sinnerschrader

QUARTERLY FINANCIAL REPORT 2 **2011 | 2012**

Interim Status Report 2 2011/2012

Consolidated Quarterly Report 2 2011/2012

KEY FIGURES OF THE SINNERSCHRADER GROUP

		Q2 2011/2012	Q2 2010/2011	Change	H1 2011/2012	H1 2010/2011	Change
Gross revenues	€ 000s	10,668	8,753	+22 %	21,482	17,948	+20 %
Net revenues	€ 000s	9,075	7,136	+27 %	18,369	14,821	+24 %
EBITDA	€ 000s	585	646	-9 %	1,399	1,984	-29 %
EBITA	€ 000s	416	507	-18 %	1,075	1,710	-37 %
Relation of the EBITA to net revenues (operating margin)	%	4.6	7.1	-35 %	5.9	11.5	-49 %
EBIT	€ 000s	-260	379	-169 %	763	1,462	-48 %
Net income	€ 000s	135	240	-44 %	396	1,002	-60 %
Net income per share[1)]	€	0.01	0.02	-43 %	0.04	0.09	-61 %
Shares outstanding[1)]	number	11,210,969	11,189,859	+0 %	11,220,396	11,185,910	+0 %
Cash flows from operating activities	€ 000s	2,956	2,252	+31 %	1,458	1,960	-26 %
Employees, full-time equivalents	number	392	318	+23 %	384	309	+24 %

		29.02.2012	30.11.2011	Change	29.02.2012	31.08.2011	Change
Liquid funds and securities	€ 000s	5,261	3,940	+34 %	5,261	5,743	-8 %
Shareholders' equity	€ 000s	12,379	13,362	-7 %	12,379	13,203	-6 %
Balance sheet total	€ 000s	20,910	22,487	-7 %	20,910	22,247	-6 %
Shareholders' equity rate	%	59.2	59.4	-0 %	59.2	59.3	-0 %
Employees, end of period	number	431	419	+3 %	431	400	+8 %

1) Weighted average shares outstanding

01

INTERIM STATUS REPORT
OF SINNERSCHRADER AKTIENGESELLSCHAFT

01 GENERAL

This Interim Status Report of the SinnerSchrader Group ("SinnerSchrader" or "Group") as of 29 February 2012 represents the development of the income, financial, and assets status of the group which is managed by SinnerSchrader Aktiengesellschaft ("SinnerSchrader AG" or "AG") in the first half and the second quarter of the 2011/2012 financial year from 1 September and 1 December 2011, respectively, to 29 February 2012. It deals with the major risks and opportunities and the probable developments in the rest of the financial year.

The consolidated financial statements on which this status report is based were drawn up according to the International Financial Reporting Standards ("IFRS"). The Interim Status Report, particularly Section 7, contains statements and information aimed at the future. These forward-looking statements are based on current knowledge, estimates, and assumptions and 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 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.

This quarterly financial report should be read in conjunction with the Consolidated Financial Statements of SinnerSchrader AG for the 2010/2011 financial year.

02 GROUP BUSINESS ACTIVITY AND STRUCTURE

The SinnerSchrader Group is a digital agency group which offers companies in Germany and abroad a comprehensive range of services for the use of digital technologies to optimise and further develop 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.

With more than 400 employees, SinnerSchrader is one of the biggest digital agency groups in Germany and performs its services at locations in Hamburg and Frankfurt am Main, Berlin, and Hanover. SinnerSchrader mainly works for companies based in Germany, but also has companies from France, the UK, Italy, Morocco, and the Czech Republic among its customers.

The composition of the Group has not changed since 31 August 2011. In the first half of 2011/2012, alongside SinnerSchrader AG, the Group was made up of SinnerSchrader Deutschland GmbH, spot-media AG including its subsidiary spot-media consulting GmbH, mediaby GmbH, the newtention Group comprising newtention technologies GmbH and newtention services GmbH, next commerce GmbH as well as SinnerSchrader Mobile GmbH (formerly TIC-mobile GmbH). Furthermore, the operatively inactive companies SinnerSchrader UK Ltd. in London and SinnerSchrader Benelux BV in Rotterdam are still part of the consolidation group.

