branch office in Prague in order to be as close as possible to its new major customer. As part of the ŠKODA marketing hot house, in which the car brand pools its strategic agency partners, 20 SinnerSchrader consultants, designers and technicians will take care of the VW subsidiary in the Czech capital.

This is an exciting challenge for the agency, it being the second new operation opened by SinnerSchrader during the current financial year. A few weeks previously, a decision was taken to set up an office in Munich, from which an interdisciplinary SinnerSchrader team now takes care of the global presentation of Allianz. SinnerSchrader thus became considerably more international in 2011/2012 – also in its mindset. The ability to think projects cross-border is becoming increasingly important. The agency has proved that it has everything it takes to succeed, for example with the international brand rollout of the luxury group PPR or the recent relaunch of Europcar.com, the reservation platform of the largest rental car company in Europe.

ALLIANZ

TURN CUSTOMERS AND INSURERS INTO PARTNERS.

– CHRISTIAN MESSERSCHMIDT / ACCOUNT MANAGEMENT / SINNERSCHRADER –

Worldwide platform: SinnerSchrader takes care of Allianz from its offices in Hamburg and Munich. The teams recently implemented a global interaction platform across all their locations for the insurance group.

SINNERSCHRADER MOBILE

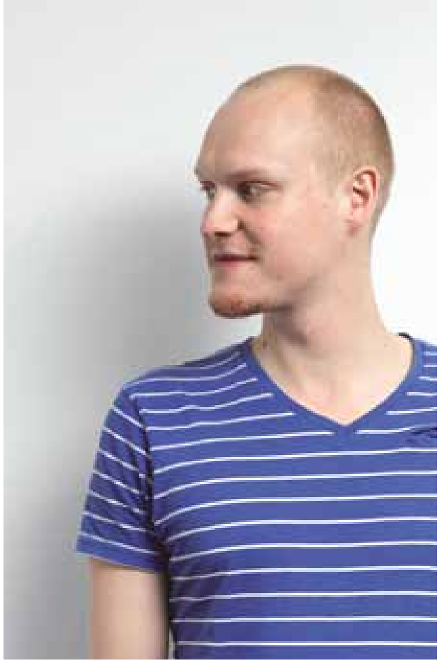
FULL-SERVICE MOBILE AGENCY

AN APP TO MAKE YOU CRAVE PLEASURE.

– BEATRICE ALLESCH / MOBILE CONCEPT / SINNERSCHRADER MOBILE –

Sensual Mobile Commerce: a team from SinnerSchrader Mobile developed a top-notch mobile app for the exclusive Wine in Black wine shopping club.

WINE IN BLACK



SINNERSCHRADER MOBILE

Wine stands for sensuality and emotion. Wine in Black and SinnerSchrader Mobile have transferred this to a mobile app. The app appeals to our senses and is, at the same time, quite natural, starting with the backgrounds in a wood and paper look, to particularly smooth usability and the decision to develop the application especially for an iPhone. Only such native apps can fully exploit the opportunities provided by smart phones. The result: the Wine in Black app literally feels good.

The app forms the appropriate setting for the premium wines Wine in Black offers to its customers at attractive conditions. The app is rounded off with mobile-only specials and time-limited offers in the form of countdowns.

With its strong focus on mobile e-commerce, Wine in Black stands for a new corporate generation for which a mobile application is more than a mere extension of a website presented on a smart phone.

Merian is one of these companies. Together with SinnerSchrader Mobile, Merian has brought its travel guides to mobile phones: always at hand, simple, convenient and intelligent. The high-quality Merian content is thus available where it is needed most, when on the road.

Karstadt is also focusing on mobile contents. In the “Style News”, published on tablets, magazines and catalogues blend to become a magalog with an integrated order function.

Karstadt or Merian, Wine in Black or any of the other numerous new customers: this is where SinnerSchrader Mobile gives proof of the full scope of its service competence as a full-service agency in terms of strategy, concept, design and technology.

/BERLIN

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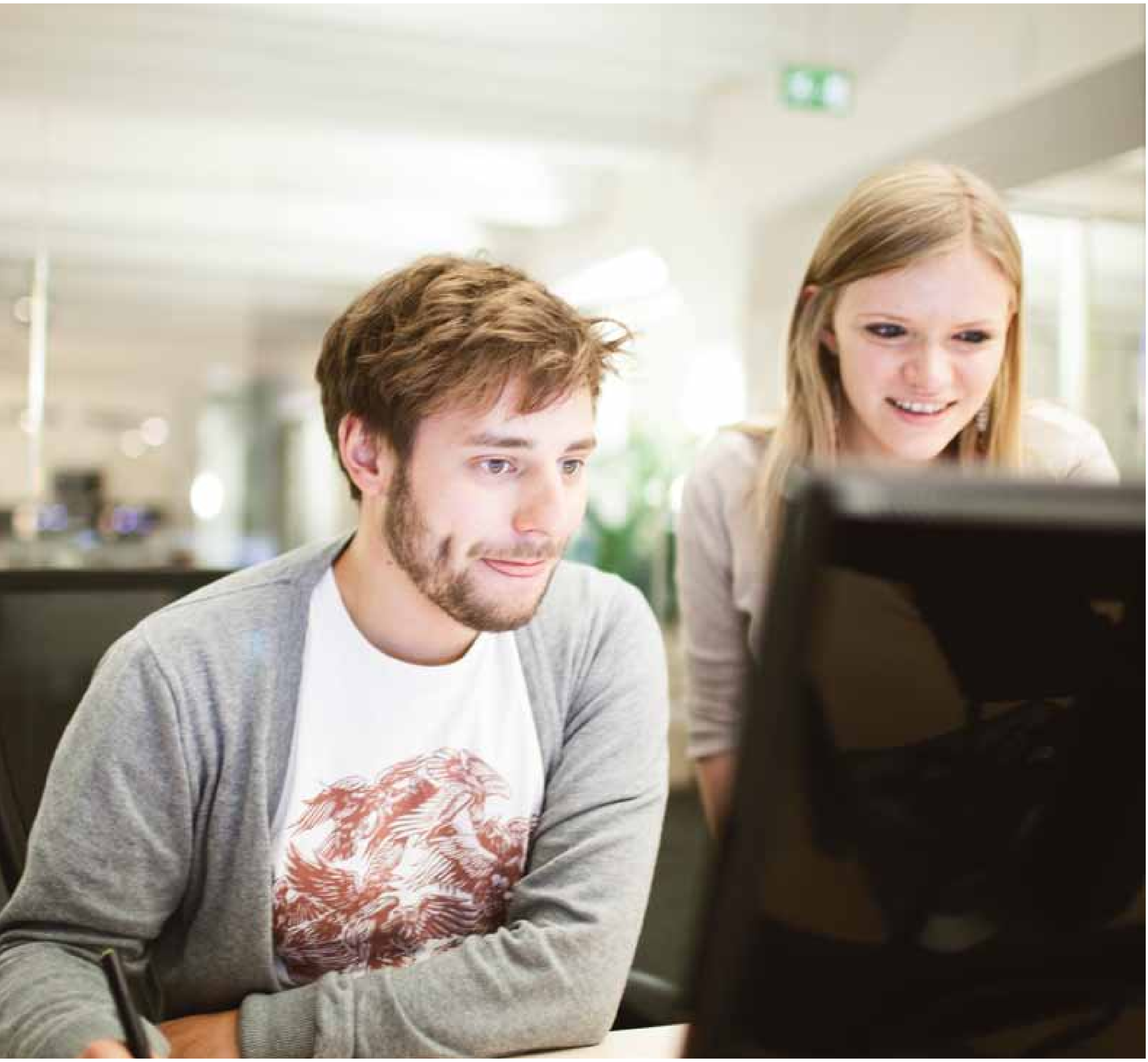
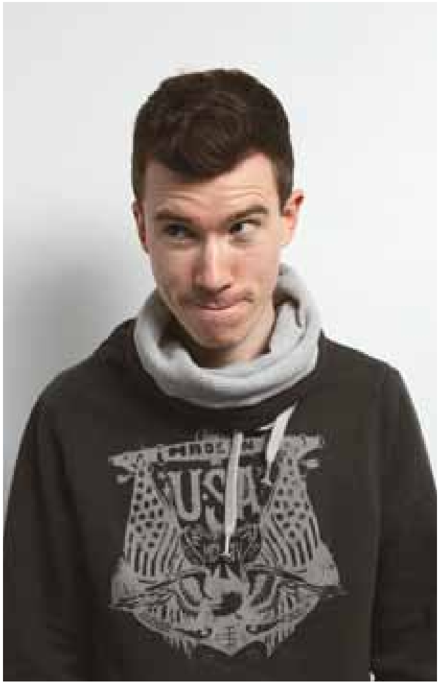
/MOBILCOM-DEBITEL
/MERIAN
/PLANET ROMEO
/DAS ÖRTLICHE
/PRESSMATRIX

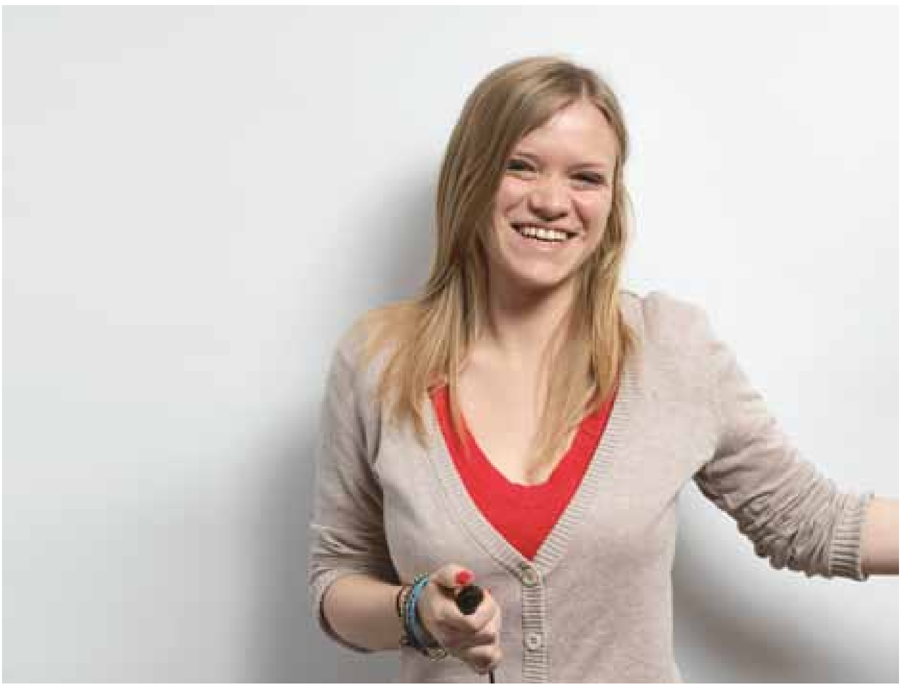


KARSTADT









FROM INSPIRATION TO PURCHASE: ONLY ONE CLICK.

– FALKO RICHTER / DEVELOPMENT / SINNERSCHRADER MOBILE –

A brilliant combination of Mobile Commerce and Mobile Content: a team from SinnerSchrader Mobile developed “Style News” for Karstadt. In this magazine/catalogue combination, readers can place direct orders for the fashions presented.

SPOT-MEDIA / NEXT COMMERCE

PERFORMANCE-DRIVEN E-COMMERCE

ESTABLISH STRONG OFFLINE BRANDS ONLINE.

– IVAN BARBARIC / CONCEPT DEVELOPER / SPOT-MEDIA / NEXT COMMERCE –

More than e-commerce: Since 2011, Commerce Plus has been advising the specialist electronics dealer “expert” on digital sales and marketing methods. Consultants, developers and designers at the locations in Hamburg and Hanover are in charge of the sales platform expert.de, which was launched in 2012.

EXPERT

SPOT-MEDIA / NEXT COMMERCE

The digital promotion of “expert”, a strong offline brand: this was the task on hand for Commerce Plus with its customer “expert”, a group of associated companies which is one of Europe’s largest specialist electronics stockists with 430 markets and more than 240 partners.

The result was a solution that enabled “expert” to enter the world of e-commerce step by step. Commerce Plus developed an integrated CMS and webshop concept and combined it with open-source components.

The new platform supports sales in retail stores by promoting online communication with customers, for example through newsletters.

Commerce Plus emerged from the fusion of the two e-commerce specialists, spot-media and next commerce, in December 2012. The two companies have taken care of “expert” together since 2011. With a staff of 120 employees, Commerce Plus develops digital sales concepts at its locations in Hamburg, Hanover and Berlin.

/HAMBURG
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/TCHIBO
/ERNSTING’S FAMILY
/EXPERT
/O2
/HUNKEMÖLLER
/OLSEN
/LIEBESKIND BERLIN

TCHIBO

OUR PASSION: PERFORM OUTSTANDINGLY – EVERY DAY.

– CHRISTIAN SABRAUTZKY / TEAM LEAD SERVICE / SPOT-MEDIA / NEXT COMMERCE –

Reliable partners: a team of 30 developers, concept designers, screen designers, quality managers and project managers has been taking care of the e-commerce service for Tchibo's online projects. Daily. Since 2002.

MEDIABY

DATA-DRIVEN RELATIONSHIPS

WE BRING RETAIL STORES AND DIGITAL BUSINESS TOGETHER IN AN INTELLIGENT MANNER.

– MATHIAS SEIDLER / EXECUTIVE DIRECTOR MEDIA / MEDIABY –

Growth market for food items: A Mediaby team enhances the regional awareness of the REWE delivery service online with intelligent, efficient online advertising. REWE is thus reinforcing its e-commerce position with food items.

REWE

MEDIABY

/HAMBURG

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/REWE ONLINE
/OLSEN
/TRAVELZOO
/TCHIBO
/LIEBESKIND BERLIN
/UNIVERSAL PICTURES GERMANY

REWE has heralded a new era in retailing. The REWE online delivery service has managed to do what has so far been considered impossible in Germany: successfully applying e-commerce to food items. REWE rolled out the service developed by SinnerSchrader starting this year. Customers in Frankfurt am Main, Hamburg, Düsseldorf, Cologne and Berlin now do their weekend shopping from the comfort of their own home.

But what is the use of a perfect service if nobody knows about it – or at least not the right people? Mediaby provides solutions to questions like this. The SinnerSchrader subsidiary developed perfect, custom-made regional online campaigns for REWE. Mediaby optimised the playout of the ads by linking data from consumers' geo-targeting and web-surfing behaviour. A solution benefiting all those involved. REWE is able to enhance its advertising efficiency and customers are not disappointed: only those who already live within the catchment area of the new service find out about it.

The Mediaby employees are the digital media consultants in the SinnerSchrader Group. They provide a qualified range for their customers' platforms. At the same time, Mediaby customers, such as REWE online, Travelzoo or Universal Pictures Germany, get to know more about the needs of their target groups in the Internet and can create their offers accordingly.

NEXT AUDIENCE

YOUR DATA. YOUR AUDIENCE.

INVESTMENTS IN ADVERTISING ARE ONLY WORTHWHILE IF THE RIGHT USER IS REACHED AT THE RIGHT TIME.

– PAUL SKORNING / ACCOUNT MANAGEMENT / NEXT AUDIENCE –

Precise advertising without wasted circulation: Bigpoint, one of the largest browser game portals worldwide, banks on the services of the NEXT AUDIENCE team and intelligent technologies in order to optimise its advertising.

BIGPOINT







NEXT AUDIENCE

Successful online advertising reaches the right users – with maximum efficiency. NEXT AUDIENCE adserver and targeting technologies make this possible, since they all come from a single source and enable the precise modelling of user segments which can be addressed with virtually no wasted circulation.

A solution that also convinces Bigpoint. As one of the largest providers of online games, the company earns its money through advertising and through the virtual items purchased by 230 million users during gaming.

In NEXT AUDIENCE, Bigpoint has found a partner who can combine intelligent technology with powerful infrastructures, and process up to 50,000 queries a second thanks to the latest databank technology. In order to guarantee this service also on a global scale, NEXT AUDIENCE opened a computer centre in the US this summer. As the first German technology provider for data-driven online marketing and audience management, NEXT AUDIENCE caters for the North and South American markets from Florida.

/HAMBURG

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/BIGPOINT
/MIRAPODO
/GOTHAER
/ASSTEL
/TCHIBO
/AIR BERLIN

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

The 2011/2012 financial year was a year of highs and lows for SinnerSchrader. The development of business was rich in contrast when seen expressed in figures, with net revenue increasing by € 5.1 million and net income decreasing by € 1.1 million.

In the past few months, news items have shown that the impact of the advance of digitisation on the economy, such as that in the media and trade industries, is getting stronger. According to the latest information provided by the German E-Commerce and Distance Selling Trade Association (bvh), trade with goods over the Internet is expected to grow by 26.5 % in 2012, i.e. stronger than at any time in the past ten years. Due to the dynamic innovation process, the challenges for established companies in Germany in respect of handling this digital shift have not diminished, even seventeen years after the founding of Amazon and eBay and fourteen years after the launch of the search engine Google. This strengthens our conviction that the chances of SinnerSchrader progressing to become a lead agency in the digital era in Germany are good, and that focussing on growth and on expanding the portfolio of services towards this purpose is the right thing to do.

In an economically more challenging business environment, we managed to increase the revenue generated by the SinnerSchrader Group by 16.4 % in the 2011/2012 financial year, after it had already grown by 29.1 % in the previous year.

In the year of the report, we generated € 3.5 million of our overall revenue growth with new customers. The number of active existing customers has grown to more than 100. We consider this a distinct achievement.

In July 2012, at the end of the financial year, the Volkswagen subsidiary ŠKODA decided in favour of SinnerSchrader as a global partner for digital challenges. To us, this confirms that we are increasingly being perceived as a lead agency on the market, and that we can assert ourselves in the face of strong international competition as well.

However, since it is above all the bottom line that counts, we cannot be satisfied with the financial year. Even less so because we had undertaken to achieve a lot more: On the basis of the size and market position we achieved last year and of our expanded range of established services, our aim, after a few years of initial losses related to developing new business units, was to achieve a significant improvement in our operative result (EBITA) and our net income. We did not manage to do this.

One of the reasons was that we encountered risks immanent to our business in two situations in our existing agency business. This cost us more than € 1.5 million in profits in comparison to the previous year. Firstly, we considerably underestimated the complexity and thus the implementation cost of a fixed-price project with a budget in the mid-six-digit range for one of our large corporate customers. We were able to deliver the project by the due date and to the great satisfaction of our customer. The contribution margin was, however, considerably negative. Secondly, to our surprise, two major customers of the spot-media agency significantly reduced their budgets, which were, as is generally the case in the digital agency sector, not secured with retainer agreements, in the second half of the financial year. In one case, this was due to the decision in favour of partial insourcing and in the other case to the merger of brands and marketing departments after the customer had been taken over. The losses in revenue, temporary over-capacities, and the costs for measures required to adjust capacities had a considerably negative effect on the bottom line.

Moreover, according to a strategic analysis of the adserving business operated by SinnerSchrader since 2009, we are no longer on track to reach the break-even point. The aim was to further develop the business with a view to the emerging market for audience management, i.e. the data-driven management and optimisation of online advertising measures for advertisers. With this aim in mind, SinnerSchrader had acquired newtention technologies GmbH three years previously. However, despite great interest, the company nevertheless met with reluctance among German advertisers to invest in this area of business.

Audience Management, driven by trends in English-speaking countries as is often the case, has now been put on the agenda of those responsible for marketing in Germany. With the combination of agency competence and adserving competence, we have always considered SinnerSchrader to be very well positioned to move quickly and successfully into this market with newtention, thus developing a greater growth perspective than that in the established adserving business.

As part of this repositioning, newtention technologies GmbH was renamed NEXT AUDIENCE GmbH. Due to the development steps required for implementing this repositioning and to the establishment of a powerful marketing and sales organisation, the losses incurred in the adserving business were not reduced against those of the previous year as planned; instead, they increased again.

The above-mentioned negative effects caused the operating result (EBITA) to fall short of that of the previous year by € 1.0 million in the 2011/2012 financial year, instead of exceeding it by € 0.6 million as planned. As a result of this decline and the depreciation to goodwill which the repositioning decision had necessitated for the adserving business, net income was only just under € 0.2 million, i.e. € 1.1 million below the figure for the previous year. This development and the fact that, due to the low net income, there will not be a dividend payment in 2012 are casting a shadow on the 2011/2012 financial year.

Depending on the perspective, the developments which had set us back in terms of profits for regular business transacted in the Interactive Marketing segment in the year of the report may be interpreted as the consequences of unavoidable business risks or as the avoidable effects of a rapid expansion. It is nevertheless clear that, in either case, the efficient management of growth and of the enhanced complexity caused by the expansion of the service portfolio is essential if we are to ensure that the success achieved in developing our market position and revenue is significantly reflected in income again.

An element of this management is the streamlining of established organisational structures, wherever effective. In the year of the report, we duly prepared the merger of spot-media AG and next commerce GmbH into a unit focussing on efficient e-commerce services. The merger, under the new name of Commerce Plus, has now been decided by all the relevant bodies and will probably enter into effect through entry in the commercial register as early as in December 2012.

Another element is the delegation of responsibility to the teams working with the respective customers, wherever possible. To this end, we established interdisciplinary teams with customer responsibility in the SinnerSchrader agency in the 2011/2012 financial year. The teams are made up of one representative each from the consulting, technology and creation divisions who are responsible for the revenue and contribution margin generated with the customer.

A third element is the development of cooperation between different business units in the Group in order to offer customers the various services available in the service portfolio in an integrated, well-linked manner and to optimally utilise cross-selling potential. Examples of initial success are projects such as the new consumer portal for Dole as a joint project run by the creative agency Haasenstein and the spot-media agency, and the magazine and catalogue application for tablets developed by SinnerSchrader Mobile for Karstadt, an existing customer of the SinnerSchrader agency.

Dynamics in the development of digital marketing is a permanent challenge for our customers and for us, and will require the regular further development of the service portfolio. The decision in favour of repositioning newtention technologies as NEXT AUDIENCE, and thus in favour of an additional investment in expanding the business field of adserving, is an example of this. The digitisation of marketing cannot only concern digital communication, product presentation and product sales; it must also include the design and digital enhancement of the products and services themselves. This is both a challenge and an opportunity for our customers – and it is another field in which we as SinnerSchrader intend to differentiate ourselves under the heading "Service Design".

Finally, another aspect of the further development of SinnerSchrader is regional expansion through locations outside of Germany, which the ŠKODA decision put onto our agenda.

Dynamics and flexibility, as well as customer orientation and pressure to be efficient make great demands on our employees. Without their willingness to pull their weight, participate and assume responsibility with our customers and the company in mind, it would not be possible for SinnerSchrader to develop. It is especially because of this that the current Annual Report focuses on our employees.

Positive cooperative relations with our employees and the acquisition of the best talents are among the key factors for SinnerSchrader's success. We are thus delighted that SinnerSchrader was confirmed as having the best employer image of all the digital agencies in a study conducted by the weekly magazine W&V together with Xing and the market research institute mafo.de in the summer of 2012.

For the 2012/2013 financial year, together with our employees, we have undertaken to increase revenue to more than € 40 million, to achieve an operating result (EBITA) of more than € 2 million, with NEXT AUDIENCE initial losses in the range of € 1.5 to 1.8 million, and to generate net income of not less than € 0.7 million.

Hamburg, November 2012

The Management Board

THE SHARE 514190

/ STOCK MARKET

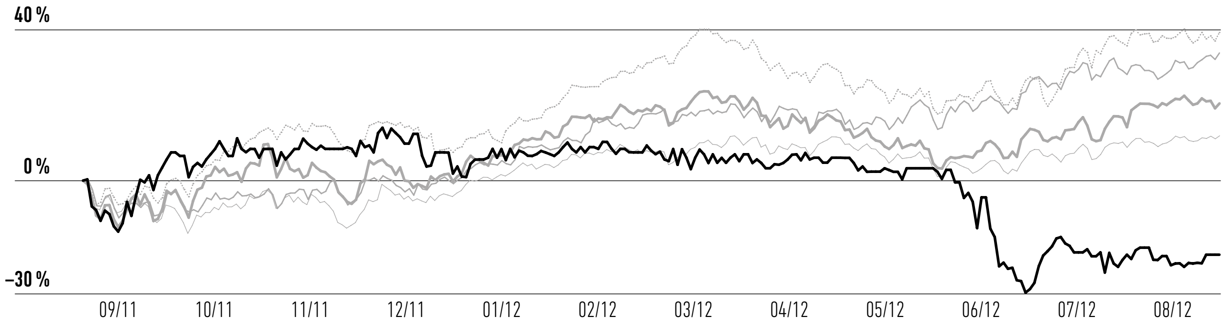
Whereas the German stock market in August 2011, the final month in the SinnerSchrader 2010/2011 financial year, was considerably affected by the European debt crisis and by the feared impacts on the development of the German economy, after an extremely volatile yet overall positive development in the preceding eleven months during which the highest DAX levels exceeded 7,500 points, and whereas the stock market ended the month of August below the level of the corresponding month of the previous year with a weak DAX closing level of 5,784.85 points, the development in the SinnerSchrader financial year as a whole was very positive. Although volatility on the German stock market remained comparatively high in the period from September 2011 to August 2012 – the highest and lowest DAX levels diverged by more than 2,000 points during this period – the widely diversified, cross-sector indices exceeded the level of twelve months previously by a double-digit percentage rate as at 31 August 2012.

The DAX rose by 20.5 % to a closing level of 6,970.79 points and the Technology All Share improved by 12 % to 980.69 points. The market-wide indices CDAX and Prime All Share rose by 18.9 % and 20.0 %, respectively, in the twelve-month period. In particular, the relatively stable economy in comparison with other countries, a high level of employment, extremely low interest rates and considerable stocks of liquid assets facilitated the development, which had been repeatedly questioned in view of the as yet unresolved European debt crisis and the widespread economic weakness in the Euro region, as well as in view of concerns about the economic development in the US and in countries such as China, India and Brazil. However, the positive trend continued after 31 August 2012.

The sector indices which list SinnerSchrader and other digital agencies quoted on the stock exchange or which are relevant for digital agencies, namely the DAXsubsector IT Services index and the DAXsector Software index as well as the DAXsubsector Internet index, showed themselves in part to be considerably better, with the DAXsector Software index, borne by the extremely positive development of the SAP share, standing out with an annual growth rate of 39.2 %. The DAXsubsector IT Services index, which had reported the best performance of the indices observed by SinnerSchrader with an increase of 25 % in the previous year, increased again, by 33.7 %. The DAXsubsector Internet index, which does not include either of the two digital agencies listed in Germany, Syzygy and SinnerSchrader, developed in line with the general market trend, improving by 19.8 %.

SINNERSCHRADER SHARE PRICE PERFORMANCE 2010/2011 (INDEX-LINKED)

XETRA CLOSING PRICES IN % +/– COMPARED TO PRICE ON 31.08.2011 (= 100 %)



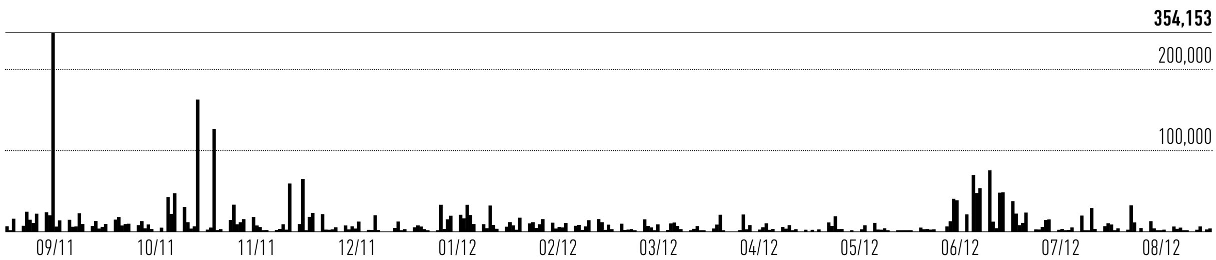
SHARE PRICE PERFORMANCE DATA 2011/2012[1)]

Price on 31.08.2011	€ 2.12
Price on 31.08.2012	€ 1.70
Price performance in 2011/2012	€ –0.42
In % of price on 31.08.2011	–19.8 %
Dividend on 16.12.2011	€ 0.10
Total performance in 2011/2012	€ –0.32
In % of price on 31.08.2011	–15.1 %
Peak price	€ 2.54
Lowest price	€ 1.46
Shares outstanding as at 31.08.2012	11,195,358
Market capitalisation as at 31.08.2012	€ 19.0 million

[1)] In relation to Xetra prices

SINNERSCHRADER SHARE SALES VOLUME 2011/2012

IN 000S IN ALL RELEVANT STOCK EXCHANGES



VOLUME DATA FOR 2011/2012[1)]

Average volume per day in number of shares	11,720
Average volume per day in €	€ 24,299
Peak daily volume in number of shares	354,153
Peak daily volume in €	€ 699,779

[1)] In all relevant stock exchanges

/ SINNERSCHRADER SHARE

The 2011/2012 financial year was a difficult year for SinnerSchrader, and this has also had an effect on the SinnerSchrader share. In terms of the closing prices in Xetra trading, the SinnerSchrader share price dropped by € 0.42, or 19.8 %, in the period from 31 August 2011 to 31 August 2012. Including the dividend € 0.10 per share paid in December 2011, the decline in the 2011/2012 financial year was 15.1 %.

While the share price developed in line with the abovementioned indices in the first half of the financial year until the end of February, the share price subsequently dropped slowly, but was still higher than the price as at 31 August 2011 in mid-June. The share price came under pressure with the news that SinnerSchrader would fall considerably short of its earnings targets for the 2011/2012 financial year due to earnings problems in the spot-media agency. At the end of the financial year, the share price levelled off at € 1.70.

The average daily trading volume across all the trading centres totalled 11,720 shares, with a euro equivalent value of € 24.299 in the period of the 2011/2012 financial year. The liquidity of the share was thus reduced by approximately 3,600 shares against the corresponding period of the previous year. However, in a peer comparison, the trading volume is at a very good level. As was the case in the previous year, there was more trading in the first half of the financial year, at an average trading volume of 15,239 shares, than in the second half of the year, in which 8,247 shares were traded.

/ SHAREHOLDER STRUCTURE

To the best of the Company's knowledge, the shareholder structure of SinnerSchrader AG remained stable in the 2011/2012 financial year. SinnerSchrader AG received no mandatory notifications pursuant to Article 21 of the German Securities Trading Act ("Wertpapierhandelsgesetz") in the 2011/2012 financial year. Due to the recent buybacks of shares implemented in the financial year, SinnerSchrader AG itself had to report that its treasury stock had exceeded the 3 % threshold in August 2012.

The proportion of shares received before or in connection with the stock market launch and held by the founders of the SinnerSchrader Group and their families, the strategic investors who joined during the stock market launch in 1999, the Management Board, former and current employees and executives, and the Company itself, was 48.4 % as of 31 August 2012.

In comparison to the balance sheet date of the previous year, the proportion of treasury stock held by SinnerSchrader AG rose from 2.4 % to 3.0 % on 31 August 2012.

Key share figures

German Securities Code no. (WKN)	514190
ISIN	DE0005141907
Symbol	SZZ
Reuters symbol	SZZG.DE
Bloomberg symbol	SZZ.GR
Segment	Regulated market, Prime Standard
Stock exchanges	Xetra, Frankfurt, Hamburg, Stuttgart, Munich, Düsseldorf, Berlin, Tradegate
Indices	DAXsector Software, DAXsubsector IT-Services, GEX, CDAX, Prime All Share, Technology All Share
Designated Sponsor	Close Brothers Seydler Bank AG
Analysts	Susanne Schwartze, Warburg Research
Issued shares	11,542,764
Outstanding shares	11,542,764

/ INVESTOR RELATIONS

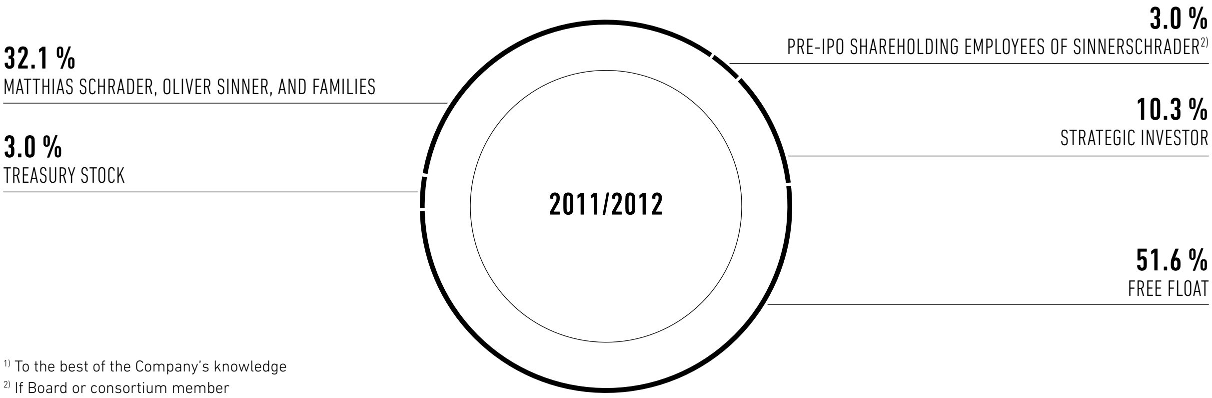
SinnerSchrader AG continued its investor relations work in the 2011/2012 financial year within the same scope as in the previous years. The focus was on an extensive and transparent explanation of the business development in the financial reports. Furthermore, SinnerSchrader presented itself to interested investors at investor conferences, such as the Deutsches Eigenkapitalforum, and conducted discussions, either in individual face-to-face meetings or on the telephone, with shareholders, analysts, and representatives of the business press who continuously observe SinnerSchrader AG and comparable companies.

Since the 2005/2006 financial year, Warburg Research GmbH (formerly SES Research GmbH), Hamburg, has regularly published updated assessments of the SinnerSchrader figures and information on the development of the SinnerSchrader share. Since April 2009, Close Brothers Seydler Bank AG has been the designated sponsor of SinnerSchrader AG and has secured the liquidity of the SinnerSchrader share in the Xetra trading system of the Frankfurt Stock Exchange.

Confidence, transparency, and consistency are the guidelines of investor relations work at SinnerSchrader, and investor relations represent a major element of good and transparent company management within the meaning of the standards laid down in the Corporate Governance Code. All relevant information on the SinnerSchrader share can be found at any time by all shareholders and interested parties on the Company's website at www.sinnerschrader.ag.

SHAREHOLDER STRUCTURE

ON 31 AUGUST 2012[1]



[1] To the best of the Company's knowledge
[2] If Board or consortium member

CORPORATE GOVERNANCE

Corporate Governance comprises all the values, principles, and rules governing corporate management and control. Since 2002, the Government Commission on the German Corporate Governance Code has published principles and standards which characterise good, responsible Corporate Governance. The Code is regularly further developed by the Government Commission on the basis of current findings and requirements. It was last adjusted on 15 May 2012.

The Supervisory Board and the Management Board of SinnerSchrader AG welcome the development of Corporate Governance in Germany and are committed to the principles established in the German Corporate Governance Code which aim at good, transparent, value-oriented corporate management.

/ DECLARATION OF COMPLIANCE

Under Article 161 of the German Stock Corporation Act ("AktG"), all German companies quoted on the stock exchange must comment on compliance with the principles and norms laid down in the German Corporate Governance Code ("DCGK"), once a year, in a Declaration of Conformity. On 15 December 2011, the Supervisory Board and the Management Board of SinnerSchrader AG duly submitted a Declaration of Conformity on the basis of the German Corporate Governance Code in its version of 25 May 2010. Its wording is printed at the end of these comments on Corporate Governance and is always available for viewing to all shareholders and interested parties on the website www.sinnerschrader.ag under "Corporate Governance", together with the wording of the Code. The declaration confirms that, with just a few exceptions, SinnerSchrader complied with the recommendations of the German Corporate Governance Code.