As part of the asset transactions conducted, the companies in the SinnerSchrader Group took over the business operations of Maris Consulting GmbH and Visions new media GmbH, and acquired all the shares in TIC-mobile GmbH in the course of the previous 2010/2011 financial year. These three transactions were completed in January, February and May 2011 and thus during the second quarter or after the first half of 2010/2011. Comparisons with the previous year for the second quarter and the first half of 2011/2012 thus contain effects from changes to the consolidation group.

The SinnerSchrader Group still breaks down its business into the business segments Interactive Marketing, Interactive Media, and Interactive Commerce. Services in the Interactive Marketing segment are provided by SinnerSchrader Deutschland GmbH, the spot-media Group, and SinnerSchrader Mobile GmbH. mediaby GmbH and the newtention Group are brought together in the Interactive Media segment. The Interactive Commerce segment is covered by next commerce GmbH.

03 MARKET AND COMPETITIVE ENVIRONMENT

Developments in the period of the second quarter of the SinnerSchrader 2011/2012 financial year have substantiated the expectations formulated after the first quarter that the German economy as a whole and the situation in the sectors relevant for SinnerSchrader provide a positive environment for the 2011/2012 financial year.

Even though the economic development in the last calendar quarter of 2011 fell slightly at a decline of 0.2 % in terms of real gross domestic product in Germany, as had been expected, forecasts for economic development in Germany in 2012 remain stable. Growth expectations mainly range between 0.5 % and 1.0 %. Risks resulting from the debt crisis and the euro crisis appear to have weakened, although even the experts find it difficult to make an exact, reliable assessment of the situation.

The ifo business climate index likewise documents that the mood in the German economy is generally positive. The index rose steadily from 106.7 points in November 2011 to 109.7 points in February 2012 and continued to rise slightly in March 2012, to 109.8 points. The development of the climate index during this period was not so much driven by the companies polled making an even better assessment of the situation; instead, in each case, the drive came from revived expectations regarding the coming six months. These expectations had waned considerably in the period from March 2011 to October 2011. The mood in the retail sector developed particularly well, a fact that is especially pleasing from the point of view of the business conducted by SinnerSchrader, with a focus on retailing and consumer goods.

Initial forecasts by the German e-Commerce and Distance Selling Trade Association (bvh) with regard to trade with online goods in Germany in 2012 back up the positive expectations which can be derived from these forecasts and which define a volume of € 25.3 billion, an increase of around 16.5 % over 2011.

The group of online marketers (OVK) likewise anticipates double-digit growth rates for the development of investments in digital advertising. In its most recent report, the OVK 2012/01 online report, the association refers to an expected increase of 11 % in investments in online advertising.

In this environment, companies continue to invest in establishing new online activities as well as in expanding their existing online activities. SinnerSchrader thus registers sustainable high demand for consulting and implementation expertise in the area of digital marketing, and also expects this demand to be maintained in the rest of the 2011/2012 financial year.

Besides, the digital agency sector in Germany appears to have triggered the interest of foreign investors as well. At the end of January 2012, the international advertising group Publicis submitted a public tender for the acquisition of one of SinnerSchrader's competitors, the Pixelpark Group, which is listed on the stock exchange. The purchase price offered, € 1.70 per share, constitutes a valuation of the company in the range of € 30 million, and represents a price premium of around 28 % on the three-month average share price prior to submitting the tender.

04 BUSINESS DEVELOPMENT AND GROUP SITUATION

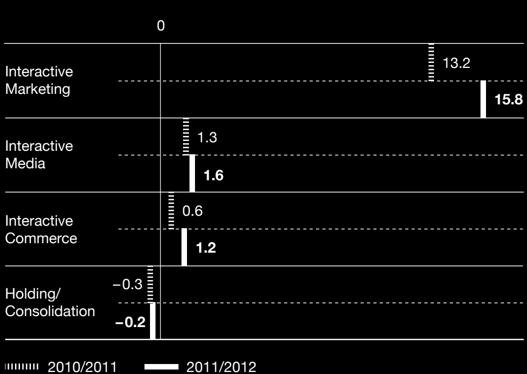
The business volume of the SinnerSchrader Group, at € 9.1 million, also reached more than € 9 million in the second quarter of the 2011/2012 financial year, despite the fact that it fell slightly short of the figure for the first quarter of 2011/2012 due to familiar seasonal factors. However, with a rise of a good 27 % over the second quarter of the previous year, this figure was much higher than in the first quarter, in which the growth rate exceeded that of the previous year by just over 21 %. In the first half of the year, SinnerSchrader increased its total net revenue by 24 %, which was a greater increase than forecast.

As in the first quarter, the rise in net revenue was not yet reflected in an increase in the operating result (EBITA). In the quarter of the report, EBITA amounted to € 0.4 million, thus just falling short of the comparable value of the same quarter of the previous year by € 0.1 million. Once again, it was mainly a considerable overrunning of costs in a fixed-price project, which had already had an impact in the first quarter, that caused a decline in the contribution made by the Interactive Marketing segment to Group EBITA. In addition, the contribution made by the SinnerSchrader Mobile GmbH business, which is still being set up, remained negative.

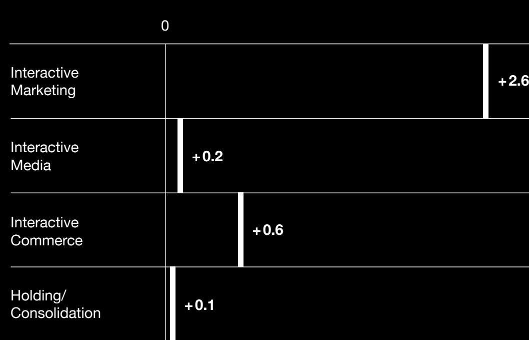
EBITA, at € 1.1 million, falls short of that of the first half of the previous year in the amount of a good € 0.6 million. This is approximately the amount stemming from the effects of the defined fixed-price project, which negatively impact the otherwise positive business development in the Interactive Marketing segment. The comparison is also negatively affected by other growth-related burdens on earnings and an outstandingly positive half year period in the Interactive Media segment in the previous year, which it was not possible to repeat. On the other hand, the development in the Interactive Commerce segment was pleasing, with the loss generated in the first half of 2010/2011 in the amount of a good € 0.3 million being almost entirely eliminated.

NET REVENUES, EBITA, AND NET REVENUE MARGIN BY QUARTER PERIODS
in € million and %

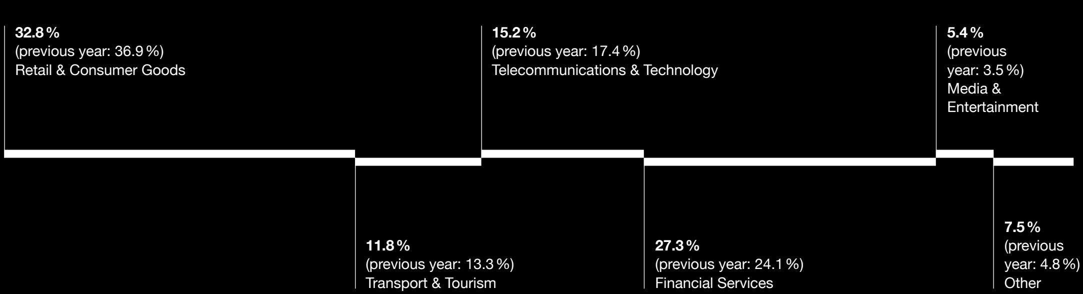
NET REVENUES BY SEGMENT
in € million for H1 2011/2012 in comparison to H1 2010/2011