In December 2012, the Management Board and Supervisory Board will deal with Corporate Governance at regular intervals and renew the annual declaration on the basis of the unchanged Code.

/ DECLARATION ON CORPORATE GOVERNANCE

Since the entry into force of the German Accounting Law Modernisation Act ("BilMoG"), companies quoted on the stock exchange have had to submit a declaration on corporate governance, which, in addition to the Declaration of Conformity, is to provide relevant information on its corporate governance practices applied over and above the legal requirements, and a description of the functioning of the Management Board and the Supervisory Board as well as of the composition and functioning of its committees. This declaration is also always available for viewing on the website www.sinnerschrader.ag under "Corporate Governance".

/ COMPANY BOARDS

The management board of a stock corporation is appointed by the supervisory board and is independently responsible for managing the enterprise. It carries out business following the law, the statutes of the company, and the rules of procedure decreed by the supervisory board for the management board. Under these rules, the management board is required to seek approval from the supervisory board prior to undertaking certain business transactions.

The Management Board of SinnerSchrader AG still consists of two members. The appointment of the Chairman of the Management Board, Matthias Schrader, will continue until 31 December 2015; the Chief Financial Officer, Thomas Dyckhoff, has been appointed until 31 December 2015. Conflicts of interest according to Section 4.3 of the German Corporate Governance Code did not arise in the 2011/2012 financial year.

The Supervisory Board monitors the Management Board and advises it on the management of the Company. The key tasks of the Supervisory Board include acting as the representative of SinnerSchrader AG to the Management Board, appointing members of the Management Board, establishing the compensation for these members, monitoring the work of the Management Board and the Company, particularly as regards accounting processes, the effectiveness of the internal monitoring system, and the effectiveness of the risk management system, commissioning the financial auditors and monitoring the financial audit, approving the Annual Financial Statements and Consolidated Financial Statements, and making decisions regarding the business transactions of the Management Board which require approval under the law, the Statutes of the Company, or the rules of procedure.

The Supervisory Board of SinnerSchrader AG consists of three members elected by the Annual General Meeting. The Supervisory Board currently comprises Mr Dieter Heyde, Chairman, Prof. Cyrus D. Khazaeli, Deputy Chairman, and Mr Philip W. Seitz. All Supervisory Board members are appointed until the end of the Annual General Meeting, which decides on discharging the Supervisory Board for the 2012/2013 financial year.

Conflicts of interest according to Section 5.5 of the German Corporate Governance Code did not arise in the 2011/2012 financial year. SinnerSchrader AG has no direct or indirect business relationships with members of the Supervisory Board. In particular, there are no consultancy or other service or work contracts between the AG and individual members of the Supervisory Board.

/ COMPENSATION REPORT FOR THE MANAGEMENT BOARD AND SUPERVISORY BOARD

In accordance with the German Management Board Compensation Disclosure Act, detailed information on the compensation of the Board members can be found in Section 6.2 on page 78 of the Consolidated Status Report and the Group Status Report as well as in the Notes to the Annual Financial Statements of SinnerSchrader AG which are reproduced on page 132 of this Annual Report. The current stock option plans are also explained there and in the Notes to the Consolidated Financial Statements.

/ SHARES HELD BY BOARD MEMBERS

An overview on page 157 of this financial report provides information on the SinnerSchrader shares and derivatives based on SinnerSchrader shares held by members of the Supervisory Board and Management Board as of 31 August 2012 as well as any changes to these in the 2011/2012 financial year. As of 31 August 2012, the shares held by the Management Board comprised around 21.9 % of the shares issued by SinnerSchrader. The Supervisory Board still did not hold any SinnerSchrader shares as of 31 August 2012.

/ DIRECTORS' DEALINGS

According to Article 15a of the German Securities Trading Act, the Board members, other individuals in management positions, and persons closely connected to the Board members or individuals in management positions are obliged to disclose the purchase or sale of SinnerSchrader shares or derivatives related to these shares to SinnerSchrader AG if their equivalent value during the year exceeds a total of € 5,000.

In the 2011/2012 financial year, SinnerSchrader AG did not receive any notifications of this kind from third parties. SinnerSchrader AG only had to report that the number of shares of treasury stock had exceeded the threshold of 3 % on 28 August 2012 through the buyback of shares implemented during the course of the 2011/2012 financial year.

/ ACCOUNTING PRINCIPLES

Following EU Regulation 1606/2002, the accounting of the SinnerSchrader Group has been carried out according to International Financial Reporting Standards since the 2005/2006 financial year. Prior to this, United States Generally Accepted Accounting Principles ("US-GAAP") were used. The Annual Financial Statements of SinnerSchrader AG continue to be prepared in accordance with the accounting regulations of the German Commercial Code.

The Annual and Consolidated Financial Statements were audited by an auditing firm which declared its independence to the Supervisory Board and which was chosen for this task by the Annual General Meeting on 15 December 2011.

/ DECLARATION BY THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF CONFORMITY WITH THE RECOMMENDATIONS OF THE GOVERNMENT COMMISSION ON THE GERMAN CORPORATE GOVERNANCE CODE REQUIRED BY ARTICLE 161 OF THE GERMAN STOCK CORPORATION ACT

The Management Board and Supervisory Board of SinnerSchrader AG declare that in the reporting period since the last compliance declaration on 27 December 2010, SinnerSchrader AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version of 26 May 2010, with the exception of the following deviations and will continue to comply with them in future with the exception of the following deviations:

/ MANAGEMENT BOARD

Section 4.2.3:
The share options awarded to Management Board members originate from the 2007 Stock Option Plan adopted by the Annual General Meeting. In accordance with the conditions adopted by the Annual General Meeting, the exercise criteria for the options involve reaching a share price increase of 30 % to 50 % above the average price of the SinnerSchrader share on five trading days prior to allocation, waiting periods of three to five years, and a term of seven years. The option conditions make no provision for a cap in the event of extraordinary, unforeseen developments because caps would run counter to the desired incentive effect, particularly in the case of multi-year waiting periods.

/ SUPERVISORY BOARD

Section 3.8:
D&O insurance with no excess has been taken out for the members of the Supervisory Board. The recommendations according to No. 3.8 of the German Corporate Governance Code (excess in D&O insurance also for the Supervisory Board) have not been complied with and will not be complied with because an excess is considered inappropriate in view of the low levels of Supervisory Board compensation and, in the view of the Company, is not appropriate for increasing the motivation and responsibility with which the members of the Supervisory Board perform their tasks.

Section 5.3.1 ff.:
The Supervisory Board has not formed any committees because it only comprises three members.

Section 5.4.6:
The members of the Supervisory Board currently receive compensation which also contains variable, performance-related compensation components. However, the recommendation of Section 5.4.6 DCGK shall be waived in the future. The Annual General Meeting of 15 December 2011 decided that, in the future, the Supervisory Board shall receive only fixed compensation, since solely fixed compensation takes better account of the control function of the Supervisory Board to be performed independently of the Company's success and of its independence. Furthermore, non performance-related compensation helps to prevent conflicts of interest.

Hamburg, 15 December 2011

SinnerSchrader Aktiengesellschaft

For the Supervisory Board	For the Management Board
Dieter Heyde	Matthias Schrader

REPORT OF THE SUPERVISORY BOARD FOR THE 2011/2012 FINANCIAL YEAR

The Supervisory Board has once again intensively followed the business development of SinnerSchrader Aktiengesellschaft and its subsidiaries in the 2011/2012 financial year. In doing so, it cooperated with the Management Board openly and in a spirit of trust. At regular Supervisory Board meetings, in monthly reports, and through written, telephone, and personal exchanges, the Management Board kept the Supervisory Board informed of business developments and the current situation of the Group, its strategic development, risk management, important business incidents, and investment plans. The Management Board promptly included the Supervisory Board in business transactions and decisions which were significant to the Company or the Group. Furthermore, the Supervisory Board continued its talks with key employees in the SinnerSchrader Group with which it had commenced in the previous financial year. In particular, these concerned talks with the managements of the subsidiaries and the heads of the central divisions of the AG.

On this basis, the Supervisory Board discharged its duties as required by law and the Statutes, supervised the business conduct of the Management Board, and advised the Management Board on the management of the Company. The yardsticks for monitoring were the legality, correctness, practicality and efficiency of the Management Board's actions. In view of the continuing small number of its members, the Supervisory Board decided not to form any committees and performed all of its tasks in the body as a whole.

/ SUPERVISORY BOARD MEETINGS

During the 2011/2012 financial year, the Supervisory Board met for seven ordinary meetings on 15 September 2011, 7 November 2011, 15 December 2011, 25 January 2012, 4 April 2012, 10 July 2012 and on 30 August 2012. Furthermore, the Supervisory Board held additional telephone conferences on 21 October 2011, 3 November 2011, 7 December 2011, 11 and 16 April 2012, 31 May 2012 and on 19 June 2012. The members of the Supervisory Board all attended the ordinary meetings and participated in the telephone conferences, with one exception. On 15 December 2011, one Supervisory Board member was unable to attend due to illness.

The meetings all took place in the presence of the Management Board. If needed and for the talks with key employees, the Supervisory Board met without the Management Board being present before it concerned itself with the individual items on the agenda of a meeting.

In all of the ordinary meetings, the Supervisory Board considered the course of business and the situation of the Group up to or on each cut-off date, the forthcoming quarterly report where appropriate and an updated revenue and profit forecast for the whole financial year, in each case on the basis of the current status of monthly reporting.

Furthermore, the Supervisory Board dealt with the following issues in the individual meetings:

In the ordinary meeting on 15 September 2011, the focus was on dealing with and adopting the plan for the Group and its individual business units for the 2011/2012 financial year, and on an outlook for the subsequent years. Furthermore, the limited resumption of the share option programme was resolved and the upcoming auditing of the 2010/2011 Annual Report was prepared together with the auditors.

The Supervisory Board informed itself about the status of the auditing of the Annual Report and Consolidated Financial Statements for the 2010/2011 financial year and about individual issues in the telephone conference with the auditors in the presence of the Management Board on 21 October 2011.

The telephone conference on 3 November 2011 mainly concerned the agreement between the Supervisory Board and the Management Board on the agenda of the Annual General Meeting of 15 December 2011.

In the ordinary meeting on 7 November 2011, the Supervisory Board, in the presence of the auditors, dealt in detail with the Consolidated Financial Statements, the Annual Report, the Summarised Status Report and the Consolidated Status Report of SinnerSchrader Aktiengesellschaft for the 2010/2011 financial year and with the respective audit reports. Furthermore, the Supervisory Board discussed the company's risk management system and the proposal for the appropriation of profit to pay a dividend of € 0.10 per share from the balance sheet profit of the 2010/2011 financial year. After its own examination and consideration, the Supervisory Board approved the financial statements and the proposal for the appropriation of profit.

In the telephone conference of 7 December 2011, the Supervisory Board approved the appointment of authorised representatives in SinnerSchrader AG and its subsidiaries.

The Supervisory Board first and foremost adopted the 2011 Corporate Governance declaration and signed it together with the Management Board on 15 December 2011.

In the ordinary Supervisory Board meeting of 25 January 2012, held at the headquarters of SinnerSchrader Mobile GmbH in Berlin, the Supervisory Board dealt with the development of this newest subsidiary in the SinnerSchrader Group, and approved the contingency plans worked out by the Management Board for the sudden, unforeseen absence of Management Board members. Furthermore, the target agreements for the 2011/2012 financial year were finalised.

The Supervisory Board meeting of 4 April 2012 was held at the premises of the SinnerSchrader Group in Frankfurt am Main. The focus of this meeting and that of the following telephone conferences on 11 April and 16 April 2012 was on the proposals for the strategic reorientation of the newtention Group and the name change thereof to NEXT AUDIENCE GmbH.

In the telephone conference of 31 May 2012, the Management Board informed the Supervisory Board about the status of the reorientation of the newtention Group and about the business development of spot-media AG. On 19 June 2012, the Management Board informed the Supervisory Board that the problems with spot-media AG sales were probably lasting problems, which meant that measures to adjust spot-media AG capacities were unavoidable and that it was likely that the Group would no longer be able to compensate for the effects on income resulting from the problems at spot-media AG.

The agenda for the ordinary Supervisory Board meeting of 10 July 2012 included a strategy update for the Group, a progress report on the reorientation of the newtention Group including alternative proposals for financing the probable start-up and initial losses, and the approval for changes to earn-out conditions from the acquisition of TIC-mobile GmbH (now SinnerSchrader Mobile GmbH) and for the continuation of the buyback of shares.

Finally, the ordinary Supervisory Board meeting of 30 August 2012 focused on the plans for the 2012/2013 financial year and an outlook for the subsequent years. The plan for the Group and the individual plans for the business units were adopted after the end of the 2011/2012 financial year, on 4 October 2012.

/ THE BOARDS

The composition of the Supervisory Board did not change in the 2011/2012 financial year. It is made up of Mr Dieter Heyde as Chairman, Prof. Cyrus D. Khazaeli as Deputy Chairman and Mr Philip W. Seitz, who is appointed as an independent financial expert within the meaning of Article 100 para. 5 of the German Stock Corporation Act. The term of office of the Supervisory Board members runs until the end of the Annual General Meeting that decides on the discharge of the Board members for the financial year ending on 31 August 2013.

There were also no changes to the composition of the Management Board in the 2011/2012 financial year. The members of the Management Board are still Mr Matthias Schrader as Chairman and Mr Thomas Dyckhoff as Finance Director. Mr Schrader has been appointed to the Management Board until 31 December 2015, Mr Dyckhoff until 31 December 2012.

The Management Board and Supervisory Board were discharged for the 2010/2011 financial year at the Annual General Meeting on 15 December 2011.

/ CORPORATE GOVERNANCE

Dealing with Corporate Governance, especially with the German Corporate Governance Code in the currently valid version, is a permanent part of the work of the Management Board and the Supervisory Board. The Company makes every effort to ensure that it meets the requirements of good corporate governance as laid down in the Code as far as possible and that it implements the required measures to do so.

On 15 December 2011, the Supervisory Board and the Management Board submitted the Declaration of Conformity with the Corporate Governance Code, in its version of 26 May 2010, which is required by Article 161 of the German Stock Corporation Act and which documents general compliance with the courses of action recommended by the Code. The Declaration is always accessible on the Company's website, www.sinnerschrader.ag, under "Corporate Governance". Furthermore, it is printed in the Corporate Governance Report in the Company's Annual Report.

/ CONSOLIDATED ACCOUNTS AND ANNUAL REPORT

The accounts and the Annual Financial Statements of SinnerSchrader AG as well as the Consolidated Financial Statements including the Joint Status Report of the Group and of SinnerSchrader AG for the 2011/2012 financial year as at 31 August 2012, drawn up pursuant to Article 315a para. 1 of the German Commercial Code according to the international accounting standards (IFRS), were audited by BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, at the request of the Supervisory Board and have been given an unqualified audit opinion. BDO AG was appointed auditor for the Annual and Consolidated Financial Statements by the Annual General Meeting on 15 December 2011 upon the proposal of the Supervisory Board. The Supervisory Board has not identified any circumstances to doubt the impartiality of BDO AG. BDO AG had itself submitted a declaration of independence about the proposal to the Annual General Meeting prior to the Supervisory Board's decision.

After preliminary discussion on the commencement of the audit between the auditor and the Supervisory Board, in the presence of the Management Board, as part of an ordinary Supervisory Board meeting on 4 October 2012 and after preliminary discussion on selected issues arising from the Annual Report as part of telephone conferences on 29 and 30 October 2012, the Supervisory Board, in the presence of the auditor and the Management Board, discussed the Annual Report, the Consolidated Financial Statements, the summarised Status Report and the Consolidated Status Report in detail at its meeting on 6 November 2012. The financial statements and status report were submitted to the members of the Supervisory Board with plenty of time before the meeting. In the meeting, the auditors once again verbally presented the main themes and results of their audit, which had largely been completed, including the audit of the internal control and risk management system, and answered the Supervisory Board's questions to its satisfaction.

In conclusion, after completion of the audit and the presentation of the audit reports by the auditor, the Supervisory Board, in the presence of the auditors and the Management Board, dealt with the financial statements and the status report in a telephone conference on 12 November 2012. The Supervisory Board raised no objections and followed the results of the auditor. It approved the Consolidated Accounts and the Annual Report on 12 November 2012. The Annual Report is thus established. The Annual Report of SinnerSchrader AG shows a balance sheet profit of € 0, so there was no need to decide on a proposal for the appropriation of profit.

/ BUSINESS DEVELOPMENT

The 2011/2012 financial year proved to be an unexpectedly difficult year for SinnerSchrader. Although the business volume continued to grow as planned by double-digit rates in the previous year after the expansion of the business portfolio, the targeted improvement of margins was not achieved. The operating result and net income declined.

The reduction in the orders placed by two major customers and the resulting need to adjust capacities in the spot-media agency, as well as considerable cost overruns in a SinnerSchrader agency project, prevented the rise in revenue from having a positive effect on the results of regular business. Furthermore, the decision to further develop the adserving business in the Interactive Media segment for the audience management business that is now also emerging in Germany, and to strongly increase the relevant marketing and sales activities, had a negative effect on the bottom line.

Breaking even in the Interactive Commerce segment, a good first year for SinnerSchrader Mobile GmbH as the latest subsidiary in the Group, the expansion of cooperation among the different business units in the Group, and, more than anything else, the decision taken by VW subsidiary ŠKODA in July 2012 in favour of SinnerSchrader as a lead agency for global digital marketing all show that SinnerSchrader is on track to become the leading agency in the digital age.

However, the aim in the 2012/2013 financial year is to turn around the development of revenue again, in spite of investments that are still required for developing the audience management business and of a general economic environment that is likely to be more demanding overall. In terms of developing the audience management business, technical milestones will need to be reached and important key customers acquired on the German market. The Supervisory Board will supervise the Management Board and give it intensive support in achieving this.

/ THANKS

The Supervisory Board would like to thank the Management Board and all employees of the SinnerSchrader Group for their dedication in the 2011/2012 financial year. It is and will remain the key foundation of the development of SinnerSchrader in the new 2012/2013 financial year and beyond.

Hamburg, 12 November 2012

Dieter Heyde

Chairman of the Supervisory Board

SINNERSCHRADER GROUP 2011/2012

JOINT STATUS REPORT

CONSOLIDATED FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS

FURTHER INFORMATION

01 / GENERAL

The following Status Report is the joint Consolidated Status Report and Group Status Report of SinnerSchrader Aktiengesellschaft ("SinnerSchrader AG" or "AG") for the 2011/2012 financial year, which covered the period from 1 September 2011 to 31 August 2012. In particular, it shows the development of the income, financial, and asset status of the SinnerSchrader Group ("SinnerSchrader" or "Group") and the AG in the 2011/2012 financial year and addresses the key risks and opportunities and the probable future development of business. Unless explicit reference is made to the AG, the statements refer to the Group.

The Consolidated Financial Statements for 2011/2012 were drawn up according to International Financial Reporting Standards ("IFRS"). The Annual Financial Statements of SinnerSchrader AG for 2011/2012 follow German accounting regulations.

The Status Report and the Group Status Report, particularly Section 9, contain statements and information aimed at the future. These can be recognised by the use of words such as "expect", "anticipate", "forecast", "intend", "plan", "strive", "estimate", "become", or "should". Such forward-looking statements are based on current knowledge, estimates, and assumptions. They therefore entail a number of risks and uncertainties. A variety of factors, many of which are outside SinnerSchrader's sphere of influence, have an impact on business development and its results. These factors mean that the actual future business development of SinnerSchrader and the actual results achieved may differ significantly from the explicit or implicit information in the forward-looking statements.

02 / GROUP BUSINESS AND STRUCTURE

2.1 BUSINESS ACTIVITIES

With 420 employees as of 31 August 2012, SinnerSchrader is one of the biggest independent digital agency groups in Germany. SinnerSchrader offers companies in Germany and abroad a comprehensive range of services for the use of digital technologies to further develop and optimise their business. The emphasis is on the use of the Internet for the sale of goods and services (e-commerce), for marketing and communication, and for the acquisition and retention of customers.

SinnerSchrader's range of services mainly comprises

- advice about and development of strategies for the use of digital technology for marketing, sales and communication as well as the establishment of digital business models,
- the customised conception, design and technical development of websites, Internet applications and mobile apps,
- content-related and technical maintenance, performance measurement and optimisation as well as technical operations, including the provision of the technical infrastructure of websites and Internet applications,
- the development, implementation and execution of digital marketing and communication measures,
- the planning and implementation of online advertising measures with a focus on performance-oriented display advertising (online media),
- the delivery of and performance measurements for advertising media (adserving) using modern targeting and retargeting methods which are compatible with data protection legislation on the basis of an adserving solution developed in-house using a software-as-a-service model,
- the marketing and operation of a retargeting network, and
- the assumption of overall responsibility for setting up and managing sales channels on the Internet, including logistics, payment processing and shop management (e-commerce outsourcing).

The following graphs are not components of the audited Status Report.

After expanding its service portfolio and its business base with organic measures and acquisitions in the 2010/2011 financial year, SinnerSchrader focused on organic development in the existing units in the 2011/2012 financial year. It became clear that regional expansion was necessary if customers were to receive optimal support. In this context, SinnerSchrader opened an office in Munich in the course of the financial year in order to support its existing insurance industry business base and acquire its own customers. Furthermore, the decision taken by ŠKODA in July 2012 in favour of SinnerSchrader as a digital lead agency made an office in Prague necessary. This office was duly set up in September 2012 at the end of the year of the report.

In the 2011/2012 financial year, SinnerSchrader thus performed its services at its offices in Hamburg, Frankfurt am Main, Berlin, Hanover and, since May 2012, Munich. SinnerSchrader primarily works for companies based in Germany, although the company continues to do work for reputable companies from the UK, France, Italy, Switzerland, and the Czech Republic.

SinnerSchrader aims for long-term customer relationships and has been working for several major customers for more than ten years. The majority of the customers can be assigned to the Retail & Consumer Goods, Financial Services, Telecommunications & Technology and Transport & Tourism sectors.

2.2 STRUCTURE OF THE GROUP

SinnerSchrader currently runs its business from seven operating companies: SinnerSchrader Deutschland GmbH, spot-media AG and its subsidiary spot-media consulting GmbH, SinnerSchrader Mobile GmbH, mediaby GmbH, NEXT AUDIENCE GmbH (formerly newtention technologies GmbH), and next commerce GmbH.

SinnerSchrader Deutschland GmbH and its predecessors have been part of the agency group since it was founded in 1996. It is the biggest subsidiary and is responsible for the digital agency business under the “SinnerSchrader” brand. With the exception of online media and adserving business (including the retargeting network), E-Commerce Outsourcing and the development of native mobile apps, the SinnerSchrader Agency renders a full range of services for companies with considerable annual digital budgets (more than € 500,000). In this context, marketing communications and branding services are rendered under the “Haasenstein” brand, which was launched in 2010.

SinnerSchrader Deutschland GmbH forms the Interactive Marketing segment together with the spot-media Group, which has been part of the SinnerSchrader Group since early 2008, and TIC-mobile GmbH taken over in May 2011, which was subsequently renamed SinnerSchrader Mobile GmbH. The spot-media Group focuses on developing online shops using PHP technologies, particularly Magento, as well as on newsletter marketing, social media, and the updating and maintenance of large online shops and portals. SinnerSchrader Mobile GmbH focuses on applications for mobile devices such as smart phones and tablets.

mediaby GmbH, which was hived off from SinnerSchrader Deutschland GmbH in 2009, and NEXT AUDIENCE GmbH (formerly newtention technologies GmbH) form the Interactive Media segment. mediaby GmbH performs the business of an online media agency and primarily positions itself as a specialist for performance-oriented display advertising. NEXT AUDIENCE GmbH, which emerged when newtention technologies GmbH was renamed, develops and markets adserving technology, using a software-as-a-service model, in which state-of-the-art methods for profiling advertising recipients and for targeting and retargeting are implemented which comply with the stringent German standards for data protection. The renaming of newtention technologies GmbH was based on the decision to focus the business conducted by the company on audience management software, i.e. on software concepts for the data-driven management and optimisation of online advertising measures for advertisers.

In the Interactive Commerce segment, SinnerSchrader offers e-commerce operator models via next commerce GmbH, founded in May 2009, and takes responsibility for the development, management and operation of the online sales channel for companies on the basis of contracts lasting several years in return for revenue-related, and thus performance-related, pay. The takeover of the business operations of Visions new media GmbH in Hanover has provided next commerce GmbH with the expertise and capacity for developing online shops on the basis of the Magento technology platform.

In addition to the operative companies in Germany mentioned above, the Group also still includes the foreign subsidiaries SinnerSchrader UK Ltd., London, UK, and SinnerSchrader Benelux BV, Rotterdam, the Netherlands, which were not operatively active in the 2011/2012 financial year.

SinnerSchrader AG acts as the managing holding company in the Group and is responsible for the strategic control and further development of the Group, financing the operating business, administering the liquidity reserves and communicating with the capital market. Furthermore, SinnerSchrader AG centrally provides the subsidiaries with infrastructure and administrative services.

03 / MARKET AND COMPETITIVE ENVIRONMENT

After two reporting periods in a dynamic economic environment, the 2011/2012 financial year of the SinnerSchrader Group was completed against a background of a more subdued economic development in Germany. In terms of the development of the gross domestic product adjusted by price, calendar and seasonal effects, the German economy grew by only 1.2 % from the fourth calendar quarter of 2011 to the third calendar quarter of 2012, a period approximately equivalent to the SinnerSchrader financial year. This growth rate is based on information from the Federal Statistical Office for the first three quarters of this period and on the estimation published in October 2012 by leading economic research institutes in the "Autumn 2012 Joint Economic Forecast" for the third quarter of 2012. The latest figures from the Federal Statistical Office show that in the comparable periods of 2009/2010 and 2010/2011, the German economy grew by 2.4 % and 3.7 %, respectively.

The German economy could not avoid being affected by the period of weakness in the global economy, in which, according to the Joint Economic Forecast, the persisting debt and confidence crisis in the Euro region represents a considerable burden. However, in comparison to the other countries in the Euro region, the German economy remains the least affected.

Apart from a brief opposing trend around New Year 2011/2012, the vital early indicator of economic development in Germany, the ifo business climate index for the commercial economy, has fallen continuously since its most recent high at the beginning of 2011. In October 2012, the indicator stood at 100 points, i.e. approximately at the same level as in July 2008, with assessments of the current status and business expectations for the coming six months declining at virtually the same extent as in the past few months, with the exception of October, when business expectations did not continue to decline in comparison to the previous month, although the assessment of the situation declined by another three points. The expected figures nevertheless remain considerably below figures for the assessment of the situation, even in historic comparison.

The declining growth dynamics in the German economy and the uncertainty about how to resolve the European debt crisis are thus reflected in the ifo business climate index trend. The index hardly gives rise to hope for economic development in the final few months of the current calendar year of 2012, and for 2013.

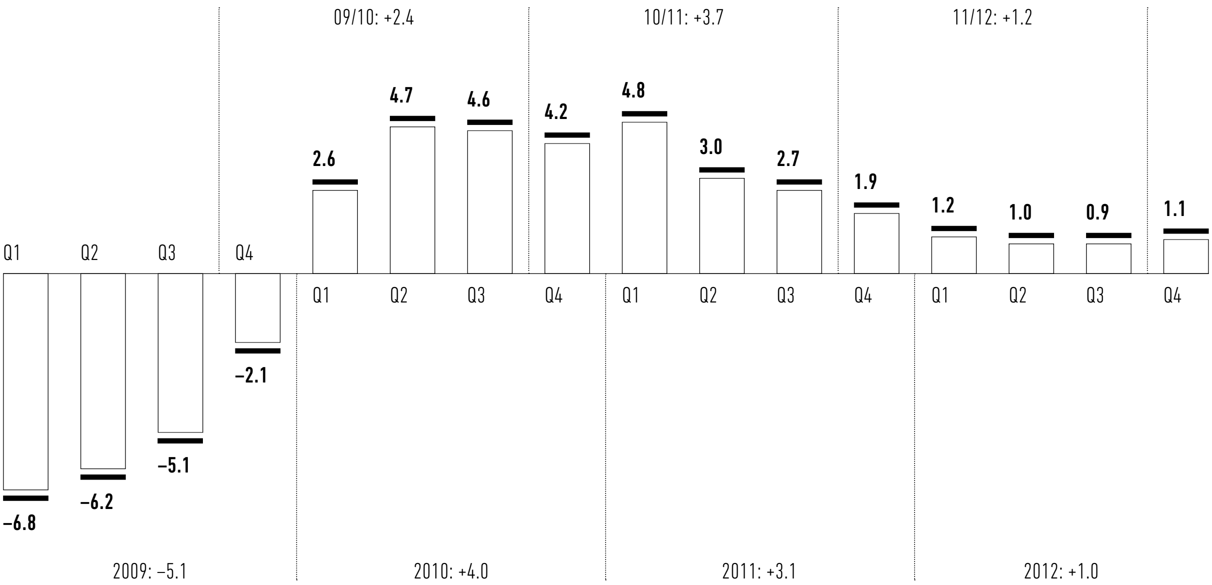
The annual forecasts for economic development in the past few months have accordingly been downgraded, and the Joint Economic Forecast for the autumn of 2012 presumes that economic growth, measured in terms of the real gross domestic product, will be a mere 0.8 % and that growth in 2013 will only be marginally higher at 1 %. The Federal Government followed these assessments in its autumn forecast. In 2010 and 2011, real economic growth was 4.2 % and 3 %, respectively.

The retailing sector sets itself slightly apart from the other three economic sectors shown in the index – the manufacturing industry, the construction industry and wholesaling – at least in terms of a more positive assessment of the situation. The assessment in the retailing sector improved twice in succession, in September and October, although expectations for the coming six months likewise continued to decline in this sector.

The improved assessment of the retailing sector is in line with the consumer research association (GfK) reporting that consumer confidence was stable and positive in October, after having hardly changed in the course of the past 12 months. Although the economic outlook appears to be negative in this case as well, optimistic income expectations and a considerable willingness to buy triggered by extremely low interest rates can more than compensate for this outlook.

DEVELOPMENT OF GROSS DOMESTIC PRODUCT

ADJUSTED FOR PRICE, CALENDAR, AND SEASON BY QUARTER,
CHANGE COMPARED TO SAME QUARTER OF PREVIOUS YEAR AND TO PREVIOUS YEAR IN %



Source: German Federal Statistical Office, 3rd and 4th quarters 2012 based on Joint Economic Forecast Autumn 2012

This estimation is confirmed in reports of above-average growth of 2.6 % in retailing in the first half of the 2012 calendar year which were published by the German Retail Federation (HDE), and reports by the German E-Commerce and Distance Selling Trade Association (bvh) for online and distance selling, showing revenue growth of as much as 12.6 % for the first half of the year. In October 2012, the bvh also reported a positive business development for the third calendar quarter and significantly raised its annual forecast for online and distance selling for 2012, from € 36.5 billion to € 38 billion. The bvh thus expects the business volume to increase by 11.8 % in the calendar year of 2012.

More than in previous years, bvh analysts believe that online selling will be the driving force behind the development of distance selling in 2012. In accordance with figures for the third calendar quarter of 2012, the bvh raised its turnover forecast for e-commerce revenue generated with goods by € 2.2 billion, to € 27.5 billion for the year as a whole. This corresponds to a forecast increase of € 5.8 billion, or 26.5 % – by far the greatest increase in the past five years in both absolute and relative terms. The proportion of online selling in overall distance selling has thus soared from 64 % in 2011 to 72 % in 2012.

HDE forecasts also state that 2012 will be the year with the strongest e-commerce growth for a long time. Using a different base than the one used by the bvh, which also includes online revenue generated with services, the HDE believes that growth in 2012, at 13 %, will reach € 29.5 billion.

This growth dynamic expected for 2012 is clearly illustrated by the results of tests conducted by the Allensbacher Computer and Technology Analysis ACTA 2012. The tests reveal that the proportion of online buyers in the general population aged from 14 to 64 increased by five percentage points to 74 % in 2012. The group of "intensive" online buyers who made at least ten purchases in the past 12 months grew considerably, namely from 11 % of the 14- to 64-year-old general population in 2011, to 21 %. In addition to the expansion of the range, it is now mainly increases in frequency and intensity that are driving revenue growth in e-commerce.

According to the ACTA 2012 analysis, the frequency and intensity of Internet usage in general have been advanced for three years now, as smart phones become more widespread. Smart phone users account for 34 % of the 14- to 64-year-old general population in 2012 – almost double the number of users than in the previous year. Among Internet users, those with a smart phone use the Internet more frequently and, on the whole, for longer periods every day. According to the ACTA 2012 analysis, Internet users in the 14 to 29 age group who have a smart phone are online for an average of 0.6 hours or a third longer each day than users in this age group who do not have a smart phone.

The speed at which digitisation is progressing, for the most part unaffected by business fluctuations, is also underlined by the figures for online advertising. In its most recent forecast in the 2012/02 OVK Online Report, the Circle of Online Marketers (OVK) in the German Association of the Digital Economy (BVDW) sees the gross advertising volume for online advertising increasing by 12.3 % to € 6.44 billion. With this growth, online advertising is increasing its share in the overall gross advertising volume to 21.8 %, but remains the second-largest advertising medium, far behind television, which accounts for 38.2 % of gross advertising expenditure for 2012.

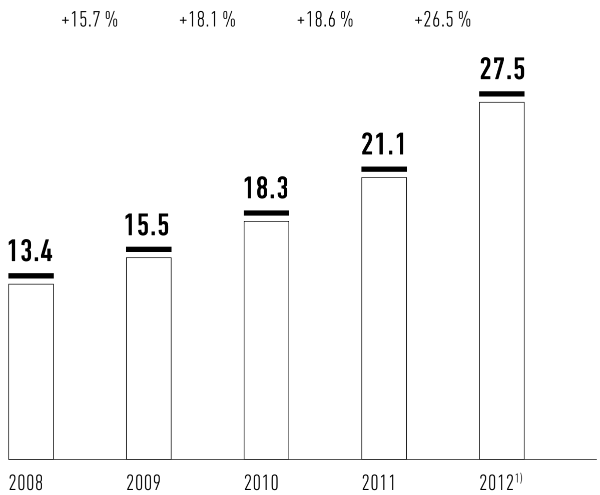
A study by PricewaterhouseCoopers (PwC) published in October 2012, which addresses the analysis of net advertising expenses, i.e. advertising revenues effectively generated, believes that online advertising in Germany has already been slightly ahead of other advertising media since 2011. PwC expects net advertising expenses for online advertising to rise by 11.1 % in 2012, which would make online advertising the advertising channel with the highest growth in 2012 as well, and which could widen the gap to television advertising even further, since the forecast for growth in this area is only 0.5 %. In absolute figures, the net expenditure for online advertising is expected to increase to € 4.5 billion in 2012, with expenditure for television advertising at € 4.0 billion.

Business conducted by digital and Internet agencies is developing very well, given the dynamics in e-commerce and online advertising. In an Internet agency ranking prepared by the Federal Association of the Digital Economy (BVDW), published in April 2012 with figures for 2011, seven of the ten largest agencies reported a double-digit growth rate over that of the previous year, and for six of the agencies, this growth rate even exceeded 20 %. SinnerSchrader was able to maintain its fourth place in this ranking, with growth at 25.6 %.

Takeovers implemented or announced during the course of the financial year demonstrate just how attractive the market segment for digital agencies is. In this context, the French advertising network Publicis took over Pixelpark AG in Germany in the first half of 2012, and in September 2012, it took over the digital agency group LBi which is domiciled in London. The advertising network WPP, which took advantage of the attractive German advertising market in 2011 when it took over the advertising agency Scholz & Friends, acquired the Anglo-American digital agency AKQA in June 2012. The takeovers of Pixelpark, LBi and AKQA document the increased significance of digital marketing and the need for classic advertising to catch up with digital demand.