DEVELOPMENT OF NET REVENUES BY SEGMENT
in € million for H1 2011/2012 in comparison to H1 2010/2011



NET REVENUES BY SECTOR
in % for H1 2011/2012



previous year = 2010/2011 financial year

Consolidated income reached € 0.4 million in the half of the report, thus falling short of the figure for the first half of 2010/2011 by € 0.6 million, in line with the EBITA performance. As planned, positive effects from an optimisation of the tax position in the first half of the year were not yet generated. Earnings per share amounted to just over € 0.04.

The backlog of payments due for orders placed at the end of the calendar year was eliminated as expected. This applied in particular to payments due from our major customers. This resulted in an operating cash flow of almost € 3 million for the second quarter of 2011/2012, which meant that the minus reported in the previous first quarter was more than offset. SinnerSchrader generated an operating cash flow in the amount of just over € 1.5 million in the half of the report. In spite of a dividend payment in December 2011 and earn-out payments in February 2012, the liquidity reserve rose to € 5.3 million as of 29 February 2012, and was hence only around € 0.5 million below the level of 31 August 2011.

4.1 Revenue, Incoming Orders, and Price Development

SinnerSchrader earned net revenues of € 9.1 million in the second financial quarter of 2011/2012. In the preceding first quarter of 2011/2012, revenue was € 9.3 million, and in the second quarter of 2010/2011 it amounted to € 7.1 million.

Of the net revenue for the quarter of the report, the Interactive Marketing segment accounted for € 7.9 million or 86.1 %, the Interactive Media segment for just over € 0.8 million or 8.8 %, and the Interactive Commerce segment for € 0.6 million or 6.4 %. The segments generated revenue in the amount of € 0.2 million (1.1 %), which had to be consolidated.

The seasonal fall in revenue against that of the previous quarter due to the public holidays at Christmas and New Year was extremely moderate at € 0.2 million or 2.4 %. This was primarily due to several new projects launched in the Interactive Marketing segment at the beginning of the year, resulting in an exceptionally high capacity utilisation and record revenues in January, in spite of problems with a fixed-price project. Moreover, the Interactive Media segment increased net revenues in the two subsequent quarters as compared to those of the same periods in the previous year.

In the quarter of the report, the growth in revenue over that of the same quarter of the previous year, at 27.2 %, exceeded 20 % for the seventh year in succession. Growth was generated by all the segments, with the two small segments showing particularly dynamic increases with growth rates of a good 85 % (Interactive Media) and just over 117 % (Interactive Commerce), as compared to an increase of 19 % in the Interactive Marketing segment. In the Interactive Commerce segment, this dynamism is to a large extent due to the acquisition of the business operations of Visions new media GmbH in early February 2011.

Strong growth in the second quarter enabled SinnerSchrader to increase the overall net revenue volume for the first half of 2011/2012 by € 3.5 million or 23.9 % over that of the same period of the previous year.

A share of € 2.6 million of this increase was generated in the Interactive Marketing segment. This growth to a half-year revenue in the amount of € 15.8 million corresponds to a growth rate of 19.9 %. 3.5 percentage points of this growth, or just over € 0.5 million, are accounted for by the takeover of the business operations of Maris Consulting GmbH in Berlin by spot-media GmbH with effective date of 1 January 2011 and the acquisition of TIC-mobile GmbH (now SinnerSchrader Mobile GmbH) in May 2011.

In the half-year period, revenue in the amount of € 1.1 million was earned with new customers with whom the segment had not yet transacted any business in the same period of the previous year or prior to this period. The acquisition of new customers thus accounted for 8.6 percentage points of growth. Revenue with new customers accounted for 7.1 % of the total revenue earned by the segment in the first half of 2011/2012. The expansion of existing customer relationships and business with new customers contributed equally to the growth in revenue.