DEVELOPMENT OF E-COMMERCE REVENUES

VALUE OF GOODS PURCHASED ONLINE BY GERMAN CONSUMERS
IN € MILLION, CHANGE OVER PREVIOUS YEAR IN %



Source: German E-Commerce and Distance Selling Trade Association (bvh)
[1] Forecast for 2012 on the basis of Q1 to Q3

04 / BUSINESS DEVELOPMENT AND GROUP SITUATION

With a rise in revenue of 16.4 %, the SinnerSchrader Group grew more moderately in the 2011/2012 financial year than it had in the previous year, when the business volume rose by 29.1 %. At € 36.0 million, the total revenue (net) slightly exceeded the Group's own forecast of € 35.5 million in the year of the report.

However, the operating result (EBITA) fell far short of the planned level and also clearly missed the EBITA generated in the previous year. At the end of the 2011/2012 financial year, EBITA only amounted to € 1.6 million – compared with the planned € 3.25 million and the € 2.6 million achieved in 2010/2011.

There were three main reasons for the divergence in the development of profit and revenue in the year of the report:

- The spot-media Group fell short of its revenue plans by around 20 %, or € 1.8 million, mainly because its two largest customers considerably reduced their monthly requests for services in the latter six months of the financial year. The capacity adjustment measures undertaken to offset this reduction also had a negative effect on the year of the report and will not contribute to a more balanced relation between revenue and costs prior to the 2012/2013 financial year. The development of revenue was hampered by the move to bigger office premises, which had been planned for some time and likewise occurred in the year of the report.
- A balancing-out of profits by the SinnerSchrader agency, which increased its business volume ahead of plan by almost 17 % and achieved its earnings targets, was thwarted by difficulties with a major project that resulted in a considerable negative contribution margin.
- In spite of the product and sales measures implemented for the financial year, the increase in revenue generated in adserving business amounted to 22 %, which meant that revenue developed far more slowly than had been anticipated. This prompted SinnerSchrader to commence with the strategic further development of business towards audience management for advertisers in the second half of the financial year. However, this move initially brought more negative effects on profits, and continues to do so.

In line with the development of operative business, net income for the 2011/2012 financial year, at € 0.16 million, also fell considerably short of the targeted € 1.7 million. In this context, over and above the operative development, the decision to further develop newtention technologies GmbH to become NEXT AUDIENCE GmbH also had a negative effect on net income, since depreciation on goodwill from the acquisition of newtention technologies GmbH in the amount of € 0.35 million became necessary.

In spite of the weak result, cash flows from operating activities in the year of the report, at € 2.1 million, were far better than in the previous year due to working capital management measures having had an effect. Moreover, the non-recurring debit on the cash flow for the previous year no longer needed to be paid, as advance tax payments were resumed.

However, the liquidity reserve from cash funds, fixed-term deposits and investments in securities declined by a total of € 0.5 million to € 5.2 million during the course of the 2011/2012 financial year. Together, investment expenditure and the dividend payment exceeded the operating cash flow by this amount. Weak net income caused the shareholders' equity rate to decline by approximately 2.4 percentage points, i.e. from 59.3 % in the previous year to 56.9 % as at 31 August 2012.

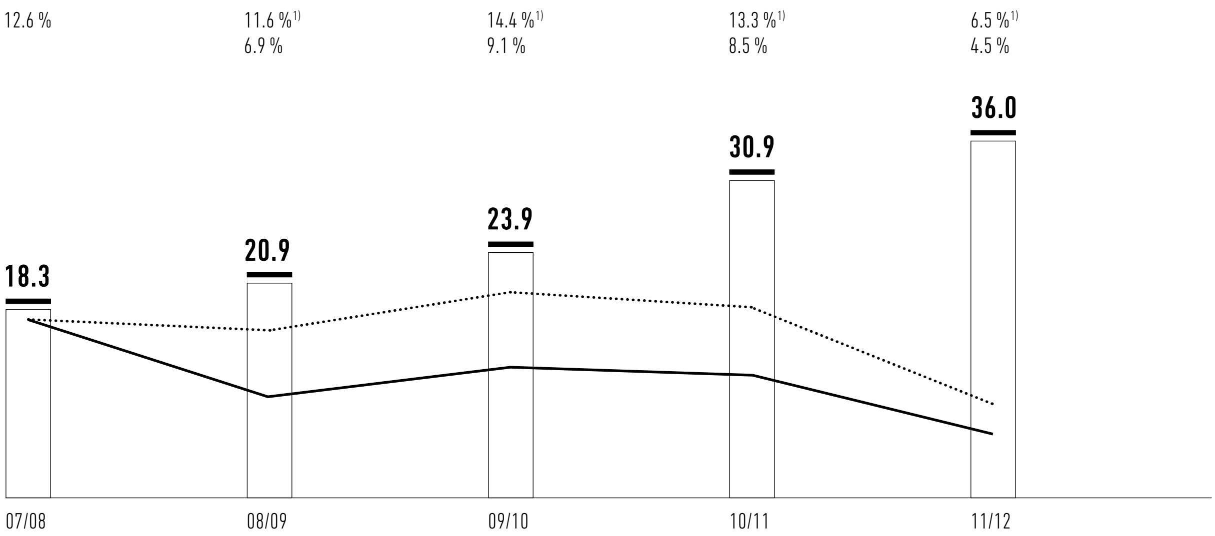
4.1 REVENUES

The net revenue of the SinnerSchrader Group rose by just less than € 5.1 million, or 16.4 %, to € 36.0 million in the 2011/2012 financial year.

Around € 3.6 million of this revenue growth was achieved in the Interactive Marketing segment, which also includes SinnerSchrader Mobile GmbH, a company acquired in mid-May 2011. This corresponds to a revenue growth of 13.2 %. While the SinnerSchrader agency showed a very pleasing development in the year of the report, with revenue growth of € 3.3 million, or 16.8 %, the spot-media agency was not able to expand its business any further; on the contrary, it saw a fall in revenue in the amount of around € 0.7 million, i.e. 8.7 % of the revenue generated in the previous year. Declines in revenue in the amount of € 1.3 million with the

DEVELOPMENT OF NET REVENUES AND NET REVENUE MARGIN

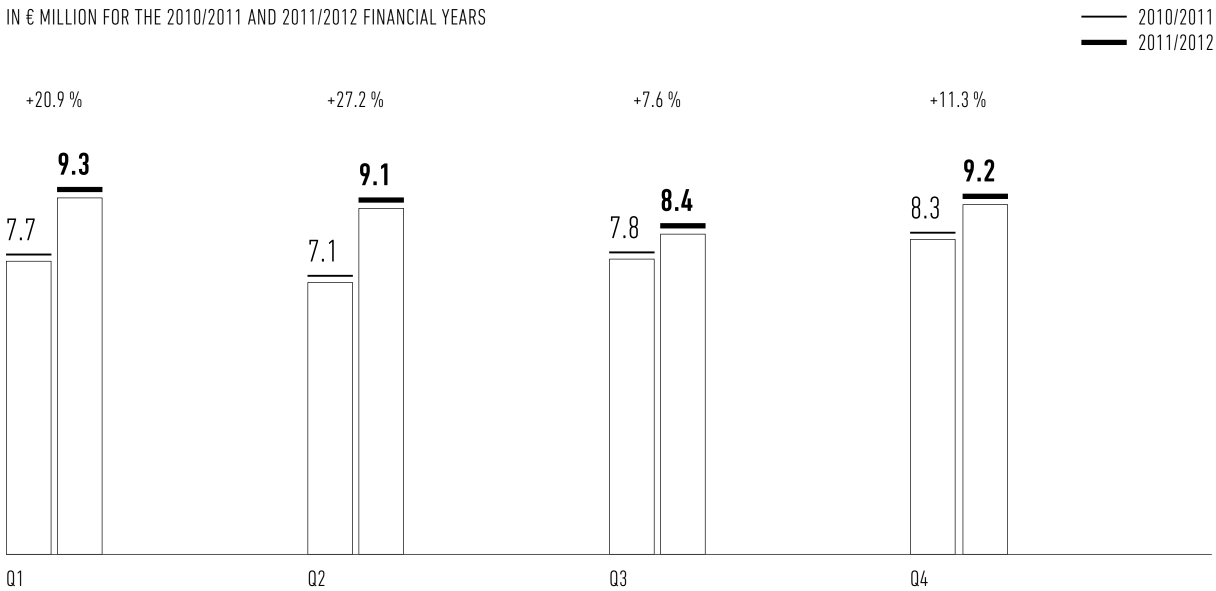
IN € MILLION AND %



1) Before costs for expansion of service portfolio

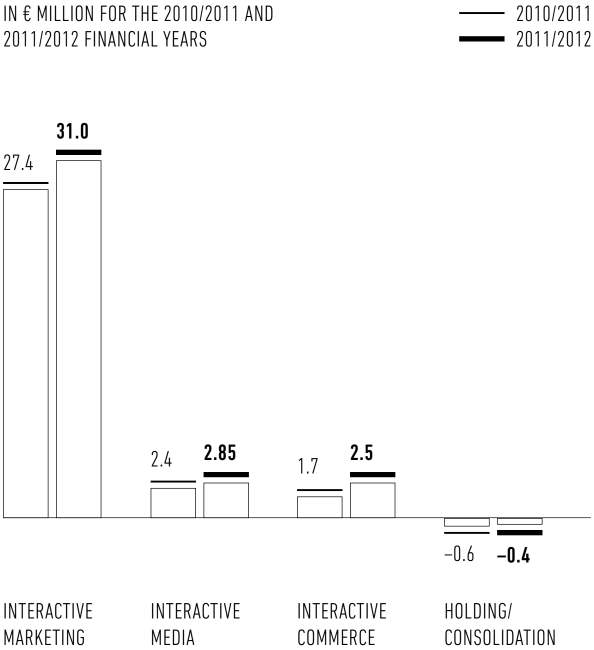
DEVELOPMENT OF NET REVENUES BY QUARTER

IN € MILLION FOR THE 2010/2011 AND 2011/2012 FINANCIAL YEARS



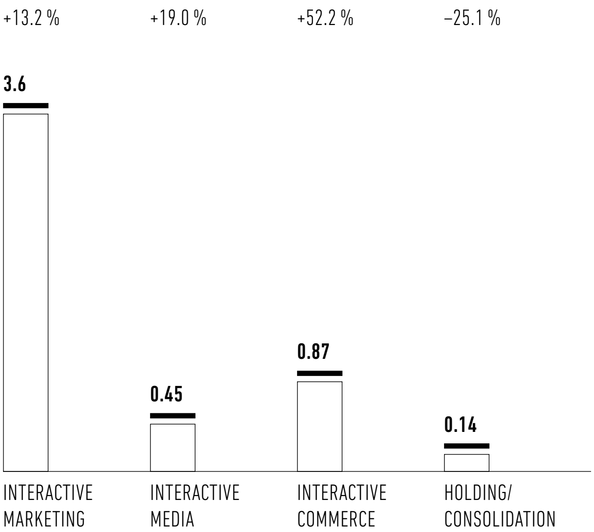
NET REVENUES BY SEGMENT

IN € MILLION FOR THE 2010/2011 AND 2011/2012 FINANCIAL YEARS



DEVELOPMENT OF NET REVENUES BY SEGMENT

IN € MILLION FOR THE 2011/2012 FINANCIAL YEAR COMPARED TO THE PREVIOUS YEAR



two largest customers – in the case of one customer due to the implementation of an insourcing strategy, and for the other customer due to the takeover of the customer and the resulting incorporation into the organisation of the acquiring company with its own existing service providers – were only partly offset by new business and revenues achieved by the business operations of Maris Consulting GmbH in Berlin, taken over in January last year.

In the SinnerSchrader agency, business with existing customers was increased by a total of € 0.6 million, with the effect that revenue earned with new customers contributed fully towards increasing the revenue basis. In the 2011/2012 financial year, the SinnerSchrader agency acquired seven new customers, including, among others, the Holy Fashion Group, Karstadt, Stage Entertainment and Dole, with whom revenue of around € 2.7 million was generated. The new customer rate was a good 11.9 %.

SinnerSchrader Mobile – consolidated for a full twelve months for the first time in the year of the report – achieved around € 1.5 million in net revenue, thus contributing around € 1.2 million to revenue growth in the Interactive Marketing segment. New customers account for 55.1 % of revenue, of which around one third had already been customers of Sinner-Schrader or spot-media. Accordingly, revenue between the consolidated units in the segment accounted for around € 0.2 million in the year of the report. In the previous year, the volume of these intra-segment revenues was still negligible.

Apart from the two critical spot-media AG customer relations, incoming orders were at a positive level, but did not quite reach the figures of the previous year. In this context, the decision taken by ŠKODA in favour of the SinnerSchrader agency as a global digital lead agency at the end of July 2012, no longer had a decisive effect. It can, however, be assumed that ŠKODA will progress to become one of the biggest customers in the SinnerSchrader Group in the 2012/2013 financial year.

The SinnerSchrader agency opened an office in Munich in the 2011/2012 financial year and in Prague at the beginning of the new financial year, with a view to reinforcing and expanding relations with major customers.

In the Interactive Media segment, net revenue rose by € 0.45 million over that of the previous year, to around € 2.85 million, which corresponds to an increase of 19.0 %. Adserving business operated by NEXT AUDIENCE GmbH (formerly newtention technologies GmbH) accounted for a good € 0.25 million of this increase. The performance media business operated by mediaby GmbH accounted for the remaining € 0.2 million. The two units generated growth rates of 22.2 % and 13.1 %, respectively, thus falling short of their target for the year of the report.

In the case of NEXT AUDIENCE GmbH, the retargeting network mementoo, established on the basis of n7 adserving technology, failed in particular to meet expectations for growth. For this reason, in the second half of the financial year, NEXT AUDIENCE again focused its strategy more on major advertisers who, in line with a trend in the US, are concerning themselves with the data-based optimisation of fund employment in the areas of online and offline advertising. Using this strategy, NEXT AUDIENCE acquired its first major advertising customer, Big Point, in June 2012. This has, however, not yet had any visible effect on the development of revenue in the year of the report.

The Interactive Commerce segment showed the strongest increase in revenue, with a plus of 52.2 %. Revenue in the amount of € 2.5 million was earned in the 2011/2012 financial year as compared to just less than € 1.7 million in the previous year. The successful integration of the business operations of Visions new media GmbH in Hanover, which was acquired in February 2011, with its expertise in online shop development on the basis of Magento technology, was a significant source of growth. Business with outsourcing customers also developed positively, although the customer base remained small.

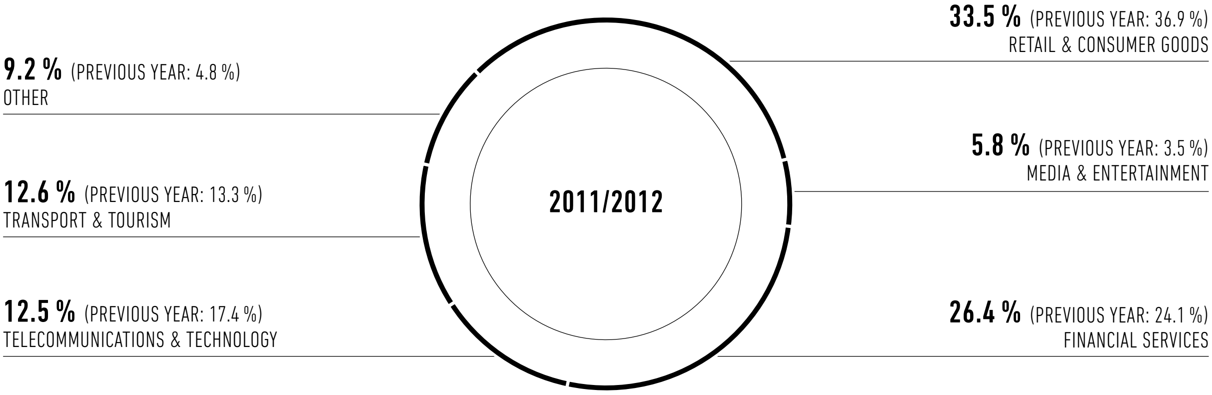
In the year of the report, the SinnerSchrader Group as a whole nevertheless continued to expand its customer base, which now comprises more than 100 active customer relations. Many customers appeared on the list for the first time in the 2011/2012 financial year. SinnerSchrader earned revenue in the amount of just under € 3.5 million with these new customers. In the previous year, new customer revenue amounted to € 2.9 million. The new customer rate thus increased slightly, from 9.4 % to 9.7 %.

As a result of the positive new customer rate, the proportion of revenue earned with the ten biggest customers in the Group declined again in the 2011/2012 financial year. In the previous year, the proportion of revenue earned with these ten biggest customers accounted for 63.2 %, while the proportion in the year of the report was 58.6 %. This trend becomes even more apparent when one takes a look at the proportion earned with the five biggest customers and the proportion earned with the highest-revenue customer, which was reduced by 7.8 and 3.4 percentage points, respectively, to 38.5 % and 9.7 %. Dependence on the biggest customer relations thus continues to decrease. However, the development of spot-media AG in the year of the report showed that negative developments in revenue generated with the major customer relations may still have considerable effects on profits.

The Retail & Consumer Goods sector accounts for 33.5 % of revenue, and thus remained the most important sector for SinnerSchrader in the 2011/2012 financial year. The proportion earned by this sector nevertheless decreased by 3.4 percentage points against that of the previous year. In contrast, the proportion earned by the Financial Service Provider sector increased by 2.3 percentage points to 26.4 % due to the expansion of business with insurance company customers. The Transport & Tourism and Telecommunications & Technology sectors accounted for 12.6 % and 12.5 %, respectively, of total net revenue in the year of the report. In comparison to the previous year, both sectors lost revenue share, with the Telecommunications & Technology sector showing a clear decline of 4.9 percentage points. Revenue in this sector also declined in absolute terms. Companies in the Media & Entertainment field accounted for 5.8 % of SinnerSchrader's revenue, i.e. 2.3 percentage points more than in the previous year. A 9.2 % proportion of revenue, i.e. 4.4 percentage points more than in the previous year, could not be assigned to the above-mentioned sectors.

NET REVENUES BY SECTOR

IN % FOR THE 2011/2012 FINANCIAL YEAR



Beyond the scope of the usual seasonal fluctuations, a quarterly comparison of the development of revenue – € 9.3 million, € 9.1 million, € 8.4 million, and € 9.25 million – shows a slump in growth as a result of the development in the spot-media agency in the third quarter. This slump was already partly offset by the development of the other Group business units in the fourth quarter. After growth rates in excess of forecasts of 20.9 % and 27.2 %, respectively, for the first two quarters, a slowdown in growth dynamics in general occurred, as anticipated.

4.2 OPERATING RESULT (EBITA)

In the 2011/2012 financial year, the earnings before interest, taxes and depreciation effects from acquisitions (EBITA) reached a value of € 1.6 million, thus, in contrast to revenue, falling considerably short of the planned € 3.25 million and the € 2.6 million earned in the previous year.

The disappointing development of the operating result was mainly due to three developments:

1. The considerable decline in the spot-media agency revenue generated with its two biggest customers, who together accounted for a good 65 % of revenue in the previous year, had not been expected. In the plan, a decline in revenue earned with the two customers in the 2011/2012 financial year had been assumed at only 5 % below the revenue for the previous year. In the end, revenues in the year of the report fell short of those for the previous year by 26.5 %, or around € 1.3 million.

   The decline in revenue in comparison to the previous year was approximately halved, among other things due to the positive effects from the takeover of the business operations of Maris Consulting GmbH in Berlin and to new customers. However, the costs relating to the surplus capacity, the non-recurring costs for adjustment measures in the amount of around € 0.35 million, and the non-recurring costs for the essential move to new office premises in the amount of € 0.2 million, which were unfortunately also incurred in the year of the report, resulted in a decrease of the operating result of altogether € 1.2 million in comparison to the previous year, and of € 1.4 million below the plan.

2. Difficulties with a project prevented the SinnerSchrader agency from being able to at least partly offset the development of the spot-media agency revenue. The SinnerSchrader agency nevertheless achieved its operative earnings targets, in spite of the considerable cost overrun in this project, which amounted to approximately € 0.5 million.

3. Despite additional staffing in the sales and marketing departments in the 2011/2012 financial year, the adserving business operated by NEXT AUDIENCE GmbH (formerly newtention technologies GmbH), and in particular the corresponding follow-up business with the retargeting network memento, did not have the expected degree of success on the market. In the course of the financial year, a decision was duly taken to focus the business conducted by the company on software solutions for the data-driven management and optimisation of online advertising measures for advertisers, i.e. on audience management. However, this meant that, initially, costs for product manage-

ment, development and marketing were further increased. For the Group as a whole, this resulted in operative losses of just under € 0.7 million for NEXT AUDIENCE GmbH in the 2011/2012 financial year – in comparison to a budgeted minus of € 0.1 million and a loss in the previous year of € 0.3 million. With the decision to focus business on audience management, work commenced on the development of the related NEXT AUDIENCE suite, which builds on the current n7 adserver. The development costs incurred for the NEXT AUDIENCE suite in the amount of € 0.1 million were recognised as assets in the 2011/2012 financial year.

next commerce GmbH reached the break-even point in the 2011/2012 financial year as planned, thus improving its result by around € 0.65 million in comparison to the previous year's result; this could be overlooked given the negative developments. The successful integration of the business operations of Visions new media GmbH contributed considerably to the improvement. SinnerSchrader Mobile GmbH also achieved a positive operative result in its first full financial year in the SinnerSchrader Group.

A look at the segments shows the following for the 2011/2012 financial year:

The Interactive Marketing segment achieved EBITA in the amount of € 2.5 million, and fell short of the result for the previous year by € 1.35 million due to the development at spot-media. This decreased the operating margin by 6 percentage points to 8.1 % in the year of the report.

The Interactive Media segment again fell just short of operating profits due to the advance payments for NEXT AUDIENCE GmbH (formerly newtention technologies GmbH). The operative loss was € 0.03 million, in comparison to a loss of € 0.02 million in the previous year.

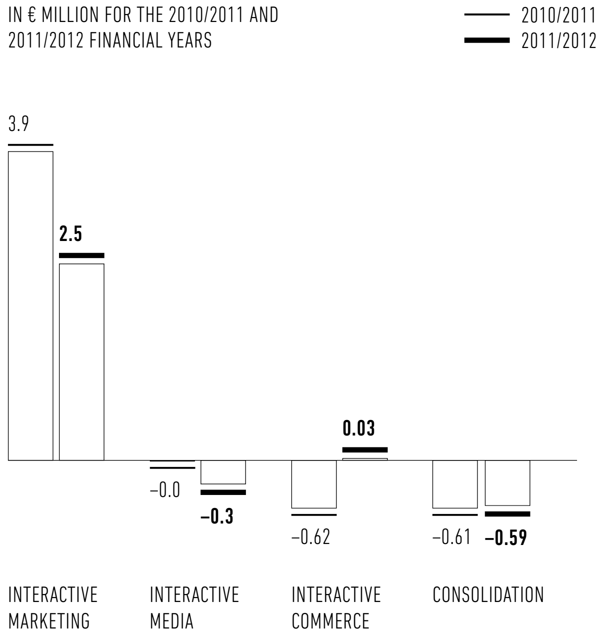
Finally, the Interactive Commerce segment achieved a marginally positive operating result for the first time in the year of the report, thus improving its result by € 0.65 million in comparison to the previous year.

In the 2011/2012 financial year, the volume of costs of the holding company which are not allocated to the operative segments remained virtually unchanged in comparison to the previous year at € 0.6 million.

Due to the divergence in the development of revenue and EBITA, the operative margin of the SinnerSchrader Group was almost halved in the 2011/2012 financial year, by 3.6 percentage points to 4.5 %.

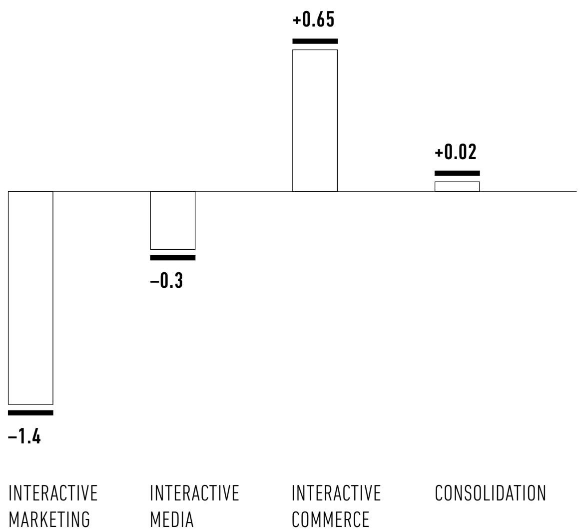
EBITA BY SEGMENT

IN € MILLION FOR THE 2010/2011 AND 2011/2012 FINANCIAL YEARS



EBITA DEVELOPMENT BY SEGMENT

IN € MILLION FOR THE 2011/2012 FINANCIAL YEAR COMPARED TO THE PREVIOUS YEAR



DEVELOPMENT OF COSTS BY FUNCTION

The gross profit margin decreased more than the overall margin. After 31.2 % in the 2010/2011 financial year, the margin dropped to 26.9 % in the year of the report. The decline was mainly due to poor capacity utilisation in the spot-media agency and cost overruns in a SinnerSchrader agency project. Positive developments in the gross margins of mediaby, next commerce and SinnerSchrader Mobile only marginally compensated for the effects.

Marketing costs increased disproportionately in the 2011/2012 financial year, due to the expansion of marketing and sales activities in adserving business, and to increased marketing costs for the SinnerSchrader agency, among other things with respect to the next conferences, which accounted for 10.4 % of net revenue, against 10.1 % in the previous year.

General administrative costs rose slightly less than net revenue, with the result that the administrative cost rate of 13.3 % in the previous year decreased slightly to 13.2 %. This was matched by a more significant decline for spot-media, due to the measures undertaken to adjust capacities and in connection with the non-recurring costs incurred for moving to new office premises.

The research and development costs for the year of the report in the amount of € 0.4 million were € 0.1 million below the costs in the previous year. NEXT AUDIENCE GmbH development costs for programming the new NEXT AUDIENCE suite were recognised as assets in approximately the same amount as this decrease. The development costs for the further development and maintenance of the current n7 adserving suite were again to be reported as expenses, and accounted for two-thirds of all the research and development costs for the Group. Furthermore, the agencies and next commerce also incurred research and development costs for the maintenance and further development of the component libraries that are mainly used for online shops in terms of development. The share of research and development costs fell by 0.6 percentage points, to 1.1 %.

When assessing the function costs from the Consolidated Statements of Operations, it must be remembered that they contain the amortisation expenses – i.e. depreciation of intangible assets that had to be posted as part of the takeover of companies or parts of companies as part of the purchase price allocation and, unlike the resulting goodwill, have to be depreciated according to schedule with a limited usage period. These are not included in the key operating indicator of the EBITA. In the 2011/2012 financial year, the amortisation expenses amounted to € 0.62 million after € 0.56 million in the previous year. Around € 0.45 million of the amortisation expenses were to be assigned to revenue costs, and the remaining € 0.17 million to marketing costs. The increase in amortisation costs in the year of the report is the result of the acquisitions carried out in the 2010/2011 financial year.

The balance of other operating income and expenses amounted to € -0.15 million, with other income in the amount of € 0.22 million matched by expenses in the amount of € 0.37 million. In the previous year, income of € 0.19 million and expenses in the amount of € 0.02 million resulted in a positive balance of € 0.17 million. The negative surplus in the year of the report is the result of goodwill from the takeover of newtention technologies GmbH (now NEXT AUDIENCE GmbH) in 2009 having to be written off in the amount € 0.35 million. This amount is not included in EBITA in line with the amortisation

Development of costs by function		**2011/2012**		**2010/2011**	**Change**
	in € 000s	**in %[1]**	**in € 000s**	**in %[1]**	**in %**
Cost of revenues	26,302	73.1 %	21,269	68.8 %	23.7 %
thereof amortisation expenditure	450	1.3 %	379	1.2 %	18.7 %
Costs of marketing	3,755	10.4 %	3,126	10.1 %	20.1 %
thereof amortisation expenditure	175	0.5 %	179	0.6 %	-2.4 %
General and administrative costs	4,737	13.2 %	4,114	13.3 %	15.1 %
Research and development costs	392	1.1 %	519	1.7 %	-24.5 %

[1] As a percentage of net revenues

expenses. Other income in the year of the report mainly results from the writing back of provisions and the unexpectedly positive outcome of insolvency proceedings which opened in 2011 with the SinnerSchrader agency as a creditor.

DEVELOPMENT OF COSTS BY COST TYPE

Of the four cost types – costs for external services, personnel costs, depreciation (not including amortisation) and other operating costs – only depreciation resulted in a disproportionately low increase, at 15.4 %, in comparison to revenue growth in the 2011/2012 financial year. The volumes of the three other cost types grew more than the revenue in each case, namely by 24.5 %, 19.8 % and 26.3 %, respectively, in comparison with the previous year.

External services increased disproportionately, not least due to the problematic project situation in the SinnerSchrader agency. Remedying the situation resulted in a temporary need for more personnel in the first and second financial quarters, which was mainly met with freelancers.

The increase in personnel costs includes non-recurring costs in the amount of € 0.35 million for the personnel measures in the spot-media agency, which is equivalent to 2.8 percentage points of the growth rate. Furthermore, the excess capacities at spot-media and the expansion of sales and marketing competence at NEXT AUDIENCE caused personnel costs to rise disproportionately. The personnel cost rate worsened from 63.1 % in the previous year to 65.2 % in the year of the report.

The personnel capacity was increased by 53 employees to 388 full-time employees in the 2011/2012 financial year. This corresponds to an increase of 15.8 %. The average personnel costs exceeded the figure for the previous year by 3.8 %, or 2.3 %, after adjustment by the costs for personnel measures.

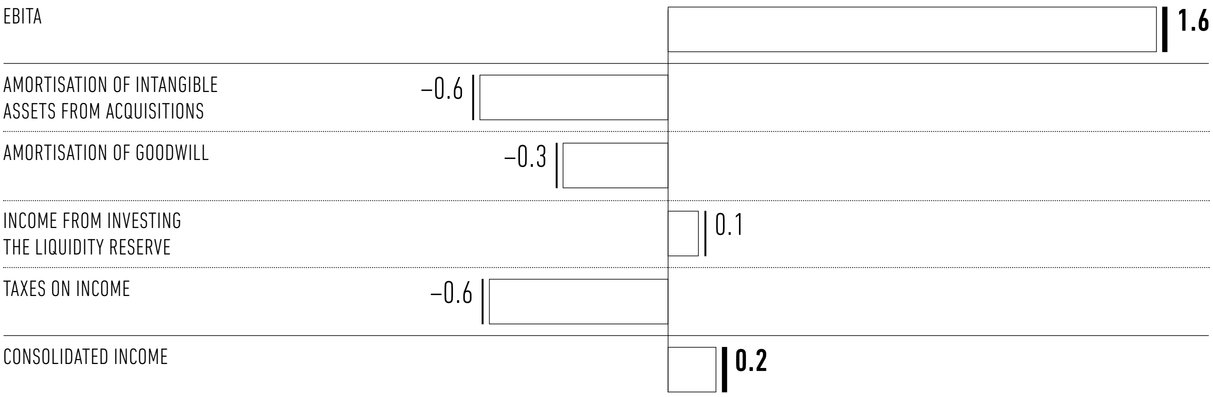
The strongest increase over the previous year was reported for the other operating expenses. Of the 26.3 % by which the other operating expenses exceeded the expenses in the previous year, non-recurring costs relating to the spot-media relocation to new office premises accounted for 4 percentage points – these were primarily vacancy costs for the old premises until the lease expired. Other cost drivers were the marketing costs, including costs for organising the next conference, travel expenses due to increased marketing efforts and costs for acquiring personnel, since a disproportionately large number of vacancies at the managing director and management level needed to be filled.

Development of costs by cost type		**2011/2012**		**2010/2011**	**Change**
	in € 000s	**in %[1]**	**in € 000s**	**in %[1]**	**in %**
Personnel expenses	23,388	65.0 %	19,516	63.1 %	19.8 %
Costs of materials	500	1.4 %	414	1.3 %	20.8 %
Costs of services	4,359	12.1 %	3,488	11.3 %	25.0 %
Other operating expenses	5,643	15.7 %	4,470	14.5 %	26.2 %
Depreciation	670	1.9 %	581	1.9 %	15.4 %
Amortisation expenses	625	1.7 %	558	1.8 %	12.0 %

[1] As a percentage of net revenues

RECONCILIATION OF EBITA TO CONSOLIDATED INCOME

IN € MILLION FOR THE 2011/2012 FINANCIAL YEAR



4.3 NET INCOME

Net income decreased virtually in line with the development of EBITA, by € 1.1 million to € 0.16 million.

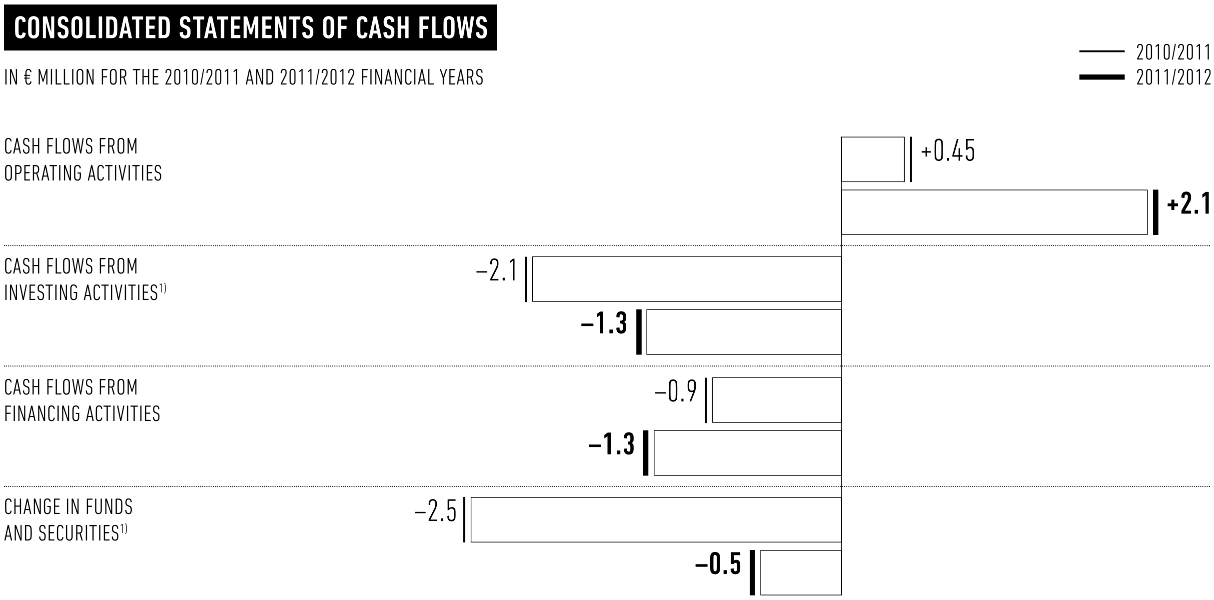
In addition to the development of EBITA, net income is determined by the development of the following components:

- amortisation expenses, i.e. depreciation on intangible assets which were to be capitalised as part of the first consolidation of companies or parts of companies (such as existing customers and software developed by the Company itself), unscheduled depreciation on these assets and goodwill not depreciated according to schedule
- amounts to be adjusted by the purchase price estimation for acquisition transactions, e.g. on the basis of a multi-year earn-out agreement
- the financial result
- taxes on income

Amortisation expenses, at € 0.62 million, just exceeded the expenses for the previous year by € 0.07 million in the 2011/2012 financial year. Some intangible assets resulting from the purchase price allocations for the acquisitions carried out in the previous year of the Berlin business operations of Maris Consulting GmbH, the business operations of Visions new media GmbH and all the shares in TIC-mobile GmbH (now SinnerSchrader Mobile GmbH) were to be included in the consolidated balance sheet. These assets had to be depreciated for a full year for the first time.