The figures illustrate clearly that demand for agency services in digital marketing remains extremely dynamic and that budgets allocated for developments in this area continue to increase. Unlike in the previous year, incoming orders did not develop more dynamically than revenue in the period of the report; this is an indication of the normalisation of revenue growth.

Growth impulses in the mobile marketing business conducted by SinnerSchrader Mobile GmbH, which is assigned to the Interactive Marketing segment, were still weak in the first half of 2011/2012. While the mobile applications of specialist suppliers attracted more attention and gained in significance, many of the corporate customers in the segment are still in the orientation phase in terms of their mobile strategies.

In the first half of 2011/2012, due to the more positive second quarter in comparison with the previous year, the Interactive Media segment improved its total revenue by around € 0.2 million, or 15.6 %, to just over € 1.6 million. Gross revenue, which also contains the costs for media placements that are passed on to customers, only rose by 4.4 % to € 4.7 million in the half of the report. This is the result of improved margins in the performance-oriented media agency line of business and a higher proportion of adserving services. Both business units, the media agency mediaby and the adserving service provider newtention, contributed to increasing net revenue. It was pleasing that the quotas for new customers, at 14.8 % and 23.6 % respectively, were high, especially since a significant expansion of the customer base is central in both units.

The business volume in the Interactive Commerce segment has slightly more than doubled, with revenue increasing by € 0.62 million to € 1.23 million. Around € 0.45 million of the increased business volume results from the takeover of the business operations of Visions new media GmbH, which were successfully combined with the operations of next commerce GmbH. At 29.4 %, the Interactive Commerce segment is also ahead of the other segments in terms of the new customer rate. The loss of a major customer was more than offset with rewarding business with new customers.

Overall, the customer base of the SinnerSchrader Group has been expanded, and as a result, dependence on a few major customers has been further reduced. In the first half of 2011/2012, the biggest customer accounted for 11.0 % of the Group's consolidated net revenue; 40.6 % of revenue was earned with the five biggest customers, and 61.6 % with the ten biggest customers. In the first quarter of 2011/2012, these shares still amounted to 11.1 %, 41.6 % and 64.2 %, respectively, while in the first half of 2010/2011 they were at 14.9 %, 48.2 % and 68.0 %, respectively.

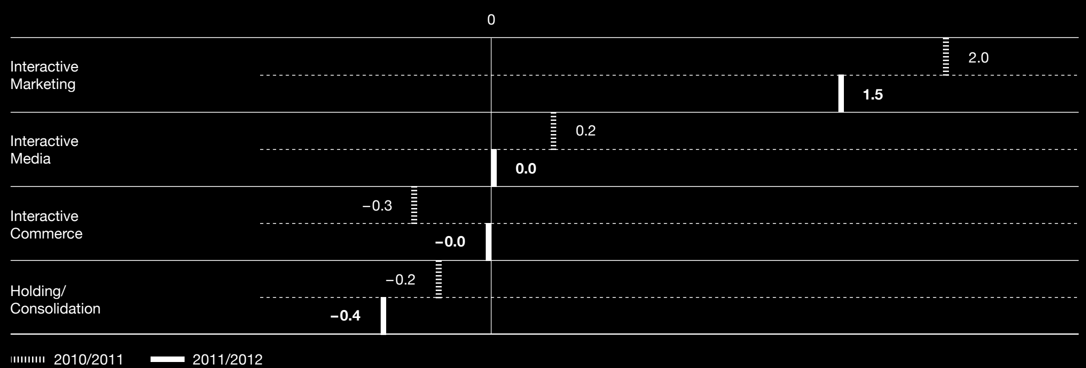
The Retail & Consumer Goods sector remained the branch with the strongest sales in the first half of 2011/2012. However, with a share of 32.8 % of the total net revenue of the Group, the rate was considerably below the 36.9 % rate for the entire 2010/2011 financial year. By contrast, the Financial Services sector has grown, in particular thanks to the expansion of business conducted with the insurance company customers acquired in 2010; its share of 24.1 % in the 2010/2011 financial year rose to 27.3 % in the half of the report. The share of customers who cannot be assigned to one of the five groups of branches differentiated by SinnerSchrader was raised by 2.7 percentage points over that of the entire previous year, to 7.5 %. In the quarter of the report, the rates of the Telecommunications & Technology, Transport & Tourism and Media & Entertainment branches amounted to 15.2 %, 11.8 % and 5.4 %, respectively, compared with 17.4 %, 13.3 % and 3.5 % for the whole of 2010/2011.