In addition to the scheduled depreciation, goodwill from the takeover of newtention technologies GmbH in 2009 was to be depreciated in the amount of € 0.35 million. Depreciation became necessary because the loss situation in current business only improved slowly due to the development of revenue being weaker than planned and because of the decision to change the focus of the business model in line with the need for more advance payments. Although goodwill in the new NEXT AUDIENCE GmbH business plan is far more positive, the innovative nature of the question of audience management on the market and the loss situation so far meant that, from a risk point of view, it was nevertheless advisable to depreciate current goodwill.

The settlement or re-evaluation of outstanding payment obligations from acquisitions transacted in the previous year resulted in a general reduction in the purchase prices of around € 0.05 million, which were to be included as income under other financial income in the Consolidated Statements of Operations. There was no comparable income component in the previous year.



[1] Without investment of liquid funds in securities and long-term fixed deposits

In contrast, income from investing in the liquidity reserve was reduced to around € 0.05 million after € 0.1 million in the previous year, given the further decrease in average liquidity with an unchanged weak interest level at the short end of the yield curve.

Earnings before tax reported in the Consolidated Statements of Operations thus reached just under € 0.8 million, whereas in the previous year this figure still amounted to € 2.1 million. Earnings before tax continued to decline, resulting in consequence in a decrease in taxation. However, tax relief on income taxes, at € 0.26 million, was far less than was to be expected given the statutory income tax rate of 32.3 %. As in the previous year, the reason for this is that NEXT AUDIENCE GmbH is not included in the domestic incorporated companies for taxation, and is not able to establish any deferred tax assets for loss carry-forwards. In expectation of a result that was only slightly negative, no changes were made to the tax situation of NEXT AUDIENCE GmbH in the 2011/2012 financial year. As a result, the pre-tax loss of NEXT AUDIENCE GmbH did not have any effect on taxes in the 2011/2012 financial year. The reported tax rate even rose as high as 79.1 %, after 40.2 % in the previous year, since the ratio of pre-tax profits for the Group and the non-taxable contribution to losses of NEXT AUDIENCE GmbH has worsened.

Even if the basis of shares in circulation changed only marginally, the decline in net income took full effect on the net income per share, which only amounted to just more than € 0.01 per share in the 2011/2012 financial year, after just more than € 0.11 per share in the previous year.

4.4 CASH FLOWS

In the 2011/2012 financial year, the cash flows of the SinnerSchrader Group – without additions to and disposals of marketable securities and financial investments made as part of the use of the liquidity reserve – resulted in an outflow of funds in the amount of a good € 0.5 million. The liquidity reserve of the SinnerSchrader Group has diminished by this amount. In the previous financial year, there was an outflow of funds in the amount of € 2.5 million.

Despite the weaker result, operative cash flow was much improved at just under € 2.1 million, and was thus able to virtually cover the funds employed for investments in the amount of around € 1.3 million, and for the dividend payment and for buying back shares of treasury stock in the total amount of € 1.3 million in the course of the financial year. In the previous year, only just under € 0.5 million in liquid funds were generated from the operative sphere. This figure was matched by investment expenses of € 2.1 million and a dividend payment of € 0.9 million.

On the one hand, the improvement in the operating cash flow in comparison to the previous year is the result of a more focused system of working capital management, particularly with a view to the position with respect to customers. On the other hand, it is due to the fact that a resumption of tax payments and advance tax payments had a negative effect on cash flows in the previous year. In spite of the continuation of the dynamic growth of business, the total amount of funds tied up in trade accounts payable and in unbilled services only increased by € 0.1 million. In contrast, the total of funds tied up in these items increased by just under € 1.6 million in the previous year. Balanced with new tax liabilities, the outflow of funds for tax payments only amounted to just under € 0.2 million in the 2011/2012 financial year, after € 1.3 million one year earlier.

Funds employed for investments (without additions and disposals of securities and financial investments) normalised again in the year of the report, at € 1.3 million. In the previous year, this item amounted to € 2.1 million following three acquisitions. Of the € 1.3 million, earn-out payments for acquisitions made in previous years accounted for € 0.27 million. € 0.95 million mainly concerned the expansion of the office and IT infrastructure of the Group. Another € 0.1 million concerned the capitalisation of software for the new adserving suite at NEXT AUDIENCE GmbH.

In the financing section, the dividend increase proposed by the Management Board and the Supervisory Board and resolved by the Annual General Meeting on 15 December 2011 in the amount of € 0.08 per share to € 0.10 per share resulted in cash outflows that exceeded those of the previous year by € 0.23 million for the dividend amounting to € 1.12 million. SinnerSchrader used another € 0.15 million for buying back 73,655 shares of treasury stock at an average price of € 2.06 in the 2011/2012 financial year. SinnerSchrader did not buy back any shares in the previous year.

4.5 ASSET AND FINANCIAL SITUATION

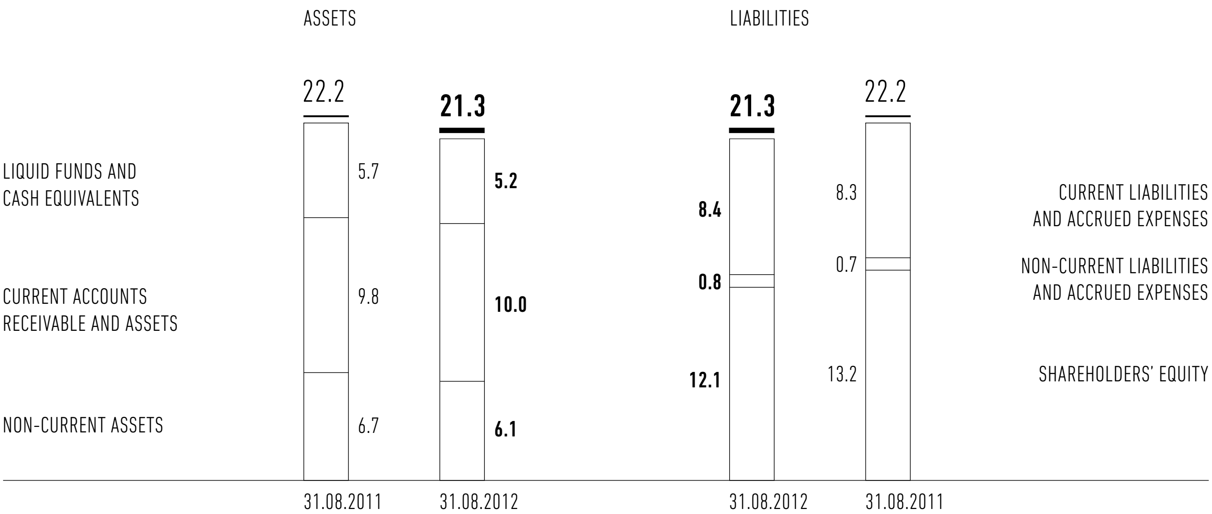
After the balance sheet total had increased as a consequence of expanding the portfolio of services by € 1.3 million to € 22.25 million in the previous year, it decreased by € 0.9 million in the financial year, in spite of a further increase in the business volume.

On the assets side, the outflow of funds described under Section 4.3 plus delimitation/valuation changes to securities accounted for a good € 0.55 million. On 31 August 2012, the liquidity reserve thus amounted to € 5.2 million.

Furthermore, the non-current assets decreased by a total of € 0.6 million, with scheduled depreciation on intangible assets

DEVELOPMENT OF CONSOLIDATED BALANCE SHEET

IN € MILLION



(excluding goodwill) recognised as part of acquisitions accounting for € 0.6 million. SinnerSchrader implemented unscheduled depreciation on goodwill in the amount of € 0.35 million. Goodwill from the acquisition of the newtention Group in 2009, which related to the old business model, was fully depreciated on the basis of the strategic focus. Against the trend, NEXT AUDIENCE GmbH recognised development expenses for the new audience management platform as assets in the amount of € 0.1 million. The value of tangible assets and purchased software also increased, by just under € 0.25 million, due to comparatively high investments.

Current assets excluding the liquidity reserve increased against the trend by € 0.2 million. However, due to an intensified system of working capital management in the year of the report, growth was cautious. The comparable asset items increased by a total of € 2.2 million in the previous year.

On the liabilities side, the decline in assets is matched by a reduction of a good € 1 million in equity capital. Due to the weak earnings generated in the 2011/2012 financial year, it was not possible to offset the reduction in equity capital resulting from the € 1.1 million dividend payment in December 2011, so equity capital decreased by € 1.0 million. In addition, more equity capital in the total amount of € 0.1 million was used for the other equity capital components, in particular due to buying back shares of treasury stock.

The long-term debt item has not changed significantly since 31 August 2011. Current liabilities rose slightly by a total of a good € 0.1 million, with the individual current liability items showing considerable individual changes. The reserves rose considerably, by € 0.75 million, among other things because of the reserves for measures undertaken to adjust capacities and reserves relating to the spot-media agency's move to new office premises. Trade accounts payable also increased by € 0.3 million as a result of expansion. Financial liabilities and other debts decreased against the trend by € 0.6 million, not least due to the earn-out payments in the amount of just under € 0.3 million made in the course of the 2011/2012 financial year.

The disproportionate decline in equity capital caused the shareholders' equity rate to likewise decrease, by 2.4 percentage points to 56.9 %. Even at this reduced level, the rate shows that the SinnerSchrader Group is solidly capitalised and well-financed. The balance sheet remains free of bank loans and overdrafts.

4.6 EMPLOYEES

Measured in terms of the number of employees, the staff of the SinnerSchrader Group (including apprentices, interns, students/students writing theses and management bodies) had grown only slightly at the end of the financial year in the year of the report, in comparison to growth in the previous years and to revenue growth. On 31 August 2012, SinnerSchrader had 420 employees, 20 employees, or 5 %, more than on 31 August 2011.

One reason for the low growth rate is that at the end of the previous year, more staff had already been recruited for growth which was only expected in the following year. Another reason is the personnel measures which became necessary in the spot-media agency in June 2012, which in consequence resulted in the agency releasing 15 employees.

Of the 420 employees, 318 were in the units operating in the Interactive Marketing segment – after 315 in the previous year. 34 employees worked in the Interactive Media segment, which had a staff of 29 employees as at 31 August 2011. On the balance sheet date, the Interactive Commerce segment had 35 employees – 7 employees more than one year earlier. The managing holding company, with 33 employees, had 5 employees more than a year earlier.

Broken down according to locations, the workforce was distributed as follows on 31 August 2012: 325 employees in Hamburg, 30 employees in Frankfurt am Main, 38 employees in Berlin and 24 employees in Hanover. On the balance sheet date, Munich, where the SinnerSchrader agency had opened a new office in May 2012, also had 3 employees.

Of the 420 employees, 355 were permanent employees, 11 were apprentices and 54 were interns, students and students writing theses. The comparative values as at 31 August 2011 were 343, 13 and 44, respectively.

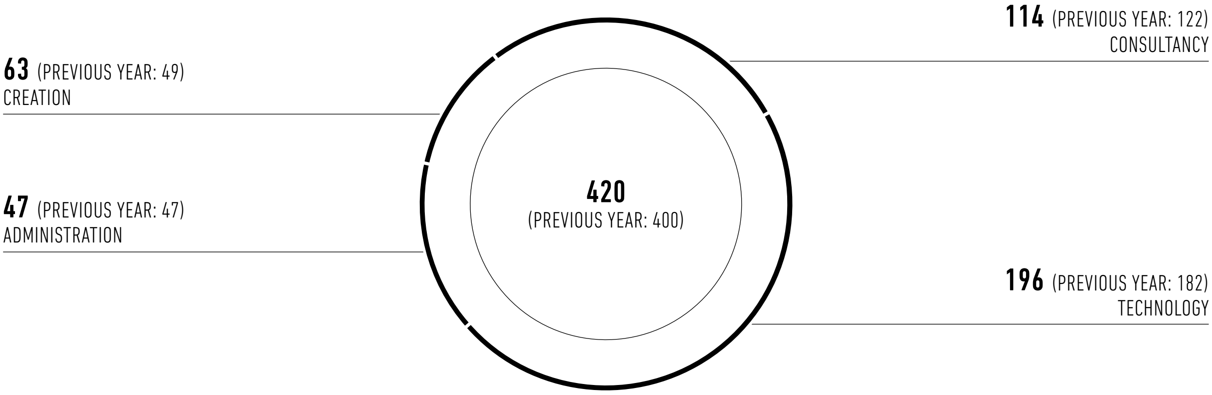
The average available personnel capacity for a year, shown as the number of full-time employees, was around 388 full-time employees in the 2011/2012 financial year. In the previous year, the personnel capacity was 335 full-time employees, which corresponds to a capacity expansion of 15.8 %, and thus fell slightly short of the net revenue growth rate of 16.4 %, but was slightly higher than the growth rate for the real net output – net revenue less material and external costs – in the amount of 15.5 %.

The capacity was spread as 299, 31, 30 and 28 full-time employees over the three operative segments of Interactive Marketing, Interactive Media and Interactive Commerce, and the managing holding company. In the previous year, the distribution was 269, 24, 16.5 and 25.5 full-time employees, respectively.

Broken down according to functions, just less than 105 full-time employees, or 27 %, were assigned to consulting, including media planning, in the 2011/2012 financial year. An average of 182 full-time employees worked in technology, which corresponds to a share of 46.9 %. Sixty full-time employees, or 15.4 % of the overall capacity, worked in creative functions. The remaining 41 full-time employees (10.6 %) performed administrative functions. The comparable figures for the previous year for the four functional areas were 101, 151, 46 and 37 employees, respectively. With growth of 30.1 %, the creative capacity was thus reinforced the most, as was the case in the previous year.

EMPLOYEE STRUCTURE ACCORDING TO AREAS

AS AT 31 AUGUST 2012



05 / BUSINESS DEVELOPMENT AND SITUATION OF THE AG

SinnerSchrader AG is the managing holding company of the SinnerSchrader Group. Its business activity comprises the development and implementation of the Group's strategy, expansion of the business portfolio, controlling, monitoring and financing the operating Group companies, administering and controlling Group liquidity, managing the domestic companies liable for tax, performing central Group tasks, such as Investor Relations work, providing and administering the infrastructure used jointly by the Group companies, in particular the office premises, as well as rendering central administrative services.

DEVELOPMENT OF THE INCOME SITUATION

As in the previous years, the income status of the public limited company (AG) was strongly characterised by the share valuations of its subsidiaries in the 2011/2012 financial year. In the 2009/2010 and 2010/2011 financial years, appreciations in the value of the shares of SinnerSchrader Deutschland GmbH resulted in considerable income, for example in the amount of € 4.8 million in the 2010/2011 financial year. In contrast, with the decision in favour of a strategic focus, the development of NEXT AUDIENCE GmbH (formerly newtention technologies GmbH) made it necessary to make an adjustment to the posted values for the participating interest and for the partner loans in the 2011/2012 financial year.

In this context, loans to partners in the amount of around € 1.5 million had to be impaired and the value of the shares in the amount of just under € 1.0 million, comprising the original purchase price and payments into the capital reserve, had to be depreciated to € 0.2 million. At an individual PLC (AG) balance sheet level, SinnerSchrader is thus following through with a development which had already taken place in the Group over the years, in particular as a result of the recurrent NEXT AUDIENCE GmbH losses. Since no profit and loss transfer agreement has ever been concluded between the AG and NEXT AUDIENCE GmbH, these losses have not yet had an effect on the Statements of Operations of the AG.

It was only possible to offset half of these aggregated negative effects in the amount of € 1.95 million with earnings from the ordinary course of business, so that on balance, normal business activities resulted in a loss of € 0.9 million in the 2011/2012 financial year. In the previous year the profits realised from ordinary business activities in the amount of € 7.0 million were mainly based on the reinstatement of the value of the shares in SinnerSchrader Deutschland GmbH.

The AG achieved € 4.0 million in revenues from the rendering of administrative services and the provision of infrastructure in the 2011/2012 financial year. Due to growth in the Group, this figure exceeded that of the previous year by € 0.4 million.

Other operating income in the amount of € 0.1 million still mainly resulted from the resolution of reserves, from non-cash benefits for employees and from the sale of marketable securities. Excluding the effect from the reinstatement of value, the figure for the last financial year was at approximately the same level.

Interest income and expenses balanced at € 0.04 million, after € 0.1 million in the previous year. The decline is mainly due to a lower average liquidity reserve being available for investment accompanied by an unchanged low interest level.

On the one hand, € 2.4 million in profits from subsidiaries on the basis of profit and loss transfer agreements went to the AG in the 2011/2012 financial year, while on the other hand, € 0.7 million in losses had to be offset. In 2010/2011, the AG received just under € 3.5 million from the subsidiaries, and offset losses of € 0.6 million. This means that, on balance, income from the earnings of affiliated subsidiaries by way of profit and loss transfer agreements declined by € 1.0 million. Virtually the full amount of this reduction results from the problems in the spot-media agency.

The operating costs of the AG rose moderately in the period of the report. At 87.9 %, material and external costs rose most in percentage terms, increasing to € 0.3 million. The increase was due to the creation of a new corporate design for the SinnerSchrader Group and its subsidiaries and to increased costs for the "next conference" organised by the AG every year.

The rise in personnel costs over the previous year was 7.9 %; these costs were € 2.1 million in the period of the report. Other operating expenses rose by 10.3 %, to € 2.4 million. The depreciation of intangible and tangible assets decreased by 26.7 %, against the trend, to a good € 0.1 million.

In the 2011/2012 financial year, normal business activities resulted in an on balance loss of € 0.9 million for the AG. Since participation-related depreciation and allowances for doubtful accounts do not affect taxes, tax in the amount of € 0.4 million became payable on the result of ordinary business activities, despite the reported losses. The annual loss was somewhat more pronounced at € 1.3 million. The Statement of Operations for the previous year had reported an annual profit of € 6.2 million.

The annual loss is to be balanced out with a withdrawal from revenue reserves accumulated in the previous years, so there was no balance sheet profit or loss.

DEVELOPMENT OF THE ASSET AND FINANCIAL SITUATION

The balance sheet total of the AG and its equity capital declined at almost the same extent, by around € 3.0 million, to € 35.7 million and € 32.9 million, respectively, as a result of the comparatively weak income situation in the operative subsidiaries directly affiliated with the AG through profit and loss transfer agreements, but in particular as a result of the depreciation of the funds invested so far in the development of the adserving business, undertaken on the basis of the principles of commercial caution. The shareholders' equity rate consequently fell only marginally, from 92.8% on 31 August 2011 to 92.2 % on 31 August 2012.

Due to depreciation in connection with NEXT AUDIENCE GmbH, the value of shares in affiliated companies and receivables from affiliated companies declined by € 0.6 million and just under € 1.0 million, respectively. The liquidity reserve was also reduced by just under € 1.1 million.

Developments beyond the scope of equity capital were mostly offset on the liabilities side. A € 0.7 million decrease in reserves was matched by an increase in liabilities, notably those owed to affiliated companies, of around the same amount.

More than anything else, besides the loss-related declines in equity capital, the dividend payment of € 1.1 million made in December 2011 contributed negatively to the development of equity capital. Shares of treasury stock which were bought back also consumed equity capital, but to a lesser extent, in the amount of around € 0.15 million. During the 2011/2012 financial year, SinnerSchrader acquired 73,655 treasury stock shares for an average price of € 2.06.

EMPLOYEES

On the balance sheet date of 31 August 2012, SinnerSchrader AG had 33 employees, including members of the Management Board, interns and students. This was four employees more than one year earlier. On average, 28 employees worked for SinnerSchrader AG in the 2011/2012 financial year, compared to 25 full-time employees in the previous year. The continued growth of the Group made it necessary to increase the number of staff in administrative functions.

06 / CORPORATE GOVERNANCE

6.1 DECLARATION ON CORPORATE GOVERNANCE

Under Article 289 a of the German Commercial Code, companies quoted on the stock exchange must either include a declaration on corporate governance in their status report or make one accessible to the public on their website. The Management Board of SinnerSchrader AG submitted the declaration on 28 October 2011 and published it on the SinnerSchrader Investor Relations website at www.sinner-schrader.ag under the heading "Corporate Governance".

6.2 COMPENSATION REPORT

6.2.1 COMPENSATION SYSTEM FOR THE MANAGEMENT BOARD

The compensation system for the Management Board has not changed in comparison to the situation reported in the 2010/2011 Joint Status Report.

Specifying the structure and level of the Management Board compensation is the duty of the Supervisory Board. The compensation for the Supervisory Board is specified by the Annual General Meeting.

The compensation system for the Management Board is aimed at paying the individual members appropriately according to their areas of activity and responsibility while taking adequate account of individual performance, company success, and the development of the share price by means of a substantial variable portion. It is made up of the following components:

- a fixed basic salary to be paid in twelve equal monthly instalments
- performance-related variable compensation related to one year, partially on the basis of achieving individual goals and corporate goals laid out in the annual plan and partially as a percentage of the net income
- performance-related variable compensation related to three years, depending on achieving specific minimum values for the average growth rate of net revenues and for the average net income margin over the 2010/2011, 2011/2012 and 2012/2013 financial years
- share-based compensation component with a medium- to long-term incentive effect
- other benefits (mainly a company car, accident insurance, D&O insurance with an excess, and the reimbursement of expenses)

The individual weighting of each component takes account of the fact that the Management Board members hold varying stakes in the Company. As of 31 August 2011, Matthias Schrader, co-founder of SinnerSchrader AG, held 2,455,175 shares or 21.27 % of all shares issued. As of 31 August 2011, Thomas Dyckhoff held 74,950 shares.

The salary package of Mr Schrader therefore still does not contain any option allocations.

In connection with Mr Dyckhoff's reappointment for the period from 1 January 2008 to 31 December 2012, Mr Dyckhoff was promised 75,000 share options and, as of 1 August 2011, a further 45,000 share options from the 2007 Stock Option Plan which was adopted by the Annual General Meeting of 23 January 2007. The 2007 Stock Option Programme provides for an exercise price in the amount of the average closing price of the SinnerSchrader share on the five trading days before allocation, exercise thresholds of 30 %, 40 %, and 50 % above the exercise price, and waiting periods of three, four, and five years for one-third each of the allocated options.

Since 1 July 2010, the D&O insurance concluded for the Management Board members as part of the other benefits has made provision for an excess in the level prescribed according to Article 93 para. 2 sentence 3 of the German Stock Corporation Act ("AktG").

The members of the Management Board are subject to a post-contractual ban on competition which provides for remuneration for observing this period in the amount of 50 % of the most recent fixed annual compensation payment received. With respect to the compensation payments, it was agreed with the members of the Management Board that they must fulfil the recommendations of the Corporate Governance Code No. 4.2.3.

An individualised Management Board compensation overview broken down according to its components for the 2011/2011 financial year is listed in the Notes to the Consolidated Financial Statements and in the Notes to the SinnerSchrader AG Annual Report.

6.2.2 COMPENSATION SYSTEM FOR THE SUPERVISORY BOARD

By a resolution adopted at the Annual General Meeting of 15 December 2011, the compensation system for the Supervisory Board changed in comparison to the compensation system of 31 August 2011 to the extent that fixed compensation was increased following the growth of the Group, and the variable compensation component was cancelled without replacement in line with the opinion of an increasing number of corporate governance experts.

The compensation for the regular Supervisory Board members is composed of the following components in accordance with the Annual General Meeting resolution of 15 December 2011:

- basic compensation of € 12,500 per year
- expenses
- D&O insurance without excess
- reimbursement of the turnover tax to be paid on the Supervisory Board compensation and the expenses

Unlike the other members, the Chairman of the Supervisory Board receives fixed compensation of € 20,000 a year.

An individualised Supervisory Board compensation overview broken down according to its components for the 2011/2012 financial year is listed in the Notes to the Consolidated Financial Statements and in the Notes to the SinnerSchrader AG Annual Report.

6.3 INFORMATION RELEVANT TO TAKEOVERS ACCORDING TO ARTICLE 315 PARA. 4 OF THE GERMAN COMMERCIAL CODE

The subscribed capital of SinnerSchrader AG is divided into 11,542,764 individual no-par value share certificates with a calculated face value of € 1 issued in the name of the owner. Different classes of shares have not been formed.

The members of the Management Board are underwriters of a consortium agreement in which the pre-IPO investors in SinnerSchrader AG are obligated to the pooling of voting rights in the event of exercising rights and to standard pre-purchase and co-sale rights.

On 31 August 2012 SinnerSchrader held 347,406 shares of treasury stock, which give it no voting rights or other rights.

Several shareholders have notified SinnerSchrader AG pursuant to Article 21 of the Securities Trading Act ("WpHG") in conjunction with Article 22 WpHG that over 10 % of the votes can be assigned to them. The most recent notification for each individual is listed in the Notes to the SinnerSchrader AG Annual Financial Statements as of 31 August 2012. According to the information there, as well as the presentation of the shares held by the Board members in the Notes to the Annual Financial Statements of the AG, Matthias Schrader, co-founder of SinnerSchrader and Chairman of the Management Board of the AG, directly held 2,455,175 shares as of 31 August 2011, corresponding to 21.27 % of all voting rights.

None of the shares issued in SinnerSchrader AG are granted special rights.

The AG does not initiate voting controls for employees holding a share of the capital if these employees do not fall under the cited consortium agreement.

The appointment and dismissal of the members of the Management Board is based on Article 84 AktG. In addition, the Statutes of SinnerSchrader AG make provisions for the Management Board to be made up of at least two people and for the Supervisory Board to be able to appoint deputy members of the Management Board.

According to Article 119 para. 1 No. 5 AktG, amendments to the Statutes are subject to the Annual General Meeting. According to the Statutes, the Supervisory Board is furthermore authorised to adopt amendments to the Statute that affect only the wording.

The Annual General Meeting of 18 December 2008 authorised the Management Board to increase the share capital of the AG once or repeatedly by up to a total of € 5,770,000 until 15 January 2013 with the approval of the Supervisory Board by issuing new no-par-value shares in return for a contribution in cash or a contribution in kind.

The Annual General Meeting of 23 January 2007 authorised the Management Board to increase the share capital of the AG with the approval of the Supervisory Board by 31 December 2011 by issuing a total of up to 600,000 option rights to no-par-value share certificates of the AG with a term of seven years to employees and members of the management of the AG and affiliated companies conditionally by up to € 600,000. According to the Annual General Meeting of 16 December 2009, the Management Board is entitled to buy back treasury stock up to a total share in the AG of 10 % of the share capital via the stock exchange or a public purchase offer addressed to all shareholders by 15 December 2013. The Management Board may not take advantage of this authorisation to trade treasury stock.

As of 31 August 2012, there were no major agreements of the AG that are subject to the condition of a change of control.

No compensation agreements made by the AG in the event of a takeover offer have been made with members of the Management Board or employees.

07 / RISKS AND OPPORTUNITIES OF FUTURE BUSINESS DEVELOPMENT

In its business, SinnerSchrader is subject to many risks which could have a negative impact on the Group's and the AG's asset, financial, and income situation or could result in SinnerSchrader failing to meet the goals it has set for future business development.

It is necessary to take risks when engaged in entrepreneurial activity aimed at earning profits. To ensure that the success is sustainable, it is important to manage these risks. On the one hand, this means evaluating them for probability of occurrence and the possible impact on the asset, financial, and income situation and continuously monitoring them. On the other hand, it means identifying measures with which risks can be limited or avoided and – with regard to the Group's own core expertise, financial strength, and the costs of the relevant measures – defining which limitation or avoidance measures can be taken and to what extent for which risks.

In managing the Group, it is one of the key tasks of the Management Board to define general conditions and processes for risk management for the SinnerSchrader Group, to monitor compliance with them, and to regularly analyse the development of the risks in each division with the managers of the operating units and administrative divisions.

In principle, SinnerSchrader's risk management system also aims to secure the shareholders' equity base for the long term and achieve an appropriate return on invested capital. The Group strives for a high shareholders' equity rate in order to guarantee the independence and competitiveness of the company and the continued existence of the operative companies and to finance both organic and inorganic growth.

The SinnerSchrader Group's risk management system and the risk profiles of the individual divisions are documented in a risk manual. An employee from the financial division of the AG has been appointed the Group's risk commissioner and has been commissioned to subject the specified risk management system to regular internal evaluation and to document the results in a risk report to the Management Board at least once a year. Furthermore, it is the task of the risk commissioner to randomly analyse individual divisions on behalf of the Management Board with regard to how far the specified measures to limit or avoid risks are being implemented.

It is the responsibility of the managers of the individual divisions to continuously monitor and manage the risks in their own divisions. If there is a significant increase in the degree of individual risks above a specified threshold, they are required to report it immediately to the Management Board.

Good risk management depends on quickly and reliably providing information to the management about the course of business. To this end, SinnerSchrader has set up a controlling and reporting system which reports on a monthly basis on the development of key business data in the individual divisions and on the financial results.

KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH RESPECT TO THE ACCOUNTING PROCESS PURSUANT TO ARTICLES 289 PARA. 5 AND 315 PARA. 2 NO. 5 OF THE GERMAN COMMERCIAL CODE

The risk management system of the SinnerSchrader Group also comprises the accounting-related processes in the managing AG and in the subsidiaries included in the Consolidated Financial Statements. The aim is to use principles, procedures and controls to ensure financial statements that conform with the rules and to prevent major misstatements within the context of external reporting.

Risk management in the accounting process is based on uniform balance sheet rules across the Group, compliance with which is regularly monitored by the central controlling and accounting divisions located within SinnerSchrader AG. Furthermore, a central bookkeeping system based on Microsoft Dynamics NAV has been implemented that is managed and posted to by the central accounting department. As of 31 August 2012, all operatively active companies were incorporated in this central bookkeeping system.

Another key aspect of the accounting-related risk management system is the drawing up of monthly financial statements that are the basis for a monthly reporting system across all business units and companies. In addition to a representation of the monthly figures and the cumulative figures for the current financial year, the monthly reports include an updated forecast for the year as a whole. Furthermore, they include comparisons to the plan and the previous year and the most recent forecast with respect to the key figures in the Statements of Operations and to the key operative indicators. The reports are the starting point for review talks taking place once a month between the Management Board of SinnerSchrader AG and the heads of the relevant unit and/or company. These talks are prepared by the central Controlling department and are used for the explanation of the key developments in the course of business and thus for validating the monthly figures.

Close interaction between central controlling and the accounting system is also a factor in risk management in the accounting process. Figures for the individual companies, parts of the Group and the Group as a whole must correspond to the figures posted in each case.

In order to ensure that the accounting system always complies with statutory requirements, the employees in the accounting department regularly take part in internal or external training. Furthermore, complex and new states of affairs and processes of major importance are subjected to an audit by the official auditors during the year with respect to correct representation in the books of the company concerned and the Group; if necessary, SinnerSchrader AG will also avail itself of the expertise of other specialists.

The cornerstones of the accounting-related control system are appropriate access rules and booking authorisations for the bookkeeping system and the application of a strict dual-control principle as the most important control instrument.

Furthermore, internal guidelines are used to instigate payments and to invest liquid funds to ensure the company assets.

The internal control routines are supplemented by the external audit of the Annual and Consolidated Financial Statements, which is carried out once a year on behalf of the Supervisory Board by the auditors appointed by the Annual General Meeting.

The risk profile of the SinnerSchrader Group has not changed significantly with respect to the major risk fields in the 2010/2011 financial year. In view of the growth and the continued expansion of the business activities, the risks associated with the management of acquired subsidiaries, the management of locations and the management of complexity have, however, become more significant. The development in the 2011/2012 financial year has shown that the difference between the business model of a software product company such as NEXT AUDIENCE GmbH and that of the agency model of the other units in the Group represents a special challenge. Furthermore, the aspect of location management resulting from being appointed the global digital lead agency of the customer ŠKODA requires an expansion of the risk area to cover international aspects.

In the following, individual risk areas identified as being important will be explained in more detail. This selection of risks does not mean that there can be no significant impact on the asset, financial, and economic situation of SinnerSchrader from other risks that have not been mentioned.

ECONOMIC RISKS

The general economic development influences the volume of investments in IT and Internet services as well as expenditure on online marketing and supporting services. A deterioration in the economic situation could reduce the market volume addressed by SinnerSchrader with regard to quantity and price. The measures for capacity adjustment which are necessary as a reaction to such a development may be effective only with a time lag and would lead to costs for restructuring measures.

COMPETITION

Competition in the market for Internet services is still intensive. The market is fragmented and the number of competitors high. Furthermore, new providers with a wider service portfolio and international business activities are crowding onto the market. The future development of SinnerSchrader largely depends on how well the company succeeds in holding its own in the competition with adequate prices for its services.

The extent to which the procurement of programming services in emerging nations becomes more important for competitiveness in relation to the individual developments offered by SinnerSchrader is also significant in this context. SinnerSchrader does not currently have sources for such services and, if necessary, could only build them up over time. Bigger competitors with an international market presence already have relevant structures or would be able to establish them more quickly.

OPERATIONAL RISKS

SinnerSchrader earns around 10 % of its net revenues with one customer; the ten biggest customers together account for slightly under 59 % of the net revenues. It would only be possible to compensate for the loss of the business of these important customers after a considerable period of time, if at all, during which it would not be possible to reduce costs correspondingly.

Since the revenues from business in the Interactive Marketing and Interactive Media segments are not usually secured by long-term contracts, but instead largely come about on the basis of individual orders for a limited period, revenue plans are subject to a high degree of uncertainty. Orders on hand do not usually extend beyond one quarter's revenues.

SinnerSchrader processes a major part of its revenues within the framework of fixed price agreements. Because of the complexity and the high technical demands, costs originally calculated may be exceeded, resulting in unplanned losses. Furthermore, SinnerSchrader assumes standard guarantee and liability stipulations within the framework of project contracts which can result in considerable follow-up costs for individual projects.

Some of the projects that SinnerSchrader has completed for renowned customers are associated with a considerable effect on the public. Quality deficits in the provision of services, especially those that enable unauthorised access to personal data, can result in a negative external impact that would greatly impair the sale of services and thus the future development of the business.

Within the context of providing its services, SinnerSchrader sometimes has access to the personal data of its customers' customers. This data could be abused as a result of deliberate or negligent acts by its employees. In addition to the directly resultant damage, if such an incident were to become known, the associated loss of confidence in SinnerSchrader would make the sale of its services much more difficult.

In the new segment of Interactive Commerce, SinnerSchrader offers to develop, maintain, and operate online sales channels for companies in return for a share of the revenues; this service includes fulfilment, payment transactions, customer care, and, where appropriate, online marketing. Since the establishment and start-up costs are completely or largely borne by SinnerSchrader, contracts lasting several years are concluded with customers, in the course of which SinnerSchrader can cover its initial investment and generate a positive overall income from the project. Negative developments on the part of the customer, e.g. a deterioration in the perception of the customer's brand, a deterioration in the relative competitive position of the customer in its industry or a bankruptcy can mean that SinnerSchrader cannot earn back its initial investment with an adequate return.

PERSONNEL RISKS

The success of SinnerSchrader is heavily dependent on the qualification and motivation of its staff. Particular importance is attached to some employees in key positions. If SinnerSchrader does not succeed in attracting and retaining enough qualified specialists and talented young staff at adequate costs, the further growth and success of SinnerSchrader could be severely impaired.

TECHNOLOGICAL RISKS

The market for IT and Internet services is characterised by rapid change in the basic technologies used and by a level of standardisation which remains low. The future market success of SinnerSchrader depends on the extent to which the breadth and depth of the technological expertise can be kept at an adequate level and technological dead-ends can be avoided in view of the high employee orientation costs, with limited resources.

In the new business field of adserving, SinnerSchrader basically develops and markets a software product. Keeping this product competitive in the long term requires annual development expenditure of a considerable level. It is decisive to the success of the product on the market that these further developments satisfy market needs in terms of content and time. If this is not successful, the preliminary development work could no longer be covered by income from marketing.

Competitors in this market have bigger development teams, more financial resources, and maybe also the opportunity to position their adserving product with an attractive price due to cross-subsidies. If SinnerSchrader does not succeed in establishing an adequate cost-benefit ratio by means of differentiation, preliminary development work may not be covered.

RISKS FROM ACQUISITIONS

SinnerSchrader is also interested in expanding its market position in Germany through targeted acquisitions. The success of acquisitions depends on the extent to which the acquired company can be integrated in the Group structure and the desired synergies are achieved. In this context, acquisitions in the field of professional services entail the particular risk that the expertise, market knowledge, and customer relations which are being acquired are rarely permanently tied to the acquired company. Unsuccessful integration can therefore quickly lead to the need for considerable depreciation or even a total loss of the investment.

COMPLEXITY RISKS

In recent years SinnerSchrader has grown rapidly both organically and through acquisitions. Although the administrative structures have also been expanded, there is a risk that the SinnerSchrader Group will not promptly recognise undesirable developments in an area or will underestimate them because of the increased size and complexity of the Group. The undesirable development itself or the subsequent effort to remedy it can lead to considerable unplanned expenses.

The 2011/2012 financial year has shown that the defined risks can occur, and can cause considerable deviations from planned assets, income and financial targets. In the year of the report, one of the risks listed occurred in each of the three different segments of the Group, which, overall, caused SinnerSchrader to fall considerably short of its planned development of income.

However, on the basis of available information, at present no risks can be discerned which would put the continued existence of the SinnerSchrader Group or SinnerSchrader AG at risk. In spite of the problematic development of business in the 2011/2012 financial year, the asset and financial status of the Group remains stable.

The risks are countered by opportunities, and SinnerSchrader could exceed its goals if they occur. The main opportunities lie with existing customers, the "SinnerSchrader" brand name, the positive signals for the development of the companies taken over, and the performance of some key members of staff, especially those with sales and customer-care tasks. Above and beyond what is assumed in the plans, these factors could result in the acquisition of large new high-potential customers or currently unforeseeable individual orders from existing customers.

A special opportunity lies in the development of the position of digital agencies in the market for marketing and advertising services. Because of their growing importance, digital agencies could take on a leading role among companies with respect to their marketing and advertising services and replace the service providers currently established there in the coming years. As a result, higher order volumes, longer-term customer relationships, and overall higher margins could be possible for SinnerSchrader.

The expansion of the business portfolio over the last three years could result in synergies on the sales side above and beyond what has currently been planned, thus helping to expand the customer base.

Also, the rising demand for the services offered by SinnerSchrader alone could result in SinnerSchrader being able to achieve higher prices on the market than assumed in the plans.

Moreover, further successful acquisitions could bring about considerable positive change to the planned development, since the forecasts are based only on an organic development of the companies in the SinnerSchrader Group.

08 / MAJOR EVENTS AFTER THE BALANCE SHEET DATE

SinnerSchrader AG founded SinnerSchrader Praha s.r.o. on 21 September 2012. The decision taken by ŠKODA Auto a.s., a car manufacturer based in the Czech Republic, in favour of the SinnerSchrader agency as a new digital lead agency makes the presence of an office in the Czech Republic necessary.

No other significant major events that should be reported occurred after the balance sheet date.

09 / FORECAST

In the 2011/2012 financial year just completed, SinnerSchrader continued to grow, but did not manage to achieve its aim of translating its good market position and its wide range of established services into a significant profit improvement. The reasons for this are clearly definable, and have nothing to do with a fundamental worsening of market conditions for digital agencies in Germany or with SinnerSchrader's position on this market.

Furthermore, there are no visible signs that a slowdown in the dynamics of development in digital marketing will occur in the 2012/2013 financial year and beyond. The remarkable growth forecasts for online trading in 2012 have prompted many companies operating in the Retail & Consumer Goods sector to review their own approach and compare it with that of the "pure players", whose business model is based solely on digital channels. One thing that has been realised in 2012 is that companies cannot simply continue with the success they achieved in the initial stages of the digitisation of their business models; instead, they are faced with a relatively dynamic process of innovation which continuously tests the customer loyalty that has always been taken for granted.

In the opinion of SinnerSchrader, companies in all sectors will increasingly have to deal with the question of the effect of digitisation on the "product" component of the marketing mix, and where the opportunities lie for the company to develop and upgrade its own products with digital services. This was one of the reasons that prompted SinnerSchrader to get the new 2012/2013 financial year off the ground by organising a conference on "Service Design" at the beginning of October this year.

SinnerSchrader is strengthening its leading position among German digital agencies with events such as the "Service Design" conference. The expansion of the customer relation with Allianz and the decision taken by the Volkswagen subsidiary ŠKODA in favour of SinnerSchrader as a global digital lead agency in July 2012 show that this is being perceived, and that, with its considerable agency partner competence portfolio, SinnerSchrader is in demand to meet digital marketing challenges. SinnerSchrader is currently setting up offices in Munich and Prague for these two customers.

According to forecasts by leading German economic research institutes contained in a joint diagnosis for the period of the 2012/2013 financial year, neither positive nor negative impulses are expected from the general economic environment. The forecasts state that the economy is likely to stagnate in the final quarter of 2012 and will gradually regain momentum during the course of 2013 as the European debt crisis eases slightly, and that the economies of countries that have been particularly badly hit will gradually overcome the downturn. According to the joint diagnosis, the growth expectation for 2013 as a whole is 1 %. However, the European debt crisis could potentially still cause setbacks, which may require a rapid response.

In the opinion of SinnerSchrader, prospects for the digital economy are nevertheless good, even without strong impulses from the economy as a whole, a conclusion that is justified by the good growth rates targeted for e-commerce revenue in Germany and the double-digit growth expectations for online advertising in 2013 and 2014 as predicted in a PwC study. SinnerSchrader is striving to use the resulting opportunities to achieve a double-digit expansion of its business volume in the 2012/2013 financial year.

However, in the 2012/2013 financial year, ensuring that the operating results and the net income develop positively again will be even more important than exploiting opportunities for growth.

With respect to the problems that arose for the spot-media agency in the 2011/2012 financial year, the measures to adjust capacities, implemented as early as in June 2012, have resulted in stabilising the development of revenue. SinnerSchrader's plans for the 2012/2013 financial year also include the merging of spot-media and next commerce, in order to push forward with the development of revenue through a stronger joint market presence and through improving synergies relating to content and costs more quickly than the two units would each be able to do on their own. The two units have cooperated closely since July 2012, even without being formally merged. The combined unit maintains locations in Hamburg, Hanover and Berlin.

In the previous financial year, a system of customer responsibility was established in the SinnerSchrader agency with a view, among other things, to controlling fixed price risks. This system involves giving responsibility for revenue and contribution margins to an interdisciplinary team made up of one representative for each of the consulting, technology and design areas. The team is supervised and guided by a member of the management in terms of its responsibility to customers. It is responsible for preparing offers, including project calculations, and for project execution management. The agency sites are furthermore headed by an interdisciplinary team with overriding responsibility for performance in respect of customer relations and capacity utilisation.

The repositioning of NEXT AUDIENCE will, however, once more require considerable advance payments in the amount of € 1.5 to 1.8 million. Gaining Bigpoint, one of the biggest developers and marketers of online games, as the first audience management customer already in June 2012, the positive response by many of the Group's existing customers, which triggered further talks about the launch of the NEXT AUDIENCE suite, and SAP's choice of NEXT AUDIENCE for the SAP HANA Technology Accelerator Program are, in our opinion, strong indicators that the repositioning of the investment in the adserving business field and now in audience management will lead to success. SinnerSchrader is also open to advancing this development with a partner, although a partnership of this kind has not been taken into account in the forecast for the 2012/2013 financial year.

SinnerSchrader has set itself the following targets for the 2012/2013 financial year:

- double-digit growth of net revenue to more than € 40 million
- improvement of the operating result (EBITA) to more than € 3.5 million before advance payments for the establishment of NEXT AUDIENCE business
- advance payments for establishing NEXT AUDIENCE business in the amount of € 1.5 to 1.8 million
- EBITA for the entire SinnerSchrader Group of more than € 2.0 million
- net income of not less than € 0.7 million.

In terms of the business segments – not yet taking account of the intended merger of spot-media and next commerce – the plan is to achieve net revenue of more than 50 %, with the greatest growth dynamic in the Interactive Media segment, in which considerable initial investments in the reorganisation of NEXT AUDIENCE will, at the same time, result in the segment making a substantial negative contribution to the operating result. In the Interactive Marketing segment, revenue generated by the three agencies is expected to increase by 10 % and more, with the SinnerSchrader agency and the SinnerSchrader Mobile agency balancing out the renewed decline in spot-media agency revenue plans. Moderate single-digit growth is expected for the Interactive Commerce segment. In the plans for the operating result for the Group, it is assumed that the Interactive Marketing segment will return to its former strength and that the Interactive Commerce segment will continue to gradually increase its EBITA after breaking even in the 2011/2012 financial year. The Interactive Media segment is expected to incur a considerable operating loss due to the decision to reorganise the adserving business.

SinnerSchrader feels that its chances of maintaining double-digit business growth in the 2013/2014 financial year are good. However, what is even more important in the wake of renewed initial NEXT AUDIENCE losses, which have been anticipated for the 2012/2013 financial year and will considerably reduce the earning power of the Group, is for the operating margin to be clearly improved to more than 10 %. SinnerSchrader continues to strive for a target return of 15 %.

The development of revenue and income planned for the Group will also have a positive effect on the development of the annual profit of the AG. The positive developments planned for the SinnerSchrader agency and the merged spot-media and next commerce unit will have a direct effect on the AG by way of the existing profit and loss transfer agreements. mediaby and possibly also SinnerSchrader Mobile offer the possibility of further increasing the annual profit of the AG through distributions. Provided that the results achieved in the 2012/2013 financial year do not deviate too far downwards from the plans, the shares in the AG are unlikely to give rise to depreciation.

Hamburg, 5 November 2012

The Management Board

Matthias Schrader / Thomas Dyckhoff

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

AS OF 31 AUGUST 2012

Assets in €	**Notes No.**	**31.08.2012**	**31.08.2011**
Current assets:			
Liquid funds	2.11	3,696,597	3,710,941
Marketable securities	4.6	1,500,000	2,031,999
Cash and cash equivalents		**5,196,597**	**5,742,940**
Accounts receivable, net of allowances for doubtful accounts of € 61,445 and € 227,607 at 31.08.2012 and 31.08.2011, respectively	2.9	7,042,643	7,925,784
Unbilled revenues	4.3	2,367,755	1,127,337
Tax receivables	4.4	46,361	75,205
Other current assets and prepaid expenses	4.5	540,855	652,916
Total current assets		**15,194,211**	**15,524,182**
Non-current assets:			
Goodwill	4.1	4,028,740	4,362,056
Other intangible assets	4.1	610,927	1,087,263
Property and equipment	4.1	1,360,890	1,123,929
Tax receivables	4.4	130,324	149,470
Total non-current assets		**6,130,881**	**6,722,718**
Total assets		**21,325,092**	**22,246,900**

Liabilities and shareholders' equity in €	**Notes No.**	**31.08.2012**	**31.08.2011**
Current liabilities:			
Trade accounts payable	2.13	2,840,101	2,572,823
Advance payments received	4.3	656,470	766,543
Accrued expenses	4.10	3,833,532	3,055,633
Tax liabilities	4.9	438,045	620,208
Other current liabilities and deferred income	4.11	676,320	1,290,946
Total current liabilities		**8,444,468**	**8,306,153**
Non-current liabilities:			
Financial liabilities	4.12	314,639	363,866
Deferred tax liabilities	5.5	433,349	374,057
Total non-current liabilities		**747,988**	**737,923**
Shareholders' equity:			
Subscribed capital			
Common stock, stated value € 1, issued: 11,542,764 and 11,542,764, outstanding: 11,195,358 and 11,269,013 at 31.08.2012 and 31.08.2011, respectively	4.8	11,542,764	11,542,764
Treasury stock, 347,406 and 273,751 at 31.08.2012 and 31.08.2011, respectively	4.8	-604,927	-452,131
Additional paid-in capital	4.8	3,669,974	3,669,974
Reserves for share-based compensation	4.8	213,768	171,187
Accumulated deficit (incl. revenue reserves)	4.8	-2,714,011	-1,749,646
Changes in shareholders' equity not affecting net income	4.8	25,068	20,676
Total shareholders' equity		**12,132,636**	**13,202,824**
Total liabilities and shareholders' equity		**21,325,092**	**22,246,900**

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE 2011/2012 AND 2010/2011 FINANCIAL YEARS

in €	Notes No.	2011/2012	2010/2011
Gross revenues	5.1	**41,664,473**	**36,714,050**
Media costs		-5,680,855	-5,804,765
Total revenues, net		**35,983,618**	**30,909,285**
Cost of revenues		-26,302,255	-21,269,113
Gross profit		**9,681,363**	**9,640,172**
Selling and marketing expenses		-3,754,612	-3,125,725
General and administrative expenses		-4,736,952	-4,113,856
Research and development expenses	2.19	-391,584	-518,631
Other operating income and expenses, net		-148,889	–
Operating income		**649,326**	**1,881,960**
Financial income	5.4	58,271	113,201
Financial expenses	5.4	-10,568	-29,088
Other financial result	5.4	54,937	–
Income before provision for income tax		**751,966**	**1,966,073**
Income tax	5.5	-595,040	-859,847
Net income		**156,926**	**1,106,226**
Net income per share (basic)		0.01	0.11
Net income per share (diluted)		0.01	0.11
Weighted average shares outstanding (basic)		11,244,996	11,211,344
Weighted average shares outstanding (diluted)		11,256,666	11,235,238

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE 2011/2012 AND 2010/2011 FINANCIAL YEARS

in €	Notes No.	2011/2012	2010/2011
Net income		**156,926**	**1,278,305**
Other comprehensive income			
Foreign currency translation adjustment	2.5	-31	21
Change in fair value of available-for-sale financial instruments	4.6	6,531	-700
Taxes on income recognised directly in shareholders' equity	4.6	-2,108	226
Changes in shareholders' equity not affecting net income		**4,392**	**-453**
Consolidated comprehensive income		**161,318**	**1,277,852**

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE 2011/2012 AND 2010/2011 FINANCIAL YEARS

in €	Notes No.	Number of shares outstanding	Common stock
Balance at 31.08.2010		**11,181,819**	**11,542,764**
Comprehensive income		–	–
Disbursed dividend	4.8	–	–
Deferred compensation	4.8	–	–
Purchase of treasury stock	4.8	87,194	–
Balance at 31.08.2011		**11,269,013**	**11,542,764**
Comprehensive income		–	–
Disbursed dividend	4.8	–	–
Deferred compensation	4.8	–	–
Purchase of treasury stock	4.8	-73,655	–
Balance at 31.08.2012		**11,195,358**	**11,542,764**

The accompanying notes are an integral part of these Consolidated Financial Statements.

	Treasury stock	Additional paid-in capital	Reserves for share-based compensation	Retained earnings/losses	Changes in shareholders' equity not affecting net income	Total shareholders' equity
	-596,142	**3,599,444**	**141,259**	**-2,132,749**	**21,129**	**12,575,705**
	–	–	–	1,278,305	-453	1,277,852
	–	–	–	-895,202	–	-895,202
	–	–	29,928	–	–	29,928
	144,011	70,530	–	–	–	214,541
	-452,131	**3,669,974**	**171,187**	**-1,749,646**	**20,676**	**13,202,824**
	–	–	–	156,926	4,392	161,318
	–	–	–	-1,121,291	–	-1,121,291
	–	–	42,581	–	–	42,581
	-152,796	–	–	–	–	-152,796
	-604,927	**3,669,974**	**213,768**	**-2,714,011**	**25,068**	**12,132,636**

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE 2011/2012 AND 2010/2011 FINANCIAL YEARS

in €	Notes No.	2011/2012	2010/2011
Cash flows from operating activities:			
Net income		156,926	1,278,305
Adjustments to reconcile net income to net cash used in operating activities:			
Goodwill amortisation	4.1	352,773	–
Amortisation of intangible assets	4.1	624,866	558,098
Depreciation of property and equipment	4.1	670,399	580,949
Share-based compensation	6	42,581	29,928
Bad debt expenses	2.9	-216,162	13,444
Gains/losses on the disposal of fixed assets	5.3	4,225	6,158
Deferred tax provision	5.5	57,184	-73,956
Changes in assets and liabilities:			
Accounts receivable	2.9	1,099,303	-1,698,683
Unbilled revenues	4.3	-1,240,418	140,484
Tax receivables	4.4	47,990	18,481
Other current assets	4.5	150,590	-91,946
Accounts payable, deferred revenues and other liabilities	4.11	-252,185	428,331
Tax liabilities	4.9	-182,163	-1,288,637
Other accrued expenses	4.10	777,899	549,481
Net cash provided by (used in) operating activities		**2,093,808**	**450,437**

in €	Notes No.	2011/2012	2010/2011
Cash flows from investing activities:			
Acquisition of subsidiary companies less acquired liquid funds	2.3	–	-916,387
Purchase price payments for acquisition of subsidiary companies in previous years	2.3	-273,917	-388,713
Purchase of property and equipment	4.1	-1,063,708	-804,117
Proceeds from sale of equipment	4.1	3,591	1,619
Acquisition of capital investments in the context of cash management	4.6	-1,000,000	–
Additions of marketable securities	4.6	-500,000	-1,053,600
Proceeds from the disposal of marketable securities	4.6	2,000,000	5,053,600
Net cash provided by (used in) investing activities		**-834,034**	**1,892,402**
Cash flows from financing activities:			
Payment to shareholders	4.8	-1,121,291	-895,202
Payment for treasury stock	4.8	-152,796	–
Incoming payment for treasury stock	4.8	–	17,056
Net cash provided by (used in) financing activities		**-1,274,087**	**-878,146**
Net effect of rate changes on cash and cash equivalents		-31	21
Net increase/decrease in cash and cash equivalents		**-31**	**21**
Cash and cash equivalents at beginning of period	4.7	3,710,941	2,246,227
Cash and cash equivalents at end of period	4.7	3,696,597	3,710,941
thereof back-up of bank guarantees	4.13	448,680	681,662
For information only, contained in cash flows from operating activities:			
Interest payment received	5.4	53,675	107,940
Paid interest	5.4	-5,227	-22,199

The accompanying notes are an integral part of these Consolidated Financial Statements.

NOTES

ON THE 2011/2012 FINANCIAL YEAR

01 / GENERAL FOUNDATIONS AND BUSINESS ACTIVITIES OF THE COMPANY

The Consolidated Financial Statements of SinnerSchrader Aktiengesellschaft (hereinafter referred to as "SinnerSchrader AG" or "AG") and its subsidiaries (hereinafter referred to as "SinnerSchrader Group", "SinnerSchrader" or "Group") for the 2011/2012 financial year were completed according to the International Accounting Standards ("IAS") and the International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board ("IASB") in force in the European Union (EU) on the report date, 31 August 2012, taking account of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and correspond to the supplementary requirements of Article 315a of the German Commercial Code ("HGB"). The financial statements were prepared on a going concern basis.

The Consolidated Financial Statements as of 31 August 2012 were released by the Management Board for submission to the Supervisory Board on 5 November 2012. The Consolidated Financial Statements will probably be approved at the balance sheet meeting of the Supervisory Board on 6 November 2012; until the time of approval it is possible for the Supervisory Board to amend the Consolidated Financial Statements.

The SinnerSchrader Group is a service company mainly active in Germany with its headquarters in Hamburg. With its services, SinnerSchrader supports its customers in the use of digital technologies for marketing, especially the Internet.
In particular, SinnerSchrader provides the following services:

- Development, design, implementation and management of customised digital sales and marketing platforms and other interactive IT systems
- Consulting on and the development, design and technical implementation of digital advertising, communication and other marketing measures as well as measures for brand management
- Development, design and implementation of applications for mobile devices
- Technical operation and administration of digital marketing platforms and Internet-based IT systems
- Structuring, analysis, and preparation of data on the behaviour of users of interactive systems
- Planning and management of online marketing campaigns
- Provision and performance measurement of online advertising media via a software-as-a-service model
- Complete handling of set-up and management of online sales channels

The SinnerSchrader Group started its work in 1996. SinnerSchrader AG was founded in 1999 as a new managing parent company and it went public in the same year. The 11,542,764 shares issued in SinnerSchrader AG have all been approved for trade in the regulated market's Prime Standard segment of the Frankfurt Stock Exchange.

02 / PRESENTATION OF THE MAIN EVALUATION AND BALANCING METHODS

2.1 FINANCIAL YEAR

The Consolidated Financial Statements of the SinnerSchrader Group refer to the financial years covering 1 September 2011 to 31 August 2012 ("2011/2012") and from 1 September 2010 to 31 August 2011 ("2010/2011") as well as the report dates 31 August 2012 and 31 August 2011, respectively.

2.2 NEW ACCOUNTING PRINCIPLES

The following new standards and interpretations or amendments to existing standards and interpretations were applicable for the first time in the 2011/2012 financial year:

IAS/IFRS/IFRIC	New/Amendment	Content	To be applied for annual periods beginning on or after the following date
IAS 24	Amendment	Related party Disclosures	1 January 2011
IFRIC 14/IAS 19	Amendment	The limit on Defined Benefit Asset Minimum Funding Requirements and their Interaction	1 January 2011
IFRS 1, IFRS 7, IAS 1, IAS 34, IFRIC 13	Amendment	Annual Improvement Project 2008–2010	1 January 2011
IFRS 7	Amendment	Enhancing Disclosures about Transfers of Financial Assets	1 July 2011

The first-time adoption had no or no major impact on the presentation of the asset, financial and income situation of the Group.

In previous years and in the 2011/2012 financial year, the IASB issued new standards and interpretations as well as amendments to existing standards and interpretations, the adoption of which was, however, not mandatory in the Consolidated Financial Statements for the 2011/2012 financial year:

IAS/IFRS/IFRIC	New/Amendment	Content	To be applied for annual periods beginning on or after the following date
Published prior to the 2011/2012 financial year			
IFRS 9	New	Financial Instruments (replacement of IAS 39) – Classification and measurement	1 January 2015
IFRS 10	New	Consolidated Financial Statements	1 January 2013
IFRS 11	New	Joint Arrangements	1 January 2013
IFRS 12	New	Disclosure of Interest in other Entities	1 January 2013
IFRS 13	New	Fair Value Measurement	1 January 2013
IAS 27	New	Separate Financial Statement	1 January 2013
IAS 28 (2011)	New	IAS 28 (revised 2011) Investments in Associates and Joint Ventures	1 January 2013
IAS 1	Amendment	Consolidated Financial Statement	1 July 2012
IAS 12	Amendment	Deferred Tax: Recovery of Underlying Assets	1 January 2012
IAS 19	Amendment	Employee Benefits	1 January 2013
Published in the 2011/2012 financial year			
IFRS 1	Amendment	Government Loans	1 January 2013
IFRS 10, IFRS 11, IFRS 12	Amendment	Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
IFRS 1, IAS 12, IAS 16, IAS 32, IAS 34	Amendment	Annual Improvements 2009–2011 Cycle	1 January 2013
IFRIC 20	New	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
IFRS 7	Amendment	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
IAS 32	Amendment	Offsetting Financial Assets and Financial Liabilities	1 January 2013

The application of some of the new standards/interpretations or their amendments presumes that they have been adopted within the context of the EU's IFRS endorsement procedure.

New standards/interpretations or amendments to existing standards/interpretations that have already been adopted by the EU but are not yet mandatory are fundamentally not used prematurely by SinnerSchrader, even if the standard allows for this. The effects of the first-time adoption of the regulations mentioned above on the consolidated asset, financial and income situation of SinnerSchrader are currently still being reviewed. SinnerSchrader does not, however, expect any resulting significant effects on the representation of the income, financial and assets status of the Group.

2.3 CONSOLIDATION GROUP

The consolidation group as of 31 August 2012 consisted of the AG as well as the following direct or indirect subsidiaries of the AG, each of which was fully consolidated:

1. SinnerSchrader Deutschland GmbH, Hamburg, Germany
2. spot-media Aktiengesellschaft, Hamburg, Germany
3. spot-media consulting GmbH, Hamburg, Germany
4. NEXT AUDIENCE GmbH, Hamburg (formerly newtention technologies GmbH), Germany
5. newtention services GmbH, Hamburg, Germany
6. next commerce GmbH, Hamburg, Germany
7. mediaby GmbH, Hamburg, Germany
8. SinnerSchrader Mobile GmbH, Berlin, Germany
9. SinnerSchrader UK Ltd., London, Great Britain
10. SinnerSchrader Benelux BV, Rotterdam, Netherlands

The consolidation group has not changed in comparison to the balance sheet date of the previous year.

SPOT-MEDIA GROUP

As part of the acquisition of spot-media AG by SinnerSchrader AG and the takeover of the business operations of Maris Consulting GmbH by spot-media consulting GmbH, earn-out agreements were concluded to provide for payment of the purchase price in several tranches, dependent on the business development of the respective unit (revenue and EBIT).

The final purchase price tranche in the amount of € 160,000 and € 114,000, respectively, was paid for the two acquisitions in the second quarter of 2011/2012. The tranches were both below the estimates on which entry in the balance sheet was based.

Different purchase dates, i.e. February 2008 for spot-media AG and January 2011 for the business operations of Maris Consulting GmbH, required that the estimate shortfalls be treated differently. For the acquisition of spot-media AG, falling short of estimates under IFRS 3 revised 2004 (to be applied up to the 2009/2010 financial year) resulted in an impairment to recognised goodwill in the amount of € 27,000. Under the revised IFRS 3 revised 2008, the estimate shortfall was to be posted in recognition of profit or loss for the acquisition of the business operations of Maris Consulting GmbH, and resulted in other financial income in the amount of € 53,000 in the second quarter of 2011/2012.

SINNERSCHRADER MOBILE GMBH (FORMERLY TIC-MOBILE GMBH)

The first consolidation of SinnerSchrader Mobile GmbH was carried out on the basis of interim statements in the 2010/2011 financial year, which were subjected to an audit and established in the course of the 2011/2012 financial year, within 12 months of the date of the takeover on 16 May 2011. With respect to the opening balance sheet, on the basis of adjustment events, the audit resulted in a reduction in tax receivables in the amount of € 25,000, a reduction in accounts receivable in the amount of € 5,000, and an increase in other revenue reserves in the amount of € 16,000. The adjustment of these items in the opening balance sheet resulted in an increase in goodwill in the amount of € 46,000.

Moreover, the Sellers and SinnerSchrader AG agreed on an amendment to the earn-out clause in the course of the 2011/2012 financial year, which was signed after the balance sheet date in September 2012. The original agreement provided for three earn-out tranches in 2012, 2013 and 2014, dependent on the company's business development (revenue and EBIT) in 2011, 2012 and 2013. On the basis of interim statements as of 16 May 2011 and cost budgets with probabilities of occurrence far in excess of 50 % for the period from 2011 to 2013, the expected payments, discounted as of 31 August 2011, totalled € 364,000.

The new agreement provides for earn-out payments dependent on the business development in 2012, 2013 and 2014, which will become due for payment in 2013, 2014 and 2015. On the basis of the financial statements as at 31 August 2012 and of the most recent cost budgets with probabilities of occurrence far in excess of 50 % for 2012, 2013 and 2014, the earn-out payments discounted as at the balance sheet date are estimated to total € 390,000. This is approximately equivalent to the amount of the old earn-out estimations, discounted as at 31 August 2012, such that it was not necessary to adjust the purchase price in recognition of profit and loss. In the consolidated balance sheet as at 31 August 2012, contingent purchase price liabilities in the amount of € 75,000 were reported as current debts, and contingent purchase price liabilities in the amount of € 315,000 as long-term debts.

2.4 CONSOLIDATION PRINCIPLES

All transactions and balances within the group between affiliated companies were eliminated. The Consolidated Financial Statements were prepared on the basis of the individual financial statements of the above-mentioned Group companies, which are compiled according to the relevant local accounting regulations, in particular the regulations of the German Commercial Code, with any necessary adjustments to IFRS being made. For the Consolidated Financial Statements, the same balancing and evaluation principles were used as a basis for the same business incidents and events under similar conditions.

For SinnerSchrader Benelux BV, interim financial statements were drawn up as of the reporting date of the parent company because it has a different financial year from its parent company. The financial statements of all other companies included in the consolidation group are prepared according to the reporting date of the parent company. This is the same as the group reporting date.

2.5 REPORT CURRENCY AND CURRENCY CONVERSION

The currency of the report is the euro (€). The report is cited in full euro amounts.

The functional currency of the foreign subsidiaries outside the euro zone – the group of European countries that have introduced the euro as their currency – is the relevant national currency. The financial statements of these foreign subsidiaries are converted into euros, with the assets and liabilities being converted at the conversion rate of the balance sheet date and the sales revenues, the costs of sales revenues and expenditure being converted at the average rate for the financial year in question. Accumulated currency profits and currency losses from foreign currency conversion for the Annual Financial Statements are reported as other profit. Where relevant, currency profits and losses from foreign currency transactions are treated with an effect on profits.

2.6 ESTIMATES AND ASSUMPTIONS

Drawing up consolidated financial statements according to IFRS requires the management to make estimates and assumptions that have an influence on the values posted for assets and liabilities and the information on contingent claims and contingent liabilities on the balance sheet date and on the posted income and expenses for the period covered by the report. The actual results may deviate from these estimates. Major estimates concern the application of the percentage-of-completion (POC) method, the posting of accrued expenses, and the purchase price instalments which depend on the future results of acquired business operations and companies.

Estimates are also made in connection with determining the reduction in the value of fixed assets and intangible assets. Indications of a reduction in value, the estimates of future cash flows, and the determination of the current value to be ascribed to assets (or groups of assets) are associated with major estimates which the management must make regarding the identification and review of signs of a reduction in value, of the expected cash flows, the applicable discount rates, the respective usage periods, and the residual value. To determine the amount achievable by a cash-generating unit ("CGU"), assumptions are also made regarding the development of revenues and markets which have a significant effect on the amount of the current value to be ascribed to goodwill.

Please see the individual items in the Annual Financial Statements for information on the book values of the assets and liabilities affected by estimation uncertainties on the reporting date.

2.7 NON-CURRENT ASSETS

2.7.1 INTANGIBLE ASSETS

Intangible assets comprise software, customer relationships, and goodwill and are subject to the balancing regulations of IAS 38.

Intangible assets are evaluated on receipt at their procurement costs. They are identified if it is probable that the future economic benefit to be assigned to the assets will come to the company and if the procurement costs of the assets can be reliably assessed. Costs for the procurement of software should be activated under intangible assets if they are not to be considered a component of the associated hardware.

After initial reporting, intangible assets are evaluated at their procurement costs minus the accumulated regular depreciation and the accumulated costs for impairment of value. The planned depreciation is linear over estimated usage periods. The depreciation period and method are reviewed annually at the end of each financial year.

SOFTWARE

Software acquired directly against payment is depreciated linearly over an estimated usage period of at least three years. The costs that are incurred to reinstate or maintain the future economic benefit that a company can expect from the originally assessed performance of existing software should be recorded as an expense.

INTANGIBLE ASSETS ACQUIRED IN THE COURSE OF A COMPANY MERGER

Other intangible assets which are acquired in the course of a company merger are identified and reported separately from goodwill in accordance with IFRS 3 as long as they meet the definition of intangible assets and the current value to be ascribed to them can be determined reliably. The procurement costs correspond to the current value to be ascribed to them at the time of acquisition. The scheduled depreciation of intangible assets is assigned to revenue costs or marketing costs depending on the type of asset.

The active difference between the procurement costs and the fair value of the identifiable assets and liabilities should be assumed to be the goodwill from a company purchase.

After being reported for the first time, other intangible assets that were acquired in the context of a company merger are evaluated the same as directly acquired intangible assets with their procurement costs minus accumulated planned depreciation over the estimated usage period and minus accumulated unscheduled reductions in value if the estimated usage period is determined to be limited.

Goodwill has an unlimited usage period. It is therefore not depreciated according to schedule, but subjected to an annual impairment test in accordance with IAS 36.

2.7.2 TANGIBLE ASSETS

In accordance with IAS 16, tangible assets are posted as assets if it is probable that the future economic benefit associated with them will come to the company and if the procurement costs of the assets can be reliably assessed. The tangible assets shall be evaluated at the procurement costs minus accumulated regular and non-scheduled depreciation.

The acquisition costs include all services rendered in return for acquiring an asset and returning it to an operational state.

The property and equipment of SinnerSchrader comprises objects of company and business equipment, computer hardware, and leasehold improvements.

Depreciation is linear. A usage period of three years is usually assumed for computer hardware; four to eight years for other electronic and electrical devices and equipment, and eight to thirteen years for office furniture. Improvements to rented premises are depreciated over the estimated usage period of the improvements or the residual term to the end of the tenancy, if this is shorter.

The cost of depreciation is included in the costs of sales revenues and operating expenses. The costs of repair and maintenance work are recorded with an effect on expenses.

In the event of the sale or decommissioning of tangible asset items, the relevant procurement costs and the accumulated depreciation are debited and any profit or loss posted in the Statements of Operations as other revenues or other expenses.

2.7.3 REDUCTIONS IN VALUE OF NON-CURRENT ASSETS

The posted value of asset items is reviewed if there are signs of non-scheduled reduction of value. If the posted value of an asset exceeds its achievable amount, non-scheduled depreciation is made according to IAS 36. The achievable amount is the net sale price or commercial value, whichever is higher. The net sale price is the amount that can be achieved from a sale under standard market conditions minus the sales costs; commercial value is the cash value of the expected income from further use of the asset and the sale value at the end of the usage period. The commercial value is determined individually for every asset or for the corresponding CGU.

If the reasons for non-scheduled depreciation are no longer in place, the original value will be reinstated, except in the case of goodwill.

In the 2011/2012 financial year, non-scheduled depreciation on goodwill amounted to € 353,000 (see Section 4.1.1).
There were no other signs of reductions in the value of other goodwill, other assets or intangible or tangible assets in the 2011/2012 and the 2010/2011 financial years.

2.8 FINANCIAL INSTRUMENTS

According to IAS 39, a financial instrument is a contract which leads to the creation of a financial asset for one company and the creation of a financial liability or an equity capital instrument for another.

In accordance with IAS 39, when they are first reported, financial instruments are to be posted with the current value to be ascribed to them, which usually corresponds to the procurement costs. Transaction costs are included in the first evaluation if no evaluation for fair value with an effect on profits takes place. Purchases and sales of financial instruments should be posted as of the trading day.

With respect to the subsequent evaluation, a distinction is made between various categories of financial instruments, including financial instruments held for trading purposes, financial instruments to be held until they are finally due, financial instruments available for sale, and credits and claims submitted by the company.

Financial instruments held for trading purposes and financial assets available for sale are evaluated at the current value without deduction of transaction costs in the subsequent evaluation. The current values are usually found from reporting date prices on financial markets. Profits and losses from the evaluation of financial instruments held for trading purposes shall be reported with an effect on profits. Profits and losses from the valuation of financial instruments available for sale shall be recorded directly as other income with no effect on profits until the financial instrument is sold, withdrawn or otherwise disposed of, or as soon as a permanent value reduction has been identified for it. Where necessary, profits and losses recorded directly in the shareholders' equity are posted under "Changes in Shareholders' equity not affecting net income". Financial instruments held for trading purposes and available for sale are posted in current assets if their sale is planned in the next twelve months.

Financial instruments to be held to maturity shall be assessed at their amortised cost using the effective interest method. If the remaining period is up to twelve months, they are reported in current assets.

A financial asset is debited if the company economically or contractually loses the power of disposition over the financial asset. A financial liability is debited if the obligation upon which this liability is based is fulfilled, terminated or deleted.

IFRS 7 requires disclosures relating to fair value measurements and liquidity risk. The requirement specifies that each class of financial instrument must be classified using a three-level fair value hierarchy. There are three different valuation categories:

Level 1: On the first level of the fair value hierarchy, the fair value is determined on the basis of publicly quoted market prices since the most objective indicators of the fair value of a financial asset or financial liability can be observed in an active market.