4.2 Operating Result

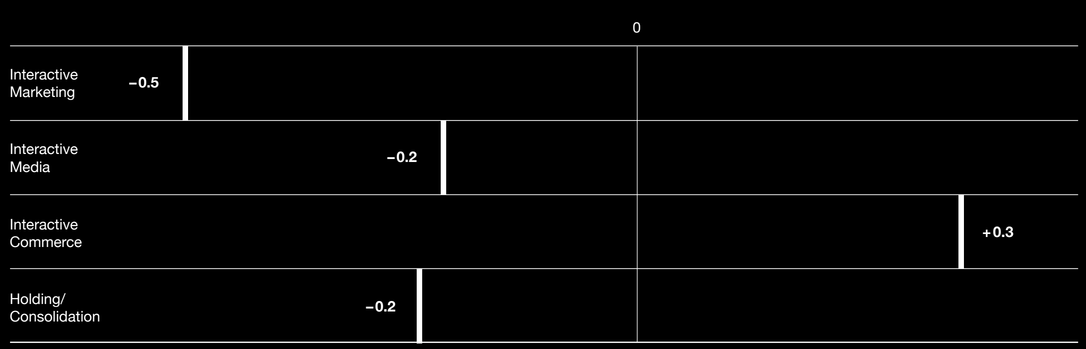
In the second quarter of 2011/2012, EBITA – the key indicator for the operating result at SinnerSchrader – amounted to € 0.4 million. This fell short of the result of a comparison with the previous year by € 0.1 million, in spite of a considerable rise in revenue.

A significant reason for this was the EBITA generated in the Interactive Marketing segment, which fell short of the figure for the same quarter of the previous year by just over € 0.3 million. This was mainly due to the overrunning of costs in the six-digit range in a fixed-price project, which dampened the positive effects resulting from the pleasing expansion of business. In addition, the level of revenue earned in business with mobile applications conducted by SinnerSchrader Mobile GmbH has not yet reached the break-even point.

EBITA BY SEGMENT
in € million for H1 2011/2012 in comparison to H1 2010/2011



EBITA DEVELOPMENT BY SEGMENT
in € million for H1 2011/2012 in comparison to H1 2010/2011



Furthermore, the costs remaining in the holding company slightly exceeded those of the previous year by € 0.2 million. Among other things, this results from higher initial costs for preparing the next commerce GmbH conference to be held in May. The positive trend in the Interactive Media and Interactive Commerce segments, with profits improving by € 0.1 million and € 0.2 million, respectively, over those of the previous year in the second quarter of 2011/2012 thus had no impact.

The defined factors also left their mark on the comparison of the profit development in the first half of 2011/2012 with that of the previous year. In contrast to the second quarter of 2011/2012, the half-year result in the Interactive Media segment declined by € 0.2 million, since the particularly successful first quarter of the previous year was not repeated in the first quarter of 2011/2012, as expected.