Level 2: If there is no active market for an instrument, a company must determine the fair value with the help of valuation models. These valuation models include the use of the latest business transactions between independent business partners who are experts and willing to enter into a contract, a comparison with the current fair value of other largely identical financial instruments, the use of the discounted cash flow method or option price models. The fair value is estimated on the basis of the results of a valuation method which uses the largest amount of data possible from the market and relies as little as possible on company-specific data.

Level 3: The valuation models on this level are based on parameters that cannot be observed in the market.

2.9 ACCOUNTS RECEIVABLE AND UNBILLED SERVICES

Accounts receivable are posted at their nominal value minus appropriate value corrections. The value of the claims is regularly checked on an individual basis. Value corrections are formed in the case of identifiable individual risks. The receivable is debited if it is irrecoverable.

Services provided for fixed-price projects which were realised according to the cost-to-cost method in accordance with their degree of completion but had not yet been billed are posted with a proportion of the total payment agreed for the fixed-price project, i.e. including the profit margin, as unbilled services, with any deposits that may have been made for the project being offset as receivables from POC.

2.10 OTHER FINANCIAL ASSETS

Other financial assets are entered in the balance sheet at their nominal value or the recoverable amount, whichever is lower.

2.11 FUNDS

Funds comprise cash flows, bank credits available on a daily basis and fixed deposits with a remaining period of less than three months. They are posted at their nominal value.

2.12 STATEMENTS OF CASH FLOWS

The Statements of Cash Flows are prepared in accordance with IAS 7 using the indirect method (cash flows from operating activity) or the direct method (cash flows from investment or financing activity). The financial funds whose change is reported in the Statement of Cash Flows comprise the funds defined under 2.11.

2.13 TRADE ACCOUNTS PAYABLE AND OTHER LIABILITIES

Trade accounts payable and other liabilities are posted with their amount repayable.

2.14 ACCRUED EXPENSES

According to IAS 37, accrued expenses are formed for legal and actual obligations that were incurred economically by the reporting date if it is probable that fulfilment of the obligation will lead to the Group funds being depleted and a reliable estimate of the level of the obligation can be made. Reserves are reviewed on every balance sheet date and adjusted to the best estimate in each case. The amount of reserves corresponds to the value of the expenses probably needed to fulfil the obligation. The accrued expenses take account of all recognisable obligations vis-à-vis third parties according to IAS 37.

2.15 TREASURY STOCK

Under IAS 32, treasury stock is posted at its procurement cost as a deducted item within the shareholders' equity. If treasury stock is re-issued, the deducted item is reduced and any difference between the value at the time of issue and the purchase costs may raise or lower the capital reserve.

2.16 DEFERRED TAXES

Under IAS 12, deferred tax claims or liabilities are to be posted in the balance sheet if there are differences between the posted values of assets and liabilities in the balance sheet under IFRS and those in the tax balance sheet that will reverse in future years ("temporary differences"). Furthermore, deferred tax claims must also be formed for the future use of tax loss carry-forwards. Deferred tax claims and liabilities are to be determined on the basis of the liability method.

Deferred tax claims and liabilities from temporary differences must be determined separately for every tax subject. Tax claims should be posted only if or to the extent to which they are countered by tax liabilities or to which their realisation can be classified as probable through future taxable profits. Tax claims and liabilities are posted in balanced form for a tax subject.

For the evaluation of the temporary differences or loss carry-forwards, the tax rates valid on the balance sheet date or, for a future reversal of temporary differences, the tax rates legally entered into force on the balance sheet date shall be used.

Deferred tax expenditures or revenues are to be settled with no effect on profits if they relate to differences that do not have an impact on the Statements of Operations, such as valuation changes to financial assets available for sale.

2.17 REVENUE REALISATION

SinnerSchrader provides services of various kinds that are treated differently with respect to revenue realisation. In principle, SinnerSchrader only realises revenues once the service has been performed according to the underlying contractual agreements and the risk has been transferred to the recipient of the service or the purchaser, if it is probable that the economic benefit from the business will flow into the company and the level of sales revenues can be reliably determined. The revenues are posted net, without turnover tax, discounts, customer bonuses or deductions. They contain reimbursable expenses, such as travel expenses, if the customer has been invoiced for them.

PROJECT AND CONSULTANCY SERVICES

Project and consultancy services are billed either according to actual expenditure or on the basis of a fixed price. The revenues from projects on a fixed-price basis are entered on the balance sheet according to the progress achieved using the POC method according to IAS 11.22 ff. In this connection, progress is determined as a proportion of the project costs already incurred in relation to the expected total costs for the project as a whole (cost-to-cost method). To cover imminent losses from not-yet-completed projects, accrued expenses are formed on the basis of an individual evaluation of the project at the expense of the period in which such a loss is probable. Revenues within the scope of contracts based on actual expense are generally posted monthly according to the expenditure incurred to provide the service.

Revenues realised on the basis of the POC method, but as yet unbilled, are posted as unbilled services in the balance sheet. Amounts billed to customers that exceed the scope of the accrued revenues are posted as advance payments received.

MEDIA SERVICES

SinnerSchrader performs services for its customers for planning and implementing advertising campaigns on the Internet (media services). In the context of implementing advertising campaigns, SinnerSchrader buys advertising space at its own expense. In the course of billing for these media services, the costs for buying advertising space (media costs) are passed on to the customers together with a fixed payment or a payment calculated on the basis of the actual media costs.

In principle, revenues for media services are realised with or after the appearance of the advertising. In this connection, the entire amount to be charged to the customer is recorded as gross revenues, and the amount reduced by the media costs that have been passed on to customers comprises the net revenues.

Realised revenues that have not yet been billed are posted as unbilled services in the balance sheet, reduced by deposits received for the advertising campaigns and including deposits paid for purchasing advertising space as part of advertising campaigns.

OPERATING SERVICES

SinnerSchrader performs operating services for its customers, which in particular also include the 24-hour monitoring and management of Internet applications with an on-call service. Payment for these services usually comprises a fixed monthly service fee plus variable, performance-related components, and the customers are billed for them monthly or quarterly. If the IT system monitored by SinnerSchrader is operated in SinnerSchrader's own computer centre, fixed usage fees are also charged monthly.

SALE OF HARDWARE AND SOFTWARE

In addition to other services, SinnerSchrader supplies its customers with hardware and standard software on request that SinnerSchrader itself buys on the market. The revenues from this are realised after billing or after the transfer of risk.

SOFTWARE AS A SERVICE

With the subsidiary NEXT AUDIENCE GmbH (formerly newtention technologies GmbH), SinnerSchrader offers the use of self-created software in the context of a software-as-a-service model. Users are generally invoiced monthly for the usage fees depending on the actual usage in accordance with the agreed usage parameters. Revenues are realised in the amount of the usage fees invoiced.

2.18 ADVERTISING COSTS

In principle, SinnerSchrader takes the expenditure for advertising and promotional campaigns into account under the marketing costs in the Statements of Operations at the time the expenditure is incurred. In the 2011/2012 and 2010/2011 financial years, these expenses amounted to € 609,821 and € 434,083, respectively.

2.19 RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure for research and development is recorded as an expense in the period in which it is incurred. Development costs that can be activated are an exception if they completely meet the criteria according to IAS 38.

In 2011/2012, research and development costs in the amount of € 391,584 were reported as expenditure, in comparison to € 518,631 in the 2010/2011 financial year. NEXT AUDIENCE GmbH recognised costs for the development of a new adserving suite in the amount of € 106,173 as assets. Furthermore, the criteria for recognising research and development costs as assets in accordance with IAS 38 were not met, as in the previous financial year, since in this respect research and development costs cannot be separated.

2.20 LEASING

Leasing payments should be recorded as an expense in the Statements of Operations using a linear method over the term of the leasing contract if they are incurred within an operating leasing relationship where all of the risks remain with the lessor.

SinnerSchrader has concluded only operating leasing contracts. They mainly concern automobiles made available as company cars.

2.21 SHARE-BASED COMPENSATION

IFRS 2 calls for costs resulting from the issue of employee options to be entered in the balance sheet on the basis of their current value with an effect on income. In this connection, the market value of the option on the issue date should be distributed over the waiting period for exercising the option and then proportionately entered in the Statements of Operations as personnel costs for the relevant period. The costs are recorded against the shareholders' equity in the reserve for share-based compensation.

As of 31 August 2012 and 31 August 2011, SinnerSchrader still maintained a share option plan, or two share option plans, the structure of which is described in more detail in Section 6.1.

2.22 EARNINGS PER SHARE

SinnerSchrader calculates the earnings per share in agreement with IAS 33. The undiluted earnings per share are determined on the basis of the weighted average of the outstanding common stock. According to this, treasury stock is not considered in the calculation of the basis for the earnings per share on the date these shares were bought back.

The weighted average of the outstanding shares is increased by the dilution effect from the potential exercise of outstanding options, calculated according to the Treasury Stock Method, in order to determine the diluted earnings per share. As part of its employee option programmes, SinnerSchrader issued options to employees, managing directors, and members of the Management Boards to buy common stock. The outstanding options in the 2011/2012 and 2010/2011 financial years were considered accordingly in the calculation of the dilution effect.

03 / SEGMENT REPORTING

In the Annual Financial Statements for the 2011/2012 financial year, SinnerSchrader used the management approach to report on the Interactive Marketing, Interactive Media and Interactive Commerce segments. The segments are controlled on the basis of EBITA.

- The Interactive Marketing segment develops Internet strategies, handles the customised conception, design, and technical development of websites and Internet applications, the maintenance of content and technologies, performance measurements and optimisation as well as technical operations, including the provision of the technical infrastructure for websites and Internet applications.
- The Interactive Media segment plans and implements advertising campaigns on the Internet with a focus on performance-driven display advertising (e.g. banner ads) and provides and measures the performance of advertising media (adserving).
- The Interactive Commerce segment accepts overall responsibility for the set-up and management of sales channels on the Internet, including logistics, payment transactions, and shop management (e-commerce outsourcing).

In the 2011/2012 financial year, SinnerSchrader brought mediaby GmbH and NEXT AUDIENCE GmbH together in the Interactive Media segment, as was the case in the previous year. next commerce GmbH forms the Interactive Commerce segment, and spot-media AG and SinnerSchrader Mobile GmbH are brought together with SinnerSchrader Deutschland GmbH in the Interactive Marketing segment.

All of SinnerSchrader's revenues were earned by Group companies based in Germany.

Net revenue earned with individual companies or groups of companies in the segments did not exceed the limit of 10 % of the consolidated net revenue for the Group in the year of the report. In the previous year, two groups of companies in the Interactive Marketing segment accounted for more than 10 % of the consolidated net revenue for the Group, at € 4,048,000 and € 3,152,000, respectively.

Tables 1a and 1b show the segment figures for the 2011/2012 and 2010/2011 financial years.

Table 1a / Segment information for the 2011/2012 financial year in € and number

01.09.2011–31.08.2012	**Interactive Marketing**	**Interactive Media**	**Interactive Commerce**	**Sum segments**	**Holding/ consolidation**	**Group**
External revenues	30,746,222	8,396,597	2,521,654	41,664,473	–	41,664,473
Internal revenues	282,296	130,171	14,722	427,189	-427,189	–
Gross revenues	31,028,518	8,526,768	2,536,376	42,091,662	-427,189	41,664,473
Media costs	–	-5,680,855	–	-5,680,855	–	-5,680,855
Total revenues, net	31,028,518	2,845,914	2,536,376	36,410,807	-427,189	35,983,618
Segment income (EBITA)	**2,463,312**	**-281,335**	**30,284**	**2,212,261**	**-585,297**	**1,626,964**
Employees, end of period	318	34	35	387	33	420

Table 1b / Segment information for the 2010/2011 financial year in € and number

01.09.2010–31.08.2011	Interactive Marketing	Interactive Media	Interactive Commerce	Sum segments	Holding/ consolidation	Group
External revenues	26,985,385	8,078,491	1,650,174	36,714,050	–	36,714,050
Internal revenues	437,048	117,116	16,001	570,165	-570,165	–
Gross revenues	27,422,433	8,195,607	1,666,175	37,284,215	-570,165	36,714,050
Media costs	–	-5,804,765	–	-5,804,765	–	-5,804,765
Total revenues, net	27,422,433	2,390,842	1,666,175	31,479,450	-570,165	30,909,285
Segment income (EBITA)	**3,863,463**	**-19,831**	**-623,530**	**3,220,101**	**-607,965**	**2,612,136**
Employees, end of period	315	29	28	372	28	400

Internal revenues were all achieved under the usual market conditions.

Accounting for the individual segments follows the accounting principles that are also used in the Group. Administrative costs incurred by SinnerSchrader AG are charged to the operative segments, where they can be assigned. Costs that cannot be assigned – primarily costs for original holding tasks, such as investor relations work – are not distributed to the segments.

Table 1c explains the reconciliation of the total of the segment earnings to the earnings before tax in the Group for the period from 1 September 2011 to 31 August 2012 and for the comparable period in the previous year:

Table 1c / Reconciliation of segment income to income before taxes of the Group in €

	2011/2012	2010/2011
Segment income (EBITA) all reporting segments	2,212,261	3,220,102
Central costs not passed on to segments	-585,297	-607,965
EBITA of the Group	1,626,964	2,612,137
Amortisation of intangible assets from first consolidation	-977,638	-558,098
Financial income of the Group	102,640	84,113
Income before taxes of the Group	751,966	2,138,152

04 / INFORMATION ON THE BALANCE SHEET

4.1 GOODWILL, OTHER INTANGIBLE ASSETS, PROPERTY AND EQUIPMENT

The development of goodwill, other intangible assets, and property and equipment in the 2011/2012 and 2010/2011 financial year is shown in Table 2a and 2b, respectively:

Table 2a / Development of goodwill, other intangible assets, and property and equipment in the 2011/2012 financial year in €

Acquisition costs:	01.09.2011	Addition from first consolidation	Additions	Disposals	31.08.2012
Goodwill	4,362,056	45,697	–	26,240[1]	4,381,513
Other intangible assets	3,634,516	–	223,630	–	3,858,146
Computer hardware	2,449,723	–	477,393	16,208	2,910,908
Furniture and fixtures	1,372,569	–	194,797	27,297	1,540,069
Leasehold improvements	510,505	–	167,888	–	678,393
Total fixed assets	**12,329,369**	**45,697**	**1,063,708**	**69,745**	**13,369,029**

Accumulated depreciation, amortisation, and writedowns:	01.09.2011		Additions	Disposals	31.08.2012
Goodwill	–	–	352,773	–	352,773
Other intangible assets	2,547,253	–	699,966	–	3,247,219
Computer hardware	1,888,018	–	398,375	10,572	2,275,821
Furniture and fixtures	888,189	–	158,547	25,115	1,021,621
Leasehold improvements	432,661	–	38,377	–	471,038
Total fixed assets	**5,756,121**	**–**	**1,648,038**	**35,687**	**7,368,472**

Net book value:	31.08.2011				31.08.2012
Goodwill	4,362,056				4,028,740
Other intangible assets	1,087,263				610,927
Computer hardware	561,705				635,087
Furniture and fixtures	484,380				518,448
Leasehold improvements	77,844				207,355
Total fixed assets	**6,573,248**				**6,000,557**

[1] Adjustment on the basis of IFRS 3 revised 2004

Table 2b / Development of goodwill, other intangible assets, and property and equipment in the 2010/2011 financial year in €

Acquisition costs:	01.09.2010	Addition from first consolidation	Additions	Disposals	31.08.2011
Goodwill	2,965,047	1,538,017	–	141,008[1]	4,362,056
Other intangible assets	3,088,943	425,370	120,203	–	3,634,516
Computer hardware	2,016,596	47,970	411,891	26,734	2,449,723
Furniture and fixtures	1,173,043	59,418	148,812	8,704	1,372,569
Leasehold improvements	430,772	3,300	76,433	–	510,505
Total fixed assets	**9,674,401**	**2,074,075**	**757,339**	**176,446**	**12,329,369**
Accumulated depreciation, amortisation, and writedowns:	**01.09.2010**		**Additions**	**Disposals**	**31.08.2011**
Goodwill	–	–	–	–	–
Other intangible assets	1,921,951	–	625,302	–	2,547,253
Computer hardware	1,605,738	–	303,035	20,755	1,888,018
Furniture and fixtures	763,505	–	133,209	8,525	888,189
Leasehold improvements	355,160	–	77,501	–	432,661
Total fixed assets	**4,646,354**	**–**	**1,139,047**	**29,280**	**5,756,120**
Net book value:	**31.08.2010**				**31.08.2011**
Goodwill	2,965,047				4,362,056
Other intangible assets	1,166,992				1,087,264
Computer hardware	410,858				561,704
Furniture and fixtures	409,538				484,380
Leasehold improvements	75,612				77,844
Total fixed assets	**5,028,047**				**6,573,248**

[1] Adjustment on the basis of IFRS 3 revised 2004

4.1.1 GOODWILL

The balance sheets as at 31 August 2012 and 31 August 2011 show goodwill in the amount of € 4,029,000 and € 4,362,000, respectively.

For the impairment test, goodwill resulting from company mergers was allocated as a cash-generating unit (“CGU”) to the respective company (or group of companies) taken over.

Table 3 gives an overview of the goodwill, its allocation to CGUs, the valuation methods used for the impairment test and the significant valuation parameters.

Table 3 / Overview of goodwill and the assumptions for goodwill impairment tests

Cash generating unit (CGU)	**Goodwill** in € 000s		**Evaluation concept**		**Growth rate in terminal value** in %		**Discount factor** in %	
	2011/2012	**2010/2011**	**2011/2012**	**2010/2011**	**2011/2012**	**2010/2011**	**2011/2012**	**2010/2011**
spot-media Group	2,545	2,572	Fair value less cost to sell	Fair value less cost to sell	0.5 %	0.5 %	8.4 %	8.8 %
NEXT AUDIENCE (newtention) Group	–	352	Value in use	Value in use	0.5 %	0.5 %	11.9 %	12.5 %
next commerce GmbH	237	237	Fair value less cost to sell	Fair value less cost to sell	0.5 %	0.5 %	8.4 %	8.8 %
SinnerSchrader Mobile GmbH	1,247	1,201	Fair value less cost to sell	Fair value less cost to sell	0.5 %	0.5 %	8.4 %	8.8 %
SinnerSchrader Group	**4,029**	**4,362**						

For the purpose of reviewing the recoverability of goodwill, "recoverable amounts" were ascertained for the CGUs as at 31 August 2012. A DCF model (fair value less costs to sell) was used to ascertain the amounts for the spot-media Group, next commerce GmbH and SinnerSchrader Mobile GmbH on the basis of the fair value less disposal costs, and for the NEXT AUDIENCE (newtention) Group, the value in use was applied as a basis. The two value concepts are based on the most recent cash flow forecasts which are, in turn, based on business plans authorised by the Management for a period of three to four years. The corporate plans are based on historical data, and take account of the expectations for the future development of relevant markets. Revenues and earnings are forecast on a customer basis, wherever possible.

GOODWILL AND IMPAIRMENT TEST IN THE SPOT-MEDIA GROUP CGU

The goodwill allocated to the spot-media Group was reduced by € 27,000 to € 2,545,000, since the most recent earn-out payment resulting from the takeover of spot-media AG in February 2008, which became due payable in the 2011/2012 financial year, fell short of the estimation on the previous balance sheet reporting date (reported according to IFRS 3 revised 2004).

The impairment test was carried out on the basis of a financial plan for the spot-media Group covering a three-year planning period. After the problems which occurred in the 2011/2012 financial year because two major customers cut back on the volume of their turnover, the plan initially allows for a year of consolidation with further contractions in sales. Growth rates of 10 % and 11.5 % are predicted for the second and third years of the plan, which will, however, not yet enable the revenue achieved in the 2011/2012 financial year to be reached again. On the basis of the cost-cutting measures implemented in 2010/2011, the result for the first year of the plan will be slightly positive again, in spite of the decline in revenue. In the following two years, the plan provides for a return to a double-digit margin in two steps. Beyond the three-year planning period, the cash flows were carried forward, taking into account a steady growth rate of 0.5 %. The interest rate after taxes used for discounting the cash flow forecasts was 8.4 % and was determined on the basis of the concept of weighted average cost of capital.

The recoverable amount determined for this CGU on this basis surpasses the book value of the CGU which encompasses the goodwill. There was thus no need to reduce the value as at 31 August 2012. If the margin assumptions remained unchanged and the revenue development fell below the revenue planned for 2012/2013, or if the margin in the final year of the plan did not improve to reach around 7.5 % again, with unchanged assumptions in respect of revenue growth, there would be a need to reduce the value if these parameters were not reached.

GOODWILL AND IMPAIRMENT TEST IN THE NEXT COMMERCE GMBH CGU

The goodwill allocated to the next commerce GmbH CGU did not change in the 2011/2012 financial year and amounted to € 237,000.

The financial plan for next commerce GmbH, on which the impairment test as at 31 August 2012 is based, foresees average revenue growth of 9.2 % in the next three years and a gradual increase in the EBITA margin to a bottom-range double-digit value. The assumed growth rate is significantly lower than the growth rate of the past three years. The cash flows of the CGU arising after the three-year period were carried forward, using a growth rate of 0.5 %. The interest rate after taxes used for discounting the cash flows was 8.8 % and was determined on the basis of the concept of weighted average cost of capital.

The recoverable amount determined for this CGU on this basis surpasses the book value of the CGU which encompasses the goodwill. There was no need to reduce the value as at 31 August 2012. There are no reasonably possible changes to the fundamental assumptions used to determine the recoverable amount of the CGU that could cause its book value to considerably surpass its recoverable amount.

GOODWILL AND IMPAIRMENT TEST IN THE SINNERSCHRADER MOBILE GMBH CGU

The goodwill resulting from the takeover of SinnerSchrader Mobile GmbH in the previous financial year has increased by € 46,000 on the basis of adjusting events in the 12-month period since first consolidation.

The financial plan for SinnerSchrader Mobile GmbH for the 2012/2013 to 2014/2015 financial years provides for an average annual growth in revenue of just under 38 % in terms of the revenue in the 2011/2012 year of the report. Concerning the development of the EBITA margin, the plan provides for a gradual improvement to a margin between 14 % and 15 %. Beyond the three-year planning period, the cash flows were carried forward, taking into account a steady growth rate of 0.5 %. The interest rate after taxes used for discounting the cash flows was 8.4 % and was determined on the basis of the concept of weighted average cost of capital.

The recoverable amount determined for this CGU on this basis surpasses the book value of the CGU which encompasses the goodwill. There was thus no need to reduce the value as at 31 August 2012. If the EBITA margin in the final year of the plan did not reach 7.5 % with unchanged revenue plans, or if revenue growth, with unchanged margin assumptions, remained at an average of just 10 % in the first three years of the plan, there would be a need to reduce the value if these parameters were not reached.

GOODWILL AND IMPAIRMENT TEST IN THE NEXT AUDIENCE GROUP CGU

The goodwill allocated to the NEXT AUDIENCE Group CGU amounted to € 352,000 as at 1 September 2011.

The expectations associated with the acquisition of the NEXT AUDIENCE Group in December 2008 have not yet been met. It has not been possible to derive a sufficiently positive development from the development of business in the previous years, so the goodwill had to be fully depreciated. The depreciation to be allocated to the Interactive Media segment was reported in other operating expenses in the Consolidated Statement of Operations. No other additional depreciation was required.

The financial plan for the NEXT AUDIENCE Group for the 2012/2013 to 2015/2016 financial years is based on the assumption of the reorientation of the adserving business towards audience management. The plan provides for further advance payments in a seven-digit range for the first two financial years. The reorientation to focus on a business field that does not yet exist in this form in Germany prompted the establishment of a new CGU as at the reporting date.

The financial plan provides for revenue growth at an average growth rate of 78 % in terms of the revenue earned in the 2011/2012 financial year. The high growth rate in the first few years results from setting up the business and from a low revenue volume in the year in which business commenced. The break-even point is to be reached in the 2014/2015 financial year, with an operating margin of 15 %. Above-average growth in revenue with an increase in the margin in the range of 30 to 35 % has been planned for the following final year of the plan.

4.1.2 OTHER INTANGIBLE ASSETS

The other intangible assets in the amount of € 611,000 (previous year: € 1,087,000) included intangible assets from first consolidation in the amount of € 457,000 (previous year: € 975,000) as at 31 August 2012.

Of the depreciation of other intangible assets from first consolidation in the amount of € 625,000 (previous year: € 558,000), € 450,000 (previous year: € 379,000) was attributed to revenue costs and € 175,000 (previous year: € 179,000) to marketing costs. The remaining usage period of intangible assets resulting from first consolidation was 3 to 21 months as at the balance sheet date.

4.2 DEFERRED TAXES

Both in the 2011/2012 and the 2010/2011 financial years, deferred taxes had to be posted in the Group because of differences in the postings for assets and liabilities according to IFRS and according to the relevant tax regulations. Section 5.5 contains more details on this.

4.3 UNBILLED SERVICES FROM POC

As of 31 August 2012 and 31 August 2011, receivables from POC for ongoing fixed-price projects in the amount of € 1,355,620 and € 445,585, respectively, were posted as unbilled services. In connection with this, deposits received for the projects in the amount of € 2,904,883 and € 1,214,097, respectively, were deducted from the total amounts of € 1,549,263 and € 768,512, respectively, for the POC evaluation of the projects.

4.4 TAX REIMBURSEMENT CLAIMS

As of 31 August 2012 and 31 August 2011, the tax reimbursement claims to be reported on the asset side amounted to € 176,685 and € 224,675.

Of these, € 130,324 (previous year: € 149,470) comprised discounted payment claims from identified corporation tax credits which were to be capitalised in full by virtue of the introduction of the Act on Accompanying Tax Measures on the Introduction of the European Company and Amending other Tax Regulations ("SEStEG"). Upon introduction of the SEStEG, the payment in instalments starts independent of any dividends, beginning in September 2008 with a term of 10 years. The cash value was recognised because the claims for reimbursement cannot bear interest. Discounting was effected at a risk-free interest rate.

The current tax reimbursement claims in the amount of € 46,361 (previous year: € 75,205) come from the first-time consolidation of SinnerSchrader Mobile GmbH in the last financial year.

Creditable taxes collected at source on capital and interest earnings in the amount of € 58,628 (previous year: € 58,044) were offset against the respective tax liabilities.

4.5 OTHER CURRENT ASSETS AND PREPAID EXPENSES

The other current assets and prepaid expenses largely contain payment for Investor Relations payments relating to the year, insurance policies, maintenance agreements and contributions.

4.6 FIXED-TERM DEPOSITS AND SECURITIES

Fixed-term deposits and securities as at 31 August 2012 comprised a term deposit in the amount of € 1,000,000 with a remaining term of 19 months to the balance sheet date and a loan against a promissory note with a remaining term of 18 months. As at 31 August 2011, the item was made up of corporate loans and bearer bonds of solvent companies with remaining terms to the balance sheet date of 4 to 11 months. The securities can be sold at any time. The fixed-term deposits and securities serve as collateral for short-term financial requirements.

In agreement with IAS 39, SinnerSchrader has qualified the securities as “available for sale” and thus evaluated them at their market value (marked to market). Provided that they are not to be qualified as permanent, the unrealised profits or losses accounted for by these securities as of the balance sheet date are directly reported in the statement of comprehensive income in the item “Other profit” and in the shareholders’ equity in the item “Changes in shareholders’ equity not affecting net income”, taking account of the taxes due on them.

Table 4 shows the total of securities as of 31 August 2012 and the distribution of the time to maturity:

Table 4 / Marketable securities in €

	Remaining term as of 31.08.2012	Acquisition cost	Amortisation of acquisition cost	Unrealised gains	Unrealised losses	Book value as of 31.08.2012	Book value as of 31.08.2011
Marketable securities	Less than 1 year	–	–	–	–	–	1,016,470
Marketable securities	1 to 5 years	500,000	–	–	–	500,000	1,015,529
Marketable securities, total		**500,000**	**–**	**–**	**–**	**500,000**	**2,031,999**

As of 31 August 2012, no unrealised profits or losses were to be posted, since the loans maintained against promissory notes on the balance sheet date are classified as Loans and Receivables and posted at their face value on the balance sheet date. No profits or losses were realised with the sale of securities in the 2011/2012 financial year because they were held until the end of their term.

4.7 FUNDS

Cash flows and bank balances resulted in funds of € 3,695,597 as of 31 August 2012 (previous year: € 3,710,941). As of 31 August 2012, funds in the amount of € 448,680 (previous year: € 681,662) were used as cash deposits for bank guarantees (see Section 4.13).

4.8 SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

As of 31 August 2012 and 31 August 2011, the share capital of SinnerSchrader AG was € 11,542,764 and was divided into 11,542,764 no-par-value share certificates in the names of the bearers, each with a calculated value of € 1 per share.

On 31 August 2012 and 31 August 2011, 11,195,358 and 11,269,013 shares, respectively, of all issued outstanding shares were in circulation. The remaining 347,406 and 273,751 shares, respectively, were held as SinnerSchrader AG treasury stock.

APPROVED CAPITAL

The Annual General Meeting of 18 December 2008 authorised the Management Board to increase the share capital once or repeatedly by up to a total of € 5,770,000 until 15 January 2013 with the approval of the Supervisory Board by issuing no-par-value share certificates issued in the name of the owner in return for a contribution in cash or a contribution in kind, excluding the shareholders' subscription right ("Approved Capital 2008"). This became legally effective upon entry of the decision in the Commercial Register on 16 February 2009. In the 2011/2012 and 2010/2011 financial years, no capital increases were carried out using the approved capital.

CONDITIONAL CAPITAL

As of 31 August 2012, SinnerSchrader AG had conditional capital in the amount of € 896,538, which was created in 1999 ("Conditional Capital I"), 2000 ("Conditional Capital II"), and 2007 ("Conditional Capital III") for the issue of share options to employees. With the Annual General Meeting resolution of 23 January 2007, Conditional Capital I and Conditional Capital II were cancelled to the extent that they were no longer needed to service subscription rights and were correspondingly reduced by € 375,000 to € 127,909 and € 168,629, respectively. Until 31 December 2011, options could be issued to employees and Board members of SinnerSchrader AG and its subsidiaries from Conditional Capital III in the amount of € 600,000, newly created by the Annual General Meeting resolution of 23 January 2007. In the 2011/2012 financial year, 135,000 options were allocated. Details on the option programmes and outstanding options are in section 6.

TREASURY STOCK

As of 31 August 2012 treasury stock amounted to 347,406 shares. The average acquisition cost on 31 August 2012 was € 1.74 per share. 347,406 treasury stock shares represent 3.01 % of the share capital. A deduction entry in the amount of the acquisition costs has been formed for treasury stock in accordance with IFRS.

As of 31 August 2011, there were 273,751 treasury stock shares with average acquisition costs of € 1.65 per share.

In the 2011/2012 financial year, 73,655 shares of treasury stock were purchased on the stock exchange at an average price of € 2.07.

CAPITAL RESERVE

As of 31 August 2012 and 31 August 2011, the tax reimbursement claims to be posted as assets amounted to € 3,669,974. In particular, the amount of the capital reserve comprises the premium resulting from the launch on the stock market minus removals as well as the results from the issuing/sale of treasury stock.

RESERVE FOR SHARE-BASED COMPENSATION

The reserve comprises the accumulated costs from issuing share-based compensation. As of 31 August 2012 and 31 August 2011, they reached a value of € 213,768 and € 171,187, respectively.

ACCUMULATED DEFICIT (INCL. REVENUE RESERVES)

In the 2011/2012 financial year the balance sheet loss fell by the balance from the net income of € 156,926 and the dividend payment of € 0.10 per share totalling € 1,121,291 made in December 2011 upon the resolution of the Annual General Meeting. As of 31 August 2012 it was € 2,714,011, after € 1,749,646 on 31 August 2011.

CHANGES IN SHAREHOLDERS' EQUITY NOT AFFECTING NET INCOME

The changes in shareholders' equity with neutral effect on income as of 31 August 2012 amounted to € 25,068 and originated from currency conversion within the context of the consolidation of the companies in the consolidation group reporting in foreign currency. As of 31 August 2011, the item amounted to € 20,676 and resulted from a currency conversion in the amount of € 25,099 and, against the trend, in the amount of € –4,423 from the balance sheet date evaluation of the sale of available securities with no effect on net income. The changes to these items are shown in Table 5:

Table 5 / Changes in shareholders' equity not affecting net income in €

	Foreign currency translation	AfS-Valuation	Sum
31.08.2011	25,099	-4,423	20,676
Change	-31	4,423	4,392
31.08.2012	**25,068**	**–**	**25,068**

4.9 TAX LIABILITIES

As of 31 August 2012 the reserves for corporation tax and commercial tax were € 438,045 (previous year: € 620,208).

In the 2011/2012 financial year, € 22,583 were paid in investment income tax, corporation tax and commercial tax were paid in the amount of € 697,686.

In the 2010/2011 financial year, € 42,399 had been paid in investment income tax and € 49,018 had been reimbursed. Corporation tax and commercial tax payments on account had become due in the amount of € 783,517 for the 2010/2011 financial year and in the amount of € 360,776 for the 2009/2010 financial year.

4.10 ACCRUED EXPENSES

Table 6 shows the composition of the accrued expenses as of 31 August 2012 and the development in the 2011/2012 financial year:

Table 6 / Accrued expenses in €

	31.08.2011	Utilised	Addition from adjustment of first consolidation	Allocated	Dissolved	31.08.2012
Accrued compensation	2,085,786	1,970,873	–	2,429,567	1,260	2,543,220
Accrued project-oriented expenses for warranties and allowances	284,204	61,919	–	135,843	–	358,128
Accrued rent and related expenses	135,300	104,980	–	323,897	28,658	325,559
Reporting and auditing expenses	102,122	97,787	–	94,820	308	98,847
Other accruals	448,221	173,417	15,675	217,299	-	507,778
Total	**3,055,633**	**2,408,976**	**15,675**	**3,201,426**	**30,226**	**3,833,532**

4.11 CURRENT FINANCIAL LIABILITIES AND OTHER LIABILITIES

As of 31 August 2012 current financial liabilities and other liabilities had a remaining term of less than one year and were broken down into the major components listed in Table 7:

Table 7 / Financial liabilities and other liabilities in €

	31.08.2012	31.08.2011
Liabilities from income tax and church tax	329,093	285,942
Liabilities from value-added tax	169,746	533,642
Other current liabilities	144,851	450,364
Deferred revenues and deferred income	32,630	20,998
Total	**676,320**	**1,290,946**

The other current liabilities contain liabilities for future purchase price payments from company mergers, from the takeover of business operations and from the purchase of a customer relationship to the amount of € 75,289 and € 374,781.

4.12 NON-CURRENT FINANCIAL LIABILITIES AND OTHER LIABILITIES

The non-current financial liabilities and other liabilities comprise only liabilities for future purchase price instalments from the acquisition of companies which will become due for payment in 2013 to 2015.

4.13 FINANCIAL LIABILITIES AND CONTINGENT LIABILITIES

SinnerSchrader rents its office premises at the Hamburg, Frankfurt am Main, Berlin, Hanover, and Munich locations as well as company vehicles as part of rental and operating leasing contracts. The minimum remaining term of the rental contracts for the offices in Hamburg and Frankfurt am Main was between 1 and 56 months as of 31 August 2012. The leasing contracts for the company vehicles had a remaining term of between 6 and 31 months on the balance sheet date. In the years ahead, the rental and leasing contracts will result in financial liabilities in the amount shown in Table 8:

Table 8 / Financial liabilities in €

	Leasing		Renting	
	31.08.2012	31.08.2011	31.08.2012	31.08.2011
01.09.2011–31.08.2012	–	71,273	–	1,333,468
01.09.2012–31.08.2013	67,902	58,610	1,600,315	1,516,719
01.09.2013–31.08.2014	36,869	23,974	1,562,305	1,215,419
01.09.2014–31.08.2015	5,690	–	1,545,079	746,820
01.09.2015–31.08.2016	–	–	1,424,804	714,931
01.09.2016–31.08.2017	–	–	437,288	340,627
After 31.08.2017	–	–	–	–
Total	**110,461**	**153,857**	**6,569,791**	**5,867,984**

All of these expenses from rents including the operating costs amounted to € 1,575,719 and € 1,285,735, respectively, in the 2011/2012 and 2010/2011 financial years. The expenses arising from leasing agreements amounted to € 104,348 and € 98,652 in the 2011/2012 and 2010/2011 financial years.

In addition, SinnerSchrader has certain regular contingent liabilities that arise in the ordinary course of business activities. The Company will form accrued expenses for these if there is an over-50 % chance that future expenditures will have to be made in this regard and that such expenditures can be estimated with sufficient reliability.

In the course of renting office space at the Hamburg, Frankfurt am Main, Hanover, and Munich locations, the landlords each demanded securities, which were provided in the form of bank guarantees. As of 31 August 2011, the volume of this guarantee was € 448,680 (previous year: € 681,662). With a guarantee of this scope, SinnerSchrader can dispose of its liquid funds only with the explicit approval of the guaranteeing bank.

4.14 FINANCIAL INSTRUMENTS – INFORMATION ACCORDING TO IFRS 7

Liquid funds and cash equivalents, accounts receivable and unbilled services as well as other liabilities are mainly short-term (remaining terms less than three months or less than one year). Due to the slight failure risk of the accounts receivable, reserves for bad debts have been necessary only to a minor extent in recent financial years. In the current financial year, SinnerSchrader had no notable bad debt losses to report. Additions had to be made to the reserves for bad debts in the amount of € 9,013. The book value of the financial assets as of 31 August 2012 almost corresponds to the current value to be ascribed.

Trade accounts payable and other current liabilities are also due within one year. The book values correspond to the current values to be ascribed.

The purchase price instalments arising from the purchase of companies identified as non-current financial liabilities were posted at their purchase price. This corresponds to the fair value.

Summarised according to categories pursuant to IAS 39, Table 9a shows the results for the financial instruments reported in the SinnerSchrader AG Consolidated Financial Statements as of 31 August 2012.

Table 9a / Financial instruments acc. to IFRS 7 in € 000s

			31.08.2012		31.08.2011
	Category of measurement acc. to IAS 39	**Book value**	**Fair value**	**Book value**	**Fair value**
Funds	LaR	3,697	3,697	3,711	3,711
Marketable securities	LaR/AfS	1,500	1,500	2,032	2,032
Accounts receivable, net	LaR	5,687	5,687	7,480	7,480
Receivables from production orders (POC)	LaR	1,356	1,356	446	446
Other current assets	LaR	378	378	421	421
Funds and current assets		**12,618**	**12,618**	**14,090**	**14,090**
Trade accounts payable	FLaC	2,840	2,840	2,573	2,573
Accrued expenses for reporting and auditing	FLaC	99	99	99	99
Other current liabilities	FLaC	474	474	736	736
Other non-current liabilities	FLaC	315	315	364	364
Financial liabilities		**3,728**	**3,728**	**3,772**	**3,772**

AfS available-for-sale financial assets
FLaC financial liabilities at amortised cost
LaR loans and receivables

All of the financial instruments are to be assigned to the evaluation category Level 1 in line with the IFRS 7 fair value hierarchy.

The net profits and losses from financial instruments arising in the financial year are shown in Table 9b:

Table 9b / Net income from financial instruments acc. to IFRS 7 in €

	From interests		From subsequent measurement		From disposals	Net gains/losses	
	Effective interest method	Other interests	From fair-value measurement	From amortisation of acquisition costs		2011/2012	2010/2011
LaR	–	30,898	–	–	–	30,898	12,084
FLaC	–	- 6,597	–	–	–	- 6,597	- 6,997
AfS	27,374	–	–	–	–	27,374	94,587
Total	**27,374**	**24,301**	**–**	**–**	**–**	**51,674**	**99,674**

AfS available-for-sale financial assets
FLaC financial liabilities at amortised cost
LaR loans and receivables

Table 9c shows the age structure of the trade accounts receivable after value adjustments:

Table 9c / Maturity of accounts receivable after adjustments in € 000s

Accounts receivable	Not due	Days overdue			
		1–90 days	91–180 days	181–360 days	more than 360 days
as of 31 August 2012	5,870	1,022	41	6	104
as of 31 August 2011	6,549	1,120	122	69	66

There are no grounds for any value impairments to financial assets that are not due.

The development of value adjustments on accounts receivable is shown in Table 9d:

Table 9d / Development of allowances for doubtful accounts receivable in € 000s

	31.08.2011	Utilised	Addition from first consolidation	Allocated	Dissolved	31.08.2012
Allowances for doubtful accounts receivable	277,607	159,283	14,212	9,013	51,680	61,445

Reference is made to Section 7 of these Notes for the representation of market risks with respect to financial instruments.

05 / ELEMENTS OF THE STATEMENTS OF OPERATIONS

5.1 REVENUES

The gross revenues of € 41,664,473 (previous year: € 36,714,050) include order income of € 2,904,883 (previous year: € 1,214,017) from incomplete projects as of 31 August 2012 identified with the POC method. The accumulated costs of the revenues for these orders were € 2,001,252 (previous year: € 1,056,635).

5.2 BREAKDOWN OF EXPENSES ACCORDING TO THE TOTAL COST METHOD

The total revenues, marketing, administrative, and research and development costs of the 2011/2012 and 2010/2011 financial years was broken down according to cost types, as shown in Table 10:

Table 10 / Operating costs by cost type in €	**2011/2012**	**2010/2011**
Personnel expenses	23,387,764	19,516,141
Costs of materials	500,476	414,429
Costs of services	4,358,865	3,487,962
Depreciation of property and equipment, as far as not from first consolidation	670,399	580,950
Other operating expenses	5,643,033	4,469,745
Amortisation of intangible assets from first consolidation	624,866	558,098
Total	**35,185,403**	**29,027,325**

The personnel expenditure refers to an average personnel capacity of 388 full-time employees in the 2011/2012 financial year and 335 full-time employees in the 2010/2011 financial year.

The Group paid contributions to statutory pension insurers. In 2011/2012 these expenses in connection with contribution-based pension plans were € 1,567,415 (previous year: € 1,378,859).

The expenditure for purchased materials was largely incurred for hardware and software, which SinnerSchrader acquired to sell on to its customers. The expenditure for purchased services mainly comprises costs resulting from using freelancers and sub-contractors.

Within the other operating expenses, € 1,575,719 and € 1,285,735 were incurred for renting and operating the office space in the 2011/2012 and 2010/2011 financial years, respectively.

Additionally, within the other operating expenses, € 8,018 was apportionable to bad debt losses in the 2011/2012 financial year. In the comparable period of the previous year, bad debt losses arose in the amount of € 8,667.

In the 2011/2012 financial year SinnerSchrader received a grant for hosting the next12 Congress in Berlin in May 2011. The grant total of around € 35,000 (previous year: € 35,000) was posted on the balance sheet in the full amount with other operating expenses.

5.3 OTHER OPERATING INCOME AND EXPENSES

Table 11 shows the composition of the other operating income and expenses:

Table 11 / Other operating income and expenses in €	**2011/2012**	**2010/2011**
Income from dissolving of accrued expenses	113,418	124,683
Income from written-off receivables	51,680	–
Compensation for damages	10,043	23,342
Other income	51,624	41,188
Other operating income, total	**226,765**	**189,213**
Expenses from disposal of fixed assets	-4,225	-6,158
Goodwill amortisation	-352,773	–
Other expenses	-18,656	-10,976
Other operating expenses, total	**-375,654**	**-17,134**

5.4 FINANCIAL RESULT

The financial result is made up as shown in Table 12:

Table 12 / Financial income in €	**2011/2012**	**2010/2011**
Interest income	58,271	113,201
Interest expenses	-10,568	-29,088
Other financial income	54,937	–
Total	**102,640**	**84,113**

Interest income and profits realised from the sale of marketable securities were earned from investing free liquid funds on the capital market. Interest expenses and similar expenses largely arose from providing bank guarantees and for interest charged on the purchase price liability posted at the cash value at the time of purchase in connection with the takeover of consolidated companies and other business units.

Under "Other financial income" in the 2010/2011 financial year, SinnerSchrader AG reported purchase price adjustments to be posted in recognition of profit and loss within twelve months following the takeover, resulting from the acquisition of the business operations of Maris Consulting GmbH by spot-media consulting GmbH and from the acquisition of SinnerSchrader Mobile GmbH (formerly TIC-mobile GmbH).

5.5 INCOME TAXES

The income taxes posted in the 2011/2012 and 2010/2011 financial years are made up of current and deferred components, as shown in Table 13a:

Table 13a / Income taxes in €	**2011/2012**	**2010/2011**
Current	537,856	933,803
Deferred	57,184	-73,956
Total	**595,040**	**859,847**

Deferred taxes had to be formed because of the evaluation differences between the balance sheet items according to IFRS and the postings in the relevant tax balances as well as on the basis of the remaining loss carry-forwards that can be used for tax purposes. Table 13b shows the composition of the deferred tax items as of 31 August 2012 and 31 August 2011, broken down according to the items where there was an evaluation difference:

Table 13b / Deferred tax items in €	**31.08.2012**	**31.08.2011**
Deferred tax assets:		
Loss carry-forwards	926,899	828,101
Valuation of accrued expenses	58,641	31,033
Valuation allowance	-892,632	-775,436
Total deferred tax assets	**92,908**	**83,698**
Deferred tax liabilities:		
Valuation of unfinished/unbilled services	515,490	324,859
Valuation of unrealised gains or losses on marketable securities available for sale	–	561
Valuation of intangible assets	-428	127,889
Valuation of fixed assets	1,113	1,330
Valuation of current assets	15,616	8,649
Total deferred tax liabilities	**531,791**	**463,288**
Total deferred tax assets/liabilities, net	**-438,883**	**-379,590**
thereof:		
deferred tax assets/liabilities formed with an effect on net income	-438,883	-271,777
deferred tax from the identification of intangible assets	–	-109,921
deferred tax from the valuation change of AfS financial instruments	–	2,108

As of 31 August 2012 and 31 August 2011, the calculation of deferrals was based on tax loss carry-forwards in Germany, the UK, and the Netherlands. Unlimited loss carry-forwards in the Netherlands have no longer been permissible since legislation was amended in 2010. Losses from 2002 in the amount of € 155,000 were thus not eligible for carrying forward in the 2011/2012 financial year. As of the 2012/2013 financial year, loss carry-forwards in the amount of around € 9,000 p.a. will expire.

The extents of the loss carry-forwards and the tax rates used to calculate them are listed in Table 13c:

Table 13c / Loss carry-forwards and statutory income tax rates in € and %		**31.08.2012**		**31.08.2011**
For corporate tax	**Loss carry-forwards**	**Tax rate**	**Loss carry-forwards**	**Tax rate**
Germany	-1,541,102	15.8 %	-942,030	15.8 %
Great Britain	-1,237,397	30.0 %	-1,203,305	30.0 %
Netherlands	-85,062	34.5 %	-230,408	34.5 %
		31.08.2012		**31.08.2011**
For municipal trade tax	**Loss carry-forwards**	**Tax rate**	**Loss carry-forwards**	**Tax rate**
Germany	-2,049,176	16.5 %	-1,450,105	16.5 %
Great Britain	–	–	–	–
Netherlands	–	–	–	–

[1] 15 % corporate tax plus 5.5 % solidarity surcharge on the corporation tax

Deferred tax assets may be posted only to the extent that the future realisation of the relevant advantage is sufficiently probable or if they are countered by deferred tax liabilities. Correspondingly, as of 31 August 2012 and 31 August 2011, the value of the tax claims arising from loss carry-forwards, which SinnerSchrader assumes it will not be able to realise in the foreseeable future, was adjusted. The value of the loss carry-forwards in the United Kingdom and the Netherlands was also adjusted because the operating business in these countries continues to be on hold. The same applies to tax claims from loss carry-forwards of a German subsidiary predating consolidation because realisation cannot be predicted with adequate probability.

The deferred tax claims are to be calculated according to IAS 12.48 on the basis of the currently valid tax rates. In this connection, the statutory tax rate of 32.3 % applied to the calculation of active and passive deferred taxes as of 31 August 2012 and 31 August 2011. It was made up of the trade tax rate of 16.5 %, the corporation tax rate of 15 %, and the solidarity surcharge of 5.5 % on the corporation tax.

The deferred tax assets and liabilities were posted separately for every tax subject for identification on the balance sheet.

The tax expenditure or income identified in the Statements of Operations deviates from the value that would result from the use of the statutory tax rates on the pre-tax profits. Table 13d explains the difference between the calculated tax expenditure or income on the basis of the statutory tax rate and the tax expenditure or income recorded in the Statements of Operations for the 2011/2012 and 2010/2011 financial years:

Table 13d / Tax reconciliation in €	**2011/2012**	**2010/2011**
Income before income taxes	751,966	2,138,152
Statutory tax rate in Germany	32.28%	32.28%
Tax provision (+), tax credit (–)	242,697	690,088
Non-deductible expenses for share-based compensation	13,743	9,659
Other non-deductible expenses/non-taxable income	143,576	21,814
Deferred tax assets, not recognised	194,896	153,770
Changes in valuation allowances for deferred tax assets and differences in tax rates concerning losses in foreign group companies, net of tax effects on consolidation	90	124
Taxes for previous years	38	- 15,608
Income tax corresponding to income statement	**595,040**	**859,847**

5.6 EARNINGS PER SHARE

The derivation of the undiluted and diluted earnings per share for the 2011/2012 and 2010/2011 financial years is shown in Table 14:

Table 14 / Earnings per share in € and number	**2011/2012**	**2010/2011**
Net income	**156,926**	**1,278,305**
Basis weighted average shares of common stock outstanding	11,244,996	11,211,344
Basic earnings per share	**0.01**	**0.11**
Weighted average shares of common stock outstanding	11,244,996	11,211,344
add: stock option grant	11,670	23,893
Diluted average share of common stock outstanding	11,256,666	11,235,238
Diluted earnings per share	**0.01**	**0.11**

06 / SHARE-BASED COMPENSATION

6.1 STOCK OPTION PLANS

SINNERSCHRADER STOCK OPTION PLAN 2000

In December 2000, the Annual General Meeting of SinnerSchrader AG approved the SinnerSchrader Stock Option Plan 2000 ("2000 Plan"), which provides for the granting of stock options to allocate a total of 375,000 shares to the members of the Management Board of SinnerSchrader AG (40,000 options), to the management of the affiliated companies (40,000 options), to all employees of SinnerSchrader AG (55,000 options) as well as to all employees of the affiliated companies (240,000 options) by 10 January 2006.

Options granted under the 2000 Plan have an exercise price of 120 % of the average closing price of the SinnerSchrader share on the Frankfurt Stock Exchange during the ten trading days prior to the allocation date. The options of the 2000 Plan could be exercised in equal instalments of one-third each two, three, and four years, respectively, after allocation at the earliest. They had to be exercised within six years of the allocation date. In the 2011/2012 financial year, no options were exercised. On 1 January 2012, options in the 2000 plan had all expired. As of 31 August 2012, a total of 30,167 options from the 2000 Plan were still outstanding with an average exercise price of € 2.08.

SINNERSCHRADER STOCK OPTION PLAN 2007

In January 2007, the Annual General Meeting of SinnerSchrader AG approved the SinnerSchrader Stock Option Plan 2007 ("2007 Plan"), which provides for the granting of stock options to allocate a total of 600,000 shares to the members of the Management Board of SinnerSchrader AG and to the members of the management of the affiliated companies as well as to selected employees performing managerial tasks within SinnerSchrader AG and affiliated companies.

Options granted under the 2007 Plan have an exercise price of at least the mean value of the closing price of SinnerSchrader AG shares in the Xetra trading system of Deutsche Börse AG (or an equivalent successor system) during the five trading days prior to the allocation date. The options can be exercised in equal instalments of one-third each three, four, and five years, respectively, after allocation at the earliest. The options of the first third may be exercised only if the mean value of the closing price of SinnerSchrader AG shares in the Xetra trading system of Deutsche Börse AG (or an equivalent successor system) during the five trading days before the day of exercise (reference price) is 30 % above the exercise price. The options of the second third may be exercised only if the reference price is 40 % above the exercise price. The options of the last third may be exercised only if the reference price is 50 % above the exercise price. The latest exercise period is seven years after the allocation date. In the 2011/2012 financial year, 135,000 options at an average exercise price of € 2.22 were allocated. In previous financial years, 410,000 options with an average exercise price of € 1.86 were allocated.

The total expenditure for share-based compensation where the return is recorded immediately with an effect on expenditure is € 42,581 (previous year: € 29,928) and results entirely from compensation with shareholders' equity instruments.

Table 15a shows the parameters used to assess the newly allocated options in the 2011/2012 and 2010/2011 financial years on the basis of a binomial model according to Cox/Ross/Rubenstein:

Table 15a / Parameters for valuation of stock options at the date of issue	2011/2012	2010/2011
Expected life of option	3.5–5.5 years	3.5–5.5 years
Risk-free interest rate	1.60 %	1.65 %
Expected dividend yield	5 %	5 %
Expected volatility	36–38 %	34–35 %
Exercise price	€ 2.22	€ 2.32
Price at valuation date	€ 2.15	€ 2.25

The earliest possible exercising of the options was assumed when the options were assessed. The volatility was determined by the closing prices of the last 840, 1,080, and 1,320 trading days before the date of issue.

Table 15b summarises the changes in the number of options outstanding from the 2000 Plan and the 2007 Plan in the 2011/2012 and 2010/2011 financial years:

Table 15b / Outstanding stock options in € and number	**Number of options**	**Weighted average exercise price**	**Weighted average grant date fair value**
Outstanding at 31 August 2010	**313,367**	**1.69**	**0.61**
Granted	135,000	2.32	0.45
Exercised	-8,200	2.08	0.62
Cancelled	–	–	–
Expired	–	–	–
Outstanding at 31 August 2011	**440,167**	**1.87**	**0.56**
Granted	135,000	2.22	0.43
Exercised	–	–	–
Cancelled	-8,332	1.57	0.47
Expired	-30,167	2.08	0.62
Outstanding at 31 August 2012	**536,668**	**1.95**	**0.53**

Additional information on all options outstanding on 31 August 2012 is listed in Table 15c:

Table 15c / Outstanding stock options according to exercise price in €, number, and years

				Options outstanding		**Options exercisable**
	Range of exercise price in €	**Number**	**Weighted average remaining contractual life** in years	**Weighted average exercise price** in €	**Number**	**Weighted average exercise price** in €
31.08.2011	0.00–5.00	440,167	3.21	1.87	138,501	1.74
31.08.2012	0.00–5.00	536,668	3.16	1.95	191,668	1.64

07 / RISK AND CAPITAL MANAGEMENT

7.1 LIQUIDITY RISK

Liquidity risks result from potential financial bottlenecks and the increased refinancing costs caused by them. The goal of liquidity management at SinnerSchrader is to ensure continual solvency within the agreed payment terms through sufficient liquid funds. The Group monitors these liquid funds, and only the free liquidity not considered necessary to balance out fluctuations in cash flows is invested for longer terms. Furthermore, when longer-term investments are made, the Group ensures that these investments are only made in securities that can be sold at any time.

7.2 CREDIT RISK

Credit risks arise for SinnerSchrader in that, after services have been provided, the services are invoiced with the payment terms agreed with the customer, but customers do not always meet the resulting payment obligations. SinnerSchrader reduces this risk by carrying out regular credit checks on new customers and by regularly monitoring its customers' outstanding payment obligations. In the 2011/2012 financial year, as in past years, SinnerSchrader had no major bad debt losses to report or reserves for bad debt to form, despite the financial and economic crisis.

Furthermore, SinnerSchrader faces credit risks from holding free liquid funds in bank balances and from investing this liquidity in the capital market. SinnerSchrader reduces this risk through the selection of its bank partners and cooperation with several different banks and by restricting the credit rating of the investment instruments to a minimum rating of BBB, or A3 for short-term investments.

The maximum default risk results from the book values of financial receivables posted in the balance sheet or from the current values of the securities posted.

7.3 MARKET RISKS

CURRENCY RISKS

Since SinnerSchrader calculates its revenues exclusively in euros, its suppliers primarily issue invoices in euros, and the Company holds no notable assets in foreign currencies, the Group faces no major foreign currency risks.

INTEREST RISKS

The Company does not have any major interest-bearing financial liabilities. Interest risks therefore arise exclusively from the investment of free liquidity in interest-bearing assets. As of 31 August 2012, SinnerSchrader had invested € 1.5 million in fixed-term deposits and loans maintained against promissory notes.

A rise in the market interest level of 0.5 percentage points would lead to a € 6,000 deterioration in the current value of the portfolio.

Due to the investment policy based on security and quick convertibility into cash with short terms, the financial crisis and the fall in interest rates still had a negative impact on the financial result of the 2011/2012 financial year because re-investment of liquidity that became available was only possible at lower interest rates.

EXCHANGE RISKS

As of 31 August 2012, SinnerSchrader did not hold any shares of other companies listed on the stock exchange. The Group therefore faced no exchange risks.

7.4 CAPITAL MANAGEMENT

SinnerSchrader fundamentally pursues the goal of securing its shareholders' equity base for the long term and achieving a suitable return on its capital. A high level of shareholders' equity is also aimed at because it supports the independence and competitiveness of the Company. SinnerSchrader's capital management also aims to ensure that the operating companies will continue to operate and to finance organic and inorganic growth.

On 31 August 2012, the SinnerSchrader shareholders' equity rate was 56.9 % (previous year: 59.3 %). The shareholders' equity return – the ratio of the net profit to shareholders' equity on the balance sheet date – was 1.3 % and 9.7 % for the 2011/2012 and 2010/2011 financial years, respectively.

Reference is made to the Statement of Changes in Shareholders' Equity and Section 4.8 (Shareholders' Equity) in these Notes for the composition of the shareholders' equity.

08 / RELATED PARTY TRANSACTIONS

In the 2011/2012 and 2010/2011 financial years, subsidiaries of SinnerSchrader AG earned revenue in the amount of € 7,254,126 and € 7,755,359, respectively, with companies of a group of companies in which members of the Supervisory Board of Sinner-Schrader held positions relevant to decision-making. The total of unbilled services and accounts receivable vis-à-vis these companies was € 1,247,599 and € 1,642,640, respectively, on 31 August 2012 and 31 August 2011.

In April 2011 SinnerSchrader AG granted its Management Board Chairman, Matthias Schrader, a short-term loan in the amount of € 100,000. The loan had to be repaid, incl. interest, by 31 December 2011. Interest was charged at 5 %. As security, Mr Schrader assigned all his dividend claims from the shares he holds in SinnerSchrader AG and his claims to variable compensation including fees. The loan was repaid on 30 December 2011.

The related party transactions were carried out under the usual market conditions.

8.1 MANAGEMENT BOARD

In the 2011/2012 financial year, the following people were appointed to the Management Board:

Matthias Schrader, Businessman, Chairman
Thomas Dyckhoff, Businessman, Finance Director

The Management Board members conducted their activities as their principal profession. Table 16a shows the compensation for the members of the Management Board in the 2011/2012 financial year; the comparative data of the previous year can be seen in Table 16b:

Table 16a / Compensation of the Management Board members 2011/2012 in €

			Variable components		
	Fixed salary	Other benefits	Short-term objectives	Medium-term objectives	Share-based compensation
Matthias Schrader	190,000	7,010	29,708	–	–
Thomas Dyckhoff	140,000	4,435	23,138	–	–
Total	**330,000**	**11,445**	**52,846**	**–**	**–**

Table 16b / Compensation of the Management Board members 2010/2011 in €

			Variable components		
	Fixed salary	Other benefits	Short-term objectives	Medium-term objectives	Share-based compensation
Matthias Schrader	186,667	8,647	47,282	–	–
Thomas Dyckhoff	136,667	4,417	53,782	–	27,979
Total	**323,334**	**13,064**	**101,064**	**–**	**27,979**

The total compensation of the Management Board in the 2011/2012 financial year was € 394,291 (previous year: € 465,441). Expenses for the D&O insurance are not reported under other benefits in accordance with the rules specified by DRS 17 of the German Accounting Standards. Premiums in the 2011/2012 financial year were € 16,669, unchanged from the previous year. In the 2011/2012 financial year, reserves in the amount of € 25,000 and € 15,000, respectively, were formed in the personnel costs for Mr Schrader and Mr Dyckhoff for the variable compensation on the basis of medium-term goals. This compensation will only be shown as Management Board compensation when the conditions linked to the payment fully come into play.

The members of the Management Board are subject to a post-contractual ban on competition that makes provision for compensation in the amount of 50 % of the most recently received fixed annual pay. With respect to the severance payments, it has been agreed with the members of the Management Board that they must comply with the recommendations of the Corporate Governance Code No. 4.2.3.

8.2 SUPERVISORY BOARD

In the 2011/2012 financial year, the Supervisory Board had the following members:

Dieter Heyde, Businessman, Chairman
Prof. Cyrus D. Khazaeli, Communications Designer, Deputy Chairman
Philip W. Seitz, Lawyer

Table 17a shows the compensation of the Supervisory Board members in the 2011/2012 financial year; the comparative data of the previous year can be seen in Table 17b:

Table 17a / Compensation of the Supervisory Board members 2011/2012 in €

	Fixed salary	Variable components
Dieter Heyde	20,000	–
Prof. Cyrus D. Khazaeli	12,500	–
Philip W. Seitz	12,500	–
Total	**45,000**	**–**

Table 17b / Compensation of the Supervisory Board members 2010/2011 in €

	Fixed salary	Variable components
Dieter Heyde	8,000	800
Prof. Cyrus D. Khazaeli	6,000	600
Philip W. Seitz	4,000	400
Total	**18,000**	**1,800**

In line with the rules of DRS 17, the premium for the D&O insurance is not to be posted as compensation for the Supervisory Board either. In the 2011/2012 financial year, the share of the premium accounted for by the Supervisory Board was unchanged over the previous year at € 833.

09 / MAJOR EVENTS AFTER THE BALANCE SHEET DATE

On 21 September 2012, SinnerSchrader AG founded SinnerSchrader Praha s.r.o. The decision taken by ŠKODA Auto a.s., a car manufacturer based in the Czech Republic, in favour of the SinnerSchrader agency as a new digital lead agency makes the presence of an office in the Czech Republic necessary.

No other significant major events that should be reported occurred after the balance sheet date.

10 / SUPPLEMENTARY INFORMATION REQUIRED BY THE GERMAN COMMERCIAL CODE

10.1 PARTICIPATIONS

See Annual Financial Statements of SinnerSchrader Aktiengesellschaft, Section 5.5.

10.2 USE OF ARTICLE 264 PARA. 3 HGB

SinnerSchrader Deutschland GmbH, Hamburg, spot-media AG, Hamburg, and spot-media consulting GmbH, Hamburg, will each make use of the exemption provision of Article 264 para. 3 HGB for the Annual Report of 31 August 2011.

The exemption provision of Article 264 para. 3 HGB is also being used for the Annual Reports of next commerce GmbH, Hamburg, of 30 April 2012 and 31 August 2012.

10.3 EMPLOYEES

In the 2011/2012 financial year, the SinnerSchrader Group had an average 422 employees, 15 of which were members of the Management Board or managing directors of Group companies and 98 were apprentices, students or interns.

In the previous year, there was an average of 335 employees in the Group.

10.4 AUDITORS' FEES

€ 83,675 were spent on the auditing of the Annual Report and Consolidated Financial Statements as of 31 August 2012. BDO AG Wirtschaftsprüfungsgesellschaft received a further € 5,233 for other certification services.

10.5 DIRECTORS' HOLDINGS OF SHARES AND SUBSCRIPTION RIGHTS TO SHARES (DIRECTORS' DEALINGS)

See Annual Financial Statements of SinnerSchrader Aktiengesellschaft, Section 6.1.

10.6 DECLARATION OF CONFORMITY ON THE ACCEPTANCE OF RECOMMENDATION OF THE "GOVERNMENT COMMISSION ON THE GERMAN CORPORATE GOVERNANCE CODE"

On 15 December 2011 the Management Board and Supervisory Board submitted the Declaration of Conformity with the Corporate Governance Code required under Article 161 of the German Stock Corporation Act and made it permanently available to shareholders on the Company's website.

Hamburg, 5 November 2012

The Management Board

Matthias Schrader / Thomas Dyckhoff

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by SinnerSchrader Aktiengesellschaft, Hamburg, comprising the statement of financial position, the statement of comprehensive income, income statement, statement of changes in equity, statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the business year from September 1, 2011 to August 31, 2012, which was combined with the management report of the parent company. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to sec. 315 a para. 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to sec. 315 a para. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Hamburg, November 12, 2012

BDO AG Wirtschaftsprüfungsgesellschaft

signed Dr. Probst	signed Brandt
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements of the SinnerSchrader Group gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the joint consolidated status report and group status report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hamburg, November 5, 2012

The Management Board

Matthias Schrader / Thomas Dyckhoff

SINNERSCHRADER GROUP 2011/2012
JOINT STATUS REPORT
CONSOLIDATED FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS

FURTHER INFORMATION

BALANCE SHEETS

OF SINNERSCHRADER AG AS OF 31 AUGUST 2012

Assets in €	**31.08.2012**	**31.08.2011**
Fixed assets		
Intangible assets:		
Concessions, industrial property rights and similar rights, and assets, as well as licences in such rights and assets	76,039	28,323
Tangible assets:		
Other equipment, plant, and office equipment	353,719	319,581
Leasehold improvements	83,825	67,554
Total tangible assets	**437,544**	**387,135**
Financial assets:		
Shares in affiliated companies	28,905,538	29,511,534
Total financial assets	**28,905,538**	**29,511,534**
Total fixed assets	**29,419,121**	**29,926,992**
Current assets		
Receivables and other assets:		
Trade receivables	9,985	13,304
Receivables from affiliated companies	1,745,958	2,724,086
Other assets	299,526	303,576
Total receivables and other assets	**2,055,469**	**3,040,966**
Securities:		
Other securities	500,000	1,991,730
Total securities	**500,000**	**1,991,730**
Cash on hand and in banks	3,691,925	3,268,196
Total current assets	**6,247,394**	**8,300,892**
Prepaid expenses	60,613	60,988
Total assets	**35,727,128**	**38,288,872**

Liabilities and shareholders' equity in €	**31.08.2012**	**31.08.2011**
Shareholders' equity		
Subscribed capital (conditional capital: € 896,538; previous year: € 896,538)	11,542,764	11,542,764
Treasury stock	-347,406	-273,751
Issued share capital	**11,195,358**	**11,269,013**
Capital surplus	2,674,203	2,674,203
Reserves:		
Other reserves	19,058,634	20,395,330
Retained earnings/accumulated deficit	–	1,186,526
Total shareholders' equity	**32,928,195**	**35,525,072**
Accruals		
Accrued taxes	93,876	379,035
Other accrued liabilities	898,035	1,280,025
Total accrued liabilities	**991,911**	**1,659,060**
Liabilities		
Trade payables	261,949	177,802
thereof with a remaining term up to one year: € 261,949 (previous year: € 177,802)		
Liabilities to affiliated companies	1,496,094	912,062
thereof with a remaining term up to one year: € 1,496,094 (previous year: € 912,062)		
Other liabilities	37,283	14,876
thereof with a remaining term up to one year: € 37,283 (previous year: € 14,876)		
thereof taxes: € 31,443 (previous year: € 9,609)		
thereof relating to social security and similar obligations: € 296 (previous year: € 246)		
Total liabilities	**1,795,326**	**1,104,740**
Prepaid expenses	11,696	–
Total liabilities and shareholders' equity	**35,727,128**	**38,288,872**

STATEMENTS OF OPERATIONS

OF SINNERSCHRADER AG FOR THE 2011/2012 AND 2010/2011 FINANCIAL YEARS

in €	2011/2012	2010/2011
Revenues	3,973,231	3,578,795
Other operating income	70,892	4,898,995
Material expenses:		
Expenses for purchased services	-284,386	-151,322
Total material expenses	**-284,386**	**-151,322**
Personnel expenses:		
Wages and salaries	-1,733,670	-1,619,445
Social security	-331,664	-294,021
Total personnel expenses	**-2,065,334**	**-1,913,466**
Depreciation:		
of intangible assets, property, and equipment	-139,401	-190,097
of current assets insofar as they exceed the conventional writedowns	-1,146,978	–
Other operating expenses	-2,406,559	-2,050,243
Income from profit/loss transfer agreement	2,402,678	3,456,389
Other interest and similar income	122,045	199,948
thereof from affiliated companies: € 53,283 (previous year: € 23,230)		
Writedowns on investments	-777,600	-63,873
Expense from profit/loss transfer agreement	-592,600	-689,033
Interest and similar expenses	-86,685	-92,974
thereof from affiliated companies: € 72,485 (previous year: € 75,462)		
Income from ordinary activities	**-930,697**	**6,983,119**

in €	2011/2012	2010/2011
Income tax	-392,327	-799,985
Other taxes	-514	-805
Net income	**-1,323,538**	**6,182,329**
Profit brought forward from previous year	65,235	474,690
Wthdrawal from revenue reserves:		
from other revenue reserves	1,258,303	–
Additions to revenue reserves:		
to other revenue reserves	–	-5,470,493
Net income for the year	**–**	**1,186,526**

NOTES

TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31.08.2012

01 / STATUTORY FOUNDATIONS

The annual report of SinnerSchrader Aktiengesellschaft ("SinnerSchrader AG" or "Company") has been compiled in accordance with the regulations of the German Commercial Code ("Handelsgesetzbuch") and the German Stock Corporation Act ("Aktiengesetz").

The Company is deemed to be a large corporation within the meaning of Article 267 of the German Commercial Code.

02 / ACCOUNTING AND VALUATION PRINCIPLES

The report has been compiled in euros (€).

The intangible assets and the property and equipment are reported at procurement costs, minus regular depreciation. Depreciation is linear in accordance with the usage period. Depreciation for purchased software is linear over an estimated usage period of three years. A usage period of three years is generally assumed for computer hardware, four to eight years for other electronic and electrical devices and equipment and eight to thirteen years for office furniture. Low-value assets are fully depreciated in the year of acquisition. Depreciation of leasehold improvements is linear over the remaining term of the rental contract.

The financial assets are reported at the lower of the acquisition costs or the fair value on the balance sheet date.

If the value of the fixed assets determined according to the principles above is higher than the value to be ascribed to them on the report date, this shall be taken account of by means of non-scheduled depreciation. If the reasons for depreciation implemented in previous financial years no longer pertain, the original value will be reinstated.

Receivables and other assets are reported at their face value. Long-term, non interest-bearing accounts receivable with a remaining term of more than one year are reported at their cash value. Foreign currency receivables are all valued at the original rate. Valuation is carried out at the average spot exchange rate on the balance sheet date in the event of a remaining term of up to one year. In the event of a remaining term of more than one year, the valuation at the average spot exchange rate takes account of the imparity principle.

Marketable securities are included on the balance sheet either at acquisition costs or at a value to be ascribed to them, whichever is lower.

Other accrued expenses cover all identifiable risks and uncertain liabilities. Valuation is at the level of the amount to be paid that is deemed necessary according to sound business judgement. Major reserves with a remaining term of more than one year are subject to interest according to the average interest rate corresponding to the remaining term and published by the Deutsche Bundesbank.

Liabilities are reported at the amount to be paid. Foreign currency liabilities are all valued at the exchange rate on the date of acquisition. Valuation is carried out at an average spot exchange rate on the balance sheet date in the event of a remaining term of up to one year. In the event of a remaining term of more than one year, the valuation at the average spot exchange rate takes account of the imparity principle.