SinnerSchrader achieved EBITA in the total amount of € 1.1 million in the first half of 2011/2012, which is € 0.6 million less than one year earlier. The operating margin dropped from 11.5 % in the previous year to 5.9 % in the half-year of the report. The Interactive Marketing segment accounted for the biggest share of the negative development, with a decline of € 0.5 million. Holding company costs accounted for a minus of a good € 0.2 million. On the other hand, the Interactive Commerce segment significantly improved its EBITA by € 0.3 million, and has already almost reached the break-even point for the period of the report.

The Statement of Operations of the SinnerSchrader Group shows that the fall in EBITA against the previous year with greatly increased revenues in the half-year is due to a deterioration in the gross margin of 5.9 percentage points. This is mainly due to the overrunning of costs in a fixed-price project in the Interactive Marketing segment, as already mentioned. Moreover, business transactions conducted in the Media segment in the first quarter of 2010/2011 with particularly high margins could not be repeated in the half-year of the report.

By contrast, the total marketing, administrative, and research and development costs decreased slightly in relation to the net revenue, from 23.5 % in the first half of 2010/2011 to 23.3 % in the first half of 2011/2012.

Marketing costs rose disproportionately, to result in a rise in the marketing cost rate from 9.1 % in the previous year to 10.1 %. In contrast, the administrative cost rate fell by 1.3 percentage points.

The marked € 0.5 million rise in marketing costs in absolute terms in the half-year of the report is, on the one hand, caused by participating in a comparatively large number of pitches in the Interactive Marketing segment, which led to the successes with new customers shown, and, on the other hand, by a marketing initiative in adserving business on the occasion of the biggest trade fair in the sector, dmexco, in September 2011 and by following up on the leads resulting from this trade fair, which brought about initial success after the end of the half-year of the report.

With costs increasing by 1.5 %, only slightly more was spent on research and development in relation to the revenue in the half-year of the report. The research and development expenditure in the quarter of this report mainly came from the further development of the n7 adserving software in the Interactive Media segment. In the two other segments, money was spent on the development and maintenance of e-commerce frameworks.

On taking a look at the development of costs for each cost type in the half-year of the report, the marked increase in costs for external services of almost 50 % over those of the previous year becomes particularly evident. An increase in this dimension was not planned; it is primarily related to the completion of a fixed-price project which had got out of hand. It was only possible to cover the capacities required for completing the project by using the services of considerably more freelancers.

The other costs developed largely according to plan. Increases shown for these costs mainly result from expanding the portfolio of services and the business volume last year. Personnel costs in the first half of 2011/2012 were a good 29 % higher than those of the same half-year of the previous year, with an expansion by 75 full-time employees, or just over 25 %, to 384 full-time employees. Costs for depreciation rose by 18 %, and other operating expenses increased by almost 30 % over those incurred over the same period of the previous year.

Development of costs by function

	H1 2011/2012		H1 2010/2011	
	in € 000s	in %[1]	in € 000s	in %[1]
Costs of sales	13,361	72.7	9,899	66.8
thereof amortisation expenditure	225		175	
Costs of marketing	1,858	10.1	1,354	9.1
thereof amortisation expenditure	87		73	
General and administrative costs	2,147	11.7	1,923	13.0
Research and development costs	267	1.5	201	1.4