Deferred taxes are formed in accordance with Article 274 para. 1 of the German Commercial Code ("HGB") for differences between the commercial law valuation of assets, liabilities and deferred income and the tax law valuation of assets, which will probably diminish in subsequent financial years. Tax loss carry-forwards are taken into account when calculating deferred tax assets in the amount of the offsetting to be expected within the next five years. Deferred taxes are balanced in the balance sheet (Article 274 para. 1 sentence 2 HGB). If there is a tax reduction overall (asset surplus), capitalisation pursuant to Article 274 para. 1 sentence 2 HGB will not be exercised. Any tax burden is posted as a deferred tax liability in the balance sheet. In the Statement of Accounts, a change in deferred taxes is posted separately under the item "Income tax".

03 / EXPLANATIONS OF BALANCE SHEET ITEMS

3.1 FIXED ASSETS

The development of the Company's fixed assets is shown in the following assets table:

Table 1 / Assets table

Acquisition costs in €	**01.09.2011**	**Additions**	**Disposals**	**31.08.2012**
Intangible assets:				
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	531,624	71,124	–	602,748
Tangible assets:				
Other equipment, plant and office equipment	1,115,297	128,267	26,790	1,216,774
Leasehold improvements	427,202	39,337	–	466,539
Financial assets:				
Shares in affiliated companies	29,511,534	200,000	28,396	29,683,138
Total	**31,585,657**	**438,728**	**55,186**	**31,969,199**

Accumulated depreciation in €	**01.09.2011**	**Additions**	**Disposals**	**31.08.2012**
Intangible assets:				
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	503,301	23,408	–	526,709
Tangible assets:				
Other equipment, plant and office equipment	795,716	92,927	25,588	863,055
Leasehold improvements	359,648	23,066	–	382,714
Financial assets:				
Shares in affiliated companies	–	777,600	–	777,600
Total	**1,658,665**	**917,001**	**25,588**	**2,550,078**

Net book values in €	**31.08.2011**			**31.08.2012**
Intangible assets:				
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	28,323			76,039
Tangible assets:				
Other equipment, plant and office equipment	319,581			353,719
Leasehold improvements	67,554			83,825
Financial assets:				
Shares in affiliated companies	29,511,534			28,905,538
Total	**29,926,992**			**29,419,121**

3.2 RECEIVABLES AND OTHER ASSETS

As of 31 August 2012 receivables and other assets amounted to € 2,055,469 (previous year: € 3,040,966); of these, receivables in the amount of € 125,611 (previous year: € 144,065) had a remaining term of more than one year. All other receivables and other assets in the amount of € 1,929,858 (previous year: € 2,896,901) had a remaining term of up to one year.

Trade receivables balanced in the amount of € 1,745,958 (previous year: € 2,724,086) included liabilities owed to affiliated companies in the amount of € 5,608,511 (previous year: € 2,431,165). The gross item comprises accounts receivable in the amount of € 3,868,937 (previous year: € 675,575), receivables from profit and loss transfer agreements in the amount of € 2,402,678 (previous year: € 3,456,389), current loan receivables in the amount of € 1,070,069 (previous year: € 1,018,178), and interest receivables in the amount of € 12,785 (previous year: € 5,109). In the financial year, the value of receivables from affiliated companies was adjusted in the amount of € 1,146,978.

Other assets as of 31 August 2012 largely comprised a discounted reimbursement claim from corporation tax credits on the basis of the Act on Tax Measures accompanying the Introduction of the European Company and for the Modification of Other Tax Regulations ("SEStEG") with a remaining term of more than a year in the amount of € 125,611 (previous year: € 144,065) and accrued interest income from the investment of securities in the amount of € 17,142 (previous year: € 38,529).

3.3 PREPAID EXPENSES

The prepaid expenses in the amount of € 60,613 (previous year: € 60,988) largely consist of payments for investor relations services, insurance policies, maintenance contracts, contributions, and a contingency for job advertisements.

3.4 SHAREHOLDERS' EQUITY

The development of shareholders' equity in the 2011/2012 financial year is summarised in the table below.

Table 2 / Shareholders' equity in €	**31.08.2011**	**Purchase of treasury stock**	**Dividend 2010/2011**	**Net income 2011/2012**	**31.08.2012**
Subscribed capital	11,542,764	–	–	–	11,542,764
Treasury stock	-273,751	-73,655	–	–	-347,406
Capital surplus	2,674,203	–	–	–	2,674,203
Reserves:					
Other reserves	20,395,330	-78,393	–	-1,258,303	19,058,634
Retained earnings	1,186,526	–	-1,121,291	-65,235	0
Total shareholders' equity	**35,525,072**	**-152,048**	**-1,121,291**	**-1,323,538**	**32,928,195**

The amount of € 65,235 comprises the profit carry-forward.

3.4.1 SUBSCRIBED CAPITAL

As of 31 August 2012, the Company's subscribed capital amounted to € 11,542,764. It was made up of 11,542,764 individual no-par-value share certificates with a calculated face value of € 1 issued in the name of the owner.

In the 2011/2012 financial year, 73,655 shares of treasury stock were acquired on the stock exchange. As of 31 August 2012, the number of shares of treasury stock amounted to 347,406, with a calculated face value of € 347,406. They represent 3.01 % of the share capital and are held with respect to use for the purposes named in the relevant Annual General Meeting resolutions. As of 31 August 2011, the treasury stock totalled 273,751 shares.

The Annual General Meeting of 18 December 2008 authorised the Management Board to increase the share capital once or repeatedly by up to a total of € 5,770,000 until 15 January 2013 with the approval of the Supervisory Board by issuing no-par-value share certificates issued in the name of the owner in return for a contribution in cash or a contribution in kind, excluding the shareholders' subscription right ("Approved Capital 2008"). Neither the Management Board nor the Supervisory Board have made use of the approved capital. As of 31 August 2012, the approved capital therefore still amounted to € 5,770,000.

The Annual General Meeting decision of 26 October 1999 created conditional capital in the amount of € 375,000 ("Conditional Capital I") for granting rights to subscribe to 375,000 no-par-value individual share certificates to employees and members of the management of the Company or affiliated companies ("1999 Stock Option Plan"). Options from the 1999 Stock Option Plan could be assigned until 8 November 2004. The Annual General Meeting of 23 January 2007 decided to reduce the scope of Conditional Capital I by the amount no longer needed to service subscription rights at that time. It was correspondingly reduced from € 375,000 to € 127,909. Since 31 August 2008, there were no more options from the 1999 Stock Option Plan in circulation.

The Annual General Meeting decision of 12 December 2000 created conditional capital in the amount of € 375,000 ("Conditional Capital II") for granting rights to subscribe to 375,000 no-par-value individual share certificates to employees and members of the management of the Company or affiliated companies ("2000 Stock Option Plan"). Options from the 2000 Stock Option Plan could be assigned until 10 January 2006. The Annual General Meeting of 23 January 2007 decided to reduce the scope of Conditional Capital II by the amount no longer needed to service subscription rights at that time. It was correspondingly reduced from € 375,000 to € 168,629. As of 31 August 2011, 30,167 of the options allocated under the 2000 Share Option Plan with an average exercise price of € 2.08 were still in circulation. These options expired in the 2011/2012 financial year, with the effect that there were no longer any options from the 2000 share option plan in circulation as of 31 August 2012.

The Annual General Meeting Resolution of 23 January 2007 created conditional capital in the amount of € 600,000 ("Conditional Capital III") to grant rights to employees and Board members of the Company or affiliated companies to draw 600,000 no-par value share certificates ("2007 Stock Option Plan"). Options from the 2007 Stock Option Plan could be allocated until 31 December 2011. In the 2011/2012 financial year, 135,000 options at an average exercise price of € 2.22 were allocated to members of the management of subsidiaries. Over the same period, 8,332 options expired. In the preceding financial years, 410,000 options at an average exercise price of € 1.87 were allocated to members of the Management Board and management of subsidiaries. As of 31 August 2012, there were therefore 536,668 options with an average exercise price of € 1.95 in circulation.

3.4.2 TREASURY STOCK

As of 31 August 2012, the number of shares of treasury stock amounted to 347,406 shares with a calculated face value of € 347,406, of which 183,462 shares were purchased in the 2008/2009 financial year, 90,289 shares in the 2009/2010 financial year, and 73,655 shares in the 2011/2012 financial year. The treasury stock shares represent 3.01 % of the share capital and are held with respect to use for the purposes named in the relevant Annual General Meeting resolutions. The average acquisition price was € 1.73. As of 31 August 2011, the company held 273,751 treasury stock shares with an average acquisition price of € 1.64 per share.

In the 2011/2012 financial year, 73,655 treasury stock shares were acquired on the market for an average acquisition price of € 2.06. The difference between the acquisition costs and the calculated face value amounted to € 78,393 and was offset against the other revenue reserves. Incidental acquisition costs in the amount of € 747 were reported in other expenses in recognition of profit and loss.

3.4.3 CAPITAL RESERVE

The capital reserve remained unchanged and amounted to € 2,674,203 as at 31 August 2012.

3.4.4 OTHER REVENUE RESERVES

Table 3 / Other reserves in €

As at 31.08.2011	**20,395,330**
Purchase of treasury stock	-78,393
Withdrawal to balance out the annual loss as at 31.08.2012	-1,258,303
As at 31.08.2012	**19,058,634**
thereof:	
from allocation to other reserves acc. to Art. 58 para. 2a AktG	15,030,658
from remaining allocation to other reserves acc. to Art. 58 para. 2 AktG	4,284,749
difference between nominal value and acquisition costs of treasury stock	-256,773

In the 2011/2012 financial year, other revenue reserves decreased by € 1,336,696 to a value of € 19,058,634 as of 31 August 2012.

The Management Board and the Supervisory Board decided to balance out the annual loss of € 1,258,303 with a withdrawal from other revenue reserves.

3.5 ACCRUED EXPENSES

Other accrued expenses in the amount of € 898,035 (previous year: € 1,280,025) were formed for future earn-out payments from the acquisition of TIC-mobile GmbH (now SinnerSchrader Mobile GmbH), for outstanding invoices, financial reporting and auditing costs and for personnel costs (holiday, fees, variable and overtime pay).

The amount of earn-out payments from the acquisition of TIC-mobile GmbH depends on the future operating results of this company.

3.6 LIABILITIES

All liabilities in the amount of € 1,795,326 (previous year: € 1,104,740) have a remaining term of less than one year.

The liabilities to affiliated companies in the amount of € 1,496,094 (previous year: € 912,062) included receivables from affiliated companies balanced in the amount of € 90,227 (previous year: € 329,980). The gross item comprises investments from subsidiaries investing liquid funds in SinnerSchrader AG as part of central liquidity management in the amount of € 1,583,616 (previous year: € 695,017), from trade accounts payable in the amount of € 2,454 (previous year: € 547,025) and from interest payable in the amount of € 251 (previous year: € 0).

Trade accounts payable and any income tax and church tax levies that are not yet due make up the other current liabilities as of 31 August 2012.

04 / EXPLANATIONS OF STATEMENTS OF OPERATIONS ITEMS

4.1 REVENUES

SinnerSchrader AG earned revenues in the amount of € 3,973,231 almost solely by providing services for subsidiary companies.

4.2 OTHER OPERATING INCOME

The other operating income in the amount of € 70,892 includes out-of-period income from the release of reserves as well as income from the granting of non-cash benefits to employees. Income from the previous year largely contains income from the reinstatement of values of the investment valuation for SinnerSchrader Deutschland GmbH in the amount of € 4,758,658.

4.3 INCOME FROM PROFIT TRANSFER AND EXPENDITURE FROM LOSS TRANSFER

In December 2003, SinnerSchrader AG and its 100 % subsidiary SinnerSchrader Deutschland GmbH concluded a profit and loss transfer agreement with effect from 1 September 2003, which the Annual General Meeting agreed to on 28 January 2004. Income of € 2,308,101 was earned from the profit and loss transfer agreement in the 2011/2012 financial year.

On 30 July 2008, the company concluded a profit and loss transfer agreement with spot-media AG with effect from 1 September 2008, which was approved by the Annual General Meeting of SinnerSchrader AG on 18 December 2008. This profit and loss transfer agreement gave rise to expenses in the amount of € 480,199 for the 2011/2012 financial year.

On 7 November 2011, SinnerSchrader AG concluded a control and profit and loss transfer agreement with next commerce GmbH, which was approved by the company's Annual General Meeting of 15 December 2011. In the 2011/2012 financial year, this profit and loss transfer agreement gave rise to expenses from the next commerce GmbH financial year from 1 May 2011 to 30 April 2012 in the amount of € 257,609 and income for the period of the abbreviated financial year of next commerce GmbH from 1 May to 31 August 2012 in the amount of € 94,577. Reserves of € 145,208 had been set aside for the loss transfer in the previous financial year. In the 2011/2012 financial year no corresponding reserves needed to be formed, since the next commerce GmbH financial year was adapted to the financial year of the parent company.

4.4 NON-SCHEDULED DEPRECIATION

Non-scheduled depreciation on current assets in the amount of € 1,146,978 in the year of the report results from the allowance for receivables from affiliated companies.

In the financial year, depreciation on the book value of participating interests amounted to € 777,600 and is reported in "Writedowns on investments".

4.5 OTHER OPERATING EXPENSES

Other operating expenses in the amount of € 2,406,559 mainly consist of office space costs, communication costs, advertising costs, and legal and consulting costs.

4.6 INTEREST INCOME AND EXPENSES

Interest income comes from investment of the Company's liquid funds and from the granting of loans to affiliated companies and from interest earned on the corporation tax credit according to Article 37 Corporation Tax Act ("KStG"). The interest expenses mainly arose within the central liquidity management that the company operates for the domestic group, and from interest on earn-out liabilities.

05 / OTHER INFORMATION

Calculations of deferred taxes resulted in deferred taxes from valuation differences, particularly in the reserves. The resulting deferred tax assets were not posted.

The statutory tax rate of 32.3 % was used for the calculation of the deferred tax assets and liabilities as of 31 August 2012. It is made up of the commercial tax rate of 16.5 %, the corporation tax rate of 15 % and the solidarity surcharge of 5.5 % on the corporation tax rate.

5.1 CONTINGENCIES AND OTHER FINANCIAL OBLIGATIONS

The financial obligations only concern fixed-term rental agreements for the office premises at the locations in Hamburg and Frankfurt am Main, with minimum remaining terms of between one and fifty-six months.

Table 4 / Obligations from rent and lease contracts in €

01.09.2012–31.08.2013	855,008
01.09.2013–31.08.2014	836,907
01.09.2014–31.08.2015	836,907
01.09.2015–31.08.2016	733,040
After 31.08.2016	40,000
Total	**3,301,861**

SinnerSchrader AG has taken over a limited joint and several guarantee for each of two subsidiaries in the amount of € 27,000 and € 15,000, respectively, to secure the claims of a service provider from a service contract.

Taking into account what it has learned up to the time of compilation, SinnerSchrader AG currently assumes that the obligations on which the contingencies are based can be fulfilled by the main creditors concerned. SinnerSchrader AG therefore assesses the risk of either of these guarantees being used as improbable.

5.2 EMPLOYEES

On average over the 2011/2012 financial year, there were 32 (previous year: 29) employees in the Company.

5.3 MANAGEMENT BOARD

In the 2011/2012 financial year, the following people were appointed to the Management Board:

Matthias Schrader, Chairman
- Businessman, Hamburg, Germany
- Member of the Supervisory Board of spot-media AG, Hamburg, Germany

Thomas Dyckhoff, Finance Director
- Businessman, Hamburg, Germany
- Chairman of the Supervisory Board of spot-media AG, Hamburg, Germany

The Management Board members conducted their activities as their principal profession. The compensation of the Management Board members is made up as follows:

Table 5 / Compensation of the Management Board members 2011/2012 in €

			Variable components		
	Fixed salary	**Other benefits**	**Short-term objectives**	**Medium-term objectives**	**Share-based compensation**
Matthias Schrader	190,000	7,010	29,708	–	–
Thomas Dyckhoff	140,000	4,435	23,138	–	–
Total	**330,000**	**11,445**	**52,846**	**–**	**–**

The total compensation of the Management Board in the 2011/2012 financial year was € 394,291. Premiums for the D&O insurance for members of the Management Board were € 16,999, unchanged from the previous year.

In the 2011/2012 financial year, reserves in the amount of € 25,000 and € 15,000, respectively, were formed in the personnel costs for Mr Schrader and Mr Dyckhoff for the variable compensation on the basis of medium-term goals. This compensation will only be shown as Management Board compensation when the conditions linked to the payment fully come into play.

The members of the Management Board are subject to a post-contractual ban on competition that makes provision for compensation in the amount of 50 % of the most recently received fixed annual pay. With respect to the severance payments, it has been agreed with the members of the Management Board that they must comply with the recommendations of the Corporate Governance Code No. 4.2.3.

In April 2011, SinnerSchrader Aktiengesellschaft granted its Management Board Chairman, Matthias Schrader, a short-term loan in the amount of € 100,000. The loan was to be repaid, including interest, by 31 December 2011. Interest was charged at 5 %. The loan was repaid on 30 December 2011.

5.4 SUPERVISORY BOARD

In the financial year, the Supervisory Board had the following members:

Dieter Heyde, Chairman
- Businessman, Bad Nauheim, Germany
- Managing Partner of SALT Solutions GmbH, Würzburg, Germany
- Member of the Advisory Board of CCP Software GmbH, Marburg, Germany

Prof. Cyrus D. Khazaeli, Deputy Chairman
- Communications Designer, Berlin, Germany
- Professor of Communication and Interaction Design at Berliner Technische Kunsthochschule [Berlin Technical Academy of Art], Berlin, Germany

Philip W. Seitz
- Lawyer, Hamburg, Germany
- General Counsel & Director of Government Affairs of Tchibo GmbH, Hamburg, Germany

The compensation for Supervisory Board members in the total amount of € 45,000 was made up as follows in the 2011/2012 financial year:

Table 6 / Compensation of the Supervisory Board members 2011/2012 in €

	Fixed salary	Variable components
Dieter Heyde	20,000	–
Prof. Cyrus D. Khazaeli	12,500	–
Philip W. Seitz	12,500	–
Total	**45,000**	**–**

The Annual General Meeting of 15 December 2011 decided that the Supervisory Board of the company would not receive performance-related remuneration as hitherto; instead, fixed compensation was to be granted and raised. On the date of the resolution, this did not comply with the recommendations of the Government Commission on the German Corporate Governance Codex, but the Management Board and the Supervisory Board feel that this is more conducive to an independent performance of Supervisory Board activities free of conflicts of interest. The Government Commission followed this general development in the spring of 2012 and deleted the existing recommendation to compensate the Supervisory Board on a partly performance-related basis from the Corporate Governance Codex.

In the 2011/2012 financial year, the share of the premium for D&O insurance accounted for by the Supervisory Board was unchanged over the previous year at € 834.

5.5 PARTICIPATIONS

The list of participating interests as at 31 August 2012 has not changed since 31 August 2011.
The participations held by SinnerSchrader Aktiengesellschaft are broken down as follows:

Table 7 / Participations of SinnerSchrader AG

Company	Share in %	Currency	Nominal capital	Share-holders' capital	Last annual result	Profit/loss transfer agreement	Reporting period
SinnerSchrader Deutschland GmbH, Hamburg, Germany	100.00	EUR	75,000	75,000	2,308,101[1]	yes	01.09.11–31.08.12
mediaby GmbH, Hamburg, Germany	100.00	EUR	25,000	1,037,465	304,595	no	01.09.11–31.08.12
spot-media AG, Hamburg, Germany	100.00	EUR	76,051	865,651	-480,199[1]	yes	01.09.11–31.08.12
spot-media consulting GmbH, Hamburg, Germany[3]	100.00	EUR	25,000	25,000	62,769[1]	yes	01.09.11–31.08.12
SinnerSchrader UK Ltd., London, Great Britain[4]	100.00	GBP	100,000	-714,875	-28,346	no	01.09.11–31.08.12
SinnerSchrader Benelux BV, Rotterdam, Netherlands[4]	100.00	EUR	18,000	-215,805	-10,209	no	01.01.11–31.12.11
NEXT AUDIENCE GmbH (prev.: newtention technologies GmbH), Hamburg, Germany	100.00	EUR	740,400	-1,040,141	-605,912	no	01.09.11–31.08.12
newtention services GmbH, Hamburg, Germany[5]	100.00	EUR	25,000	-65,723	-999	no	01.09.11–31.08.12
next commerce GmbH, Hamburg, Germany	100.00	EUR	25,000	625,000	94,577[1]	yes	01.05.12–31.08.12[2]
SinnerSchrader Mobile GmbH, Berlin, Germany	100.00	EUR	25,000	-115,901	79,824	no	01.01.12–31.08.12[2]

1) Before profit transfer
2) Abbreviated financial year
3) The company is a 100 % subsidiary of the spot-media AG.
4) The companies' activities were temporarily discontinued in the previous years; respective shares were written off in the year the activity was discontinued. Audited annual financial statements of the companies are not available.
5) The company is a 100 % subsidiary of the NEXT AUDIENCE GmbH.

5.6 DECLARATION OF COMPLIANCE UNDER ARTICLE 161 OF THE GERMAN STOCK CORPORATION ACT

On 15 December 2011, the Management Board and the Supervisory Board submitted the Declaration of Compliance with the Corporate Governance Code required by Article 161 of the German Stock Corporation Act and made it permanently accessible to the shareholders on the Company's website.

5.7 INFORMATION ACCORDING TO ARTICLE 160 PARA. 1 NO. 8 OF THE GERMAN STOCK CORPORATION ACT

As of 31 August 2012, the participating interests in the Company, which have been notified according to Article 21 para. 1 of the German Securities Trading Act ("WpHG") and published below according to Article 26 para. 1 WpHG, were as follows:

1. On 29 August 2012, SinnerSchrader Aktiengesellschaft, Völckersstraße 38, 22765 Hamburg, Germany, announced in accordance with Article 26, para. 1, sentence 2 WpHG that its share of treasury stock had exceeded the threshold of 3 % on 28 August 2012, and that as of this date it held a share of 3.0022 % (corresponding to 346,539 no-par value shares) of all the shares issued by SinnerSchrader Aktiengesellschaft.

2. Debby Vermögensverwaltung GmbH, Munich, Germany, notified us on 11 December 2008 pursuant to Article 21 para. 1 of the Securities Trading Act that as of 12 September 2008, its share of voting rights in SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, Germany, WKN 514190, ISIN DE 0005141907, fell below the thresholds of 30 %, 25 %, 20 %, 15 %, 10 %, 5 %, and 3 % and is 0.00 % (0 voting rights) as of that day.

   Debby Vermögensverwaltung GmbH, Germany, acting on its own behalf and on behalf of the persons mentioned under letters b to e, notified us on 20 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act, of the following:

   a. Debby Vermögensverwaltung GmbH, Germany, received notification on 20 January 2005 that its share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 due to sales in the syndicate and now amounts to 49.1231 %, whereby it has a share of voting rights of 37.8823 % under the terms of Article 22 para. 2 of the Securities Trading Act.

   b. Mr Wolfgang Herz, Germany, received notification on 17 January 2005 that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1231 %, whereby he has a share of voting rights of 4.9713 % under the terms of Article 22 para. 1 No. 2 of the Securities Trading Act and a share of voting rights of 44.1518 % under the terms of Article 22 para. 2 of the Securities Trading Act.

   c. Ms Agneta Peleback-Herz, Germany, received notification on 17 January 2005 that her share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1231 %, whereby she has a share of voting rights of 0.6491 % under the terms of Article 22 para. 1 No. 2 of the Securities Trading Act and a share of voting rights of 48.474 % under the terms of Article 22 para. 2 of the Securities Trading Act.

   d. Mr Michael Herz, Germany, received notification on 17 January 2005 that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1231 %, whereby he has a share of voting rights of 4.9713 % under the terms of Article 22 para. 1 No. 2 of the Securities Trading Act and a share of voting rights of 44.1518 % under the terms of Article 22 para. 2 of the Securities Trading Act.

   e. Ms Cornelia Herz, Germany, received notification on 17 January 2005 that her share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1231 %, whereby she has a share of voting rights of 0.6491 % under the terms of Article 22 para. 1 No. 2 of the Securities Trading Act and a share of voting rights of 48.474 % under the terms of Article 22 para. 2 of the Securities Trading Act.

3. Thomas Dyckhoff, Germany, informed us of the following as of 9 February 2007, as a correction to his notifications of 18 January 2007 made on the basis of the state of knowledge as of 15 January 2007, on his own behalf and as an agent and by proxy for the persons mentioned under letters b) to e), pursuant to Article 21 para. 1 of the Securities Trading Act:

   a. The share of voting rights of Mr Thomas Dyckhoff, Germany, in SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, fell below the threshold of 50 % on 13 February 2006 and now amounts to 49.9110 % (corresponding to 5,761,106 shares). Of this, 49.4782 % of the voting rights (5,711,156 shares) were assigned to him pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act. Among other things, the shares of voting rights of the following shareholders, whose shares of voting rights were 3 % or more each, were added to this pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act: Matthias Schrader, Oliver Sinner, and Debby Vermögensverwaltung GmbH.

   b. The share of voting rights of Mr Matthias Schrader, Germany, in SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, fell below the threshold of 50 % on 13 February 2006 and now amounts to 49.9110 % (corresponding to 5,761,106 shares). Of this, 29.6154 % of the voting rights (3,418,431 shares) were assigned to him pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act. Among other things, the shares of voting rights of the following shareholders, whose shares of voting rights were 3 % or more each, were added to this pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act: Oliver Sinner and Debby Vermögensverwaltung GmbH.

   c. The share of voting rights of Mr Oliver Sinner, Germany, in SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, fell below the threshold of 50 % on 13 February 2006 and now amounts to 49.9110 % (corresponding to 5,761,106 shares). Of this, 40.8211 % of the voting rights (4,711,879 shares) were assigned to him pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act. Among other things, the shares of voting rights of the following shareholders, whose shares of voting rights were 3 % or more each, were added to this pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act: Matthias Schrader and Debby Vermögensverwaltung GmbH.

   d. The share of voting rights of Mr Detlef Wichmann, Germany, in SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, fell below the threshold of 50 % on 13 February 2006 and now amounts to 49.9110 % (corresponding to 5,761,106 shares). Of this, 48.9147 % of the voting rights (5,646,106 shares) were assigned to him pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act. Among other things, the shares of voting rights of the following shareholders, whose shares of voting rights were 3 % or more each, were added to this pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act: Matthias Schrader, Oliver Sinner, and Debby Vermögensverwaltung GmbH.

   e. The share of voting rights of Mr Sebastian Dröber, Germany, in SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, fell below the threshold of 50 % on 13 February 2006 and now amounts to 49.9110 % (corresponding to 5,761,106 shares). Of this, 49.3045 % of the voting rights (5,691,106 shares) were assigned to him pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act. Among other things, the shares of voting rights of the following shareholders, whose shares of voting rights were 3 % or more each, were added to this pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act: Matthias Schrader, Oliver Sinner, and Debby Vermögensverwaltung GmbH.

4. Mr Holger Blank, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1231 %, whereby he has a share of voting rights of 49.1223 % under the terms of Article 22 para. 2 of the Securities Trading Act.

5. Mr Bernward Beuleke, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.2256 %, whereby he has a share of voting rights of 49.0718 % under the terms of Article 22 para. 2 of the Securities Trading Act.

6. Mr Dirk Lehmann, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1322 %, whereby he has a share of voting rights of 49.0718 % under the terms of Article 22 para. 2 of the Securities Trading Act.

7. Ms Marion Sinner, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that her share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1231 %, whereby she has a share of voting rights of 49.0365 % under the terms of Article 22 para. 2 of the Securities Trading Act.

8. Ms Jessica Schmidt, Germany, notified us on 19 January 2005, amended on 4 February 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that her share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1244 %, whereby she has a share of voting rights of 48.9065 % under the terms of Article 22 para. 2 of the Securities Trading Act.

9. Dr Markus Conrad, Germany, notified us on 20 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that he received notification on 17 January 2005 to the effect that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 due to sales in the syndicate and now amounts to 49.1231 %, whereby he has a share of voting rights of 48.0185 % under the terms of Article 22 para. 2 of the Securities Trading Act.

10. Mr Gerd Stahl, Germany, notified us on 4 July 2003, amended on 10 July 2003, pursuant to Article 21 para. 1 of the Securities Trading Act in conjunction with Article 22 of the Securities Trading Act, in accordance with the obligation on his part and as an agent and by proxy for the persons mentioned under letters b to c, that:

    a. As of 30 June 2003, Mr Gerd Stahl, Germany, has fallen below the threshold of 50 % of the voting rights in SinnerSchrader AG. He is now entitled to 49.95 % of the voting rights in SinnerSchrader AG pursuant to Article 21 para. 1 of the Securities Trading Act, of which 47.18 % of the voting rights are to be assigned under the terms of Article 22 para. 2 of the Securities Trading Act.

    b. As of 30 June 2003, Mr Alexander Spohr, Germany, has fallen below the threshold of 50 % of the voting rights in SinnerSchrader AG. He is now entitled to 49.95 % of the voting rights in SinnerSchrader AG pursuant to Article 21 para. 1 of the Securities Trading Act, of which 47.69 % of the voting rights are to be assigned under the terms of Article 22 para. 2 of the Securities Trading Act.

    c. As of 30 June 2003, Mr Matthias Fricke, USA, has fallen below the threshold of 50 % of the voting rights in SinnerSchrader AG. He is now entitled to 49.95 % of the voting rights in SinnerSchrader AG pursuant to Article 21 para. 1 of the Securities Trading Act, of which 47.85 % of the voting rights are to be assigned under the terms of Article 22 para. 2 of the Securities Trading Act.

5.8 FEE FOR THE STATUTORY AUDIT

The Annual General Meeting on 15 December 2011 elected BDO AG, Wirtschaftsprüfungsgesellschaft, Hamburg, Germany, as the auditor for the 2011/2012 financial year. With respect to the fees, we refer to the Consolidated Financial Statements in accordance with Article 285 sentence 1 indent 17 of the German Commercial Code.

06 / ADDITIONAL INFORMATION

DIRECTORS' HOLDINGS OF SHARES AND SUBSCRIPTION RIGHTS TO SHARES (DIRECTORS' DEALINGS)

The following table shows the number of shares in SinnerSchrader AG and the number of subscription rights to shares held by directors of SinnerSchrader AG as of 31 August 2012 and any changes in the 2011/2012 financial year:

Table 8 / Shares and options of the Board members in number

Shares	**31.08.2011**	**Additions**	**Disposals**	**31.08.2012**
Management Board:				
Matthias Schrader	2,455,175	–	–	2,455,175
Thomas Dyckhoff	74,950	–	–	74,950
Total shares of the Management Board	**2,530,125**	**–**	**–**	**2,530,125**
Supervisory Board:				
Dieter Heyde	–	–	–	–
Prof. Cyrus D. Khazaeli	–	–	–	–
Philip W. Seitz	–	–	–	–
Total shares of the Supervisory Board	**–**	**–**	**–**	**–**
Total shares of the Board members	**2,530,125**	**–**	**–**	**2,530,125**

Options	**31.08.2011**	**Additions**	**Disposals**	**31.08.2012**
Management Board:				
Matthias Schrader	–	–	–	–
Thomas Dyckhoff	120,000	–	–	120,000
Total options of the Management Board	**120,000**	**–**	**–**	**120,000**
Supervisory Board:				
Dieter Heyde	–	–	–	–
Prof. Cyrus D. Khazaeli	–	–	–	–
Philip W. Seitz	–	–	–	–
Total options of the Supervisory Board	**–**	**–**	**–**	**–**
Total options of the Board members	**120,000**	**–**	**–**	**120,000**

Hamburg, 5 November 2012

The Management Board

Matthias Schrader Thomas Dyckhoff

AUDITOR'S REPORT

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of SinnerSchrader Aktiengesellschaft, Hamburg, for the business year from September 1, 2011 to August 31, 2012, which was combined with the group management report. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Hamburg, November 12, 2012

BDO AG Wirtschaftsprüfungsgesellschaft

signed Dr. Probst	signed Brandt
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements of SinnerSchrader Aktiengesellschaft give a true and fair view of the assets, liabilities, financial position and profit or loss of the AG, and the joint consolidated status report and group status report includes a fair review of the development and performance of the business and the position of the AG, together with a description of the principal opportunities and risks associated with the expected development of the AG.

Hamburg, 5 November 2012

The Management Board

Matthias Schrader / Thomas Dyckhoff

SINNERSCHRADER GROUP 2011/2012
JOINT STATUS REPORT
CONSOLIDATED FINANCIAL STATEMENTS
ANNUAL FINANCIAL STATEMENTS

FURTHER INFORMATION

EVENTS & CONTACT INFORMATION

Financial Calendar 2012/2013

Annual General Meeting 2011/2012	21 December 2012
1st Quarterly Report 2012/2013 (September 2012–November 2012)	17 January 2013
2nd Quarterly Report 2012/2013 (December 2012–February 2013)	11 April 2013
3rd Quarterly Report 2012/2013 (March 2013–May 2013)	11 July 2013
Announcement of preliminary figures for the 2012/2013 financial year	October 2013
Annual Report 2012/2013	November 2013
Annual General Meeting 2012/2013	December 2013

Our previous reports are available online and for download on our website www.sinnerschrader.ag.

Conference Calendar 2012/2013

NEXT Berlin 2013 For more information please visit our conference website at www.nextberlin.eu.	23–24 April 2013
JSConf EU 2013	October 2013

Contact Information

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Editorial Information

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KEY FIGURES OF THE SINNERSCHRADER GROUP, FOUR QUARTERS 2011/2012

		Q4	Q3	Q2	Q1
Gross revenues	€ 000s	10,702	9,480	10,668	10,815
Net revenues	€ 000s	9,246	8,368	9,075	9,294
EBITDA	€ 000s	785	114	585	814
EBITA	€ 000s	608	-56	416	659
EBIT	€ 000s	99	-212	260	502
Net income	€ 000s	-23	-216	135	262
Net income per share[1]	€	0.00	-0.02	0.01	0.02
Cash flows from operating activities	€ 000s	407	229	2,956	-1,498
Employees, full-time equivalents	number	387	396	392	377

[1] Weighted average shares outstanding

KEY FIGURES OF THE SINNERSCHRADER GROUP, FIVE YEARS

		01.09.2011 31.08.2012	01.09.2010 31.08.2011	01.09.2009 31.08.2010	01.09.2008 31.08.2009	01.09.2007 31.08.2008
Gross revenues	€ 000s	41,664	36,714	28,718	27,664	24,170
Net revenues	€ 000s	35,984	30,909	23,935	20,936	18,347
EBITDA	€ 000s	2,297	3,193	2,717	1,974	2,824
EBITA	€ 000s	1,627	2,612	2,185	1,441	2,305
Relation of the EBITA to net revenues (Operating margin)	%	4.5	8.5	9.1	6.9	12.6
EBIT	€ 000s	649	2,054	1,567	954	2,213
Net income	€ 000s	157	1,278	1,103	939	1,608
Net income attributable to the shareholders of SinnerSchrader AG	€ 000s	157	1,278	1,103	1,231	1,608
Net income per share[1]		0.01	0.11	0.10	0.11	0.14
Shares outstanding[1]	number	11,245	11,211	11,254	11,356	11,471
Cash flows from operating activities	€ 000s	2,094	450	2,343	2,229	2,744
Employees, full-time equivalents	number	388	335	271	244	179

		31.08.2012	31.08.2011	31.08.2010	31.08.2009	31.08.2008
Liquid funds and securities	€ 000s	5,197	5,743	8,290	7,988	9,075
Shareholders' equity	€ 000s	12,133	13,203	12,576	12,534	12,971
Balance sheet total	€ 000s	21,325	22,247	20,981	20,342	19,934
Shareholders' equity rate	%	56.9	59.3	59.9	61.6	65.1
Employees, end of period	number	420	400	305	279	241

[1] Weighted average shares outstanding

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