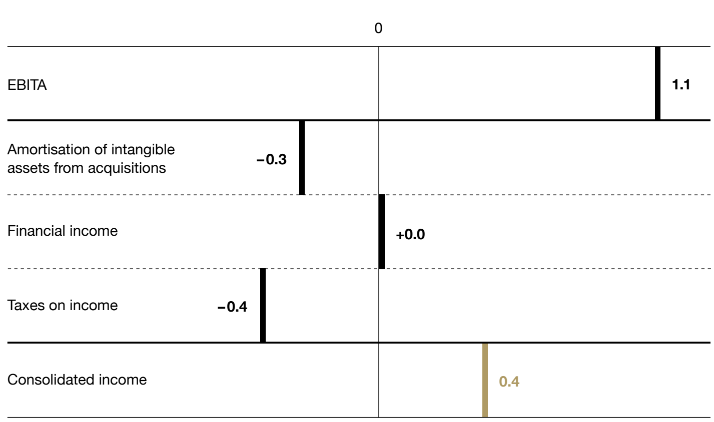
[1] As a percentage of net revenues

Development of costs by cost type

	H1 2011/2012		H1 2010/2011	
	in € 000s	in %[1]	in € 000s	in %[1]
Personnel expenses	11,611	63.2	8,988	60.6
Costs of materials	238	1.3	110	0.7
Costs of services	2,534	13.9	1,739	11.8
Other operating expenses	2,615	14.2	2,018	13.6
Depreciation	323	1.9	274	1.9
Amortisation of intangible assets from first consolidation	312	1.7	248	1.7

[1] As a percentage of net revenues

RECONCILIATION OF EBITA TO CONSOLIDATED INCOME
in € million for H1 2011/2012



4.3 Net Income

Net income for the second quarter of 2011/2012 amounted to € 0.1 million, thus falling short of the comparable value of the previous year by around € 0.1 million, in line with EBITA. Net income for the first half of 2011/2012 totalled € 0.4 million.

The € 0.6 million decline in EBITA in the half-year of the report thus fully impacted the development of net income. A determining factor in this case was the fact that the tax rate was significantly higher than the statutory rate for the full first half-year period in 2011/2012 due to initial losses which did not have any effect on taxes because the Group structure had not yet been changed. This meant that the tax burden in absolute terms was reduced extremely disproportionately in comparison to the previous year, in spite of a marked decrease in the earnings before tax reported in the consolidated financial statement.

The development of amortisation costs and the financial income in the first half-year of the report largely offset each other in comparison to the previous year. While amortisation costs, at € 0.3 million, were higher than the corresponding costs of the previous year due to the takeovers carried out in January, February and May 2011, financial income developed positively by approximately the same extent, reaching just over € 0.1 million, after having been influenced by the reduction in an estimated earn-out payment for an acquisition in the previous year which was to be posted in recognition of profit or loss according to the relevant IFRS standard.

SinnerSchrader earned an income of just under € 0.04 per share in the first half of 2011/2012, after € 0.09 in the first-half of 2010/2011.

4.4 Cash Flows

The negative development of cash flow in the first quarter was reversed in the second quarter of 2011/2012. In the period of the report, SinnerSchrader had an on balance inflow of funds in the amount of € 1.4 million following adjustment by cash inflows from additions to and disposals of securities for the purpose of liquid investments. The outflow of funds in the first quarter amounted to € 1.8 million.

The cash inflow in the second quarter resulted from a strong operating cash flow of just over € 3.0 million. This inflow more than compensated for the outflows of funds for financial activities, mainly for the dividend payment of € 1.1 million in December 2011 and for investments in the amount of just over € 0.5 million.

As expected, a strong reduction in accounts receivable at around the turn of the calendar year in 2011/2012 contributed to the pleasing operating cash flow. As at the first-quarter reporting date of 30 November 2011, many companies had kept back payments as part of their year-end planning. Accounts receivable were reduced by a total of € 3.2 million in the second quarter.

Investment expenditure, adjusted by the inflows and outflows of funds resulting from investment decisions, clearly exceeded that of the first quarter at just over € 0.5 million, since earn-out payments in the amount of just over € 0.3 million for acquisitions made in previous years became due in February 2012.

For the first half of 2011/2012, operating cash flow totalled € 1.45 million, adjusted investment expenditure amounted to just over € 0.7 million, and outflows of funds used in financial activities amounted to a good € 1.2 million. On balance, there was an inflow of funds in the amount of € 0.45 million in the half-year of the report in comparison to the status on 31 August 2011. In the same period of the previous year, there was an outflow of funds amounting to € 0.3 million. On the basis of a better result, the operating cash flow had amounted to just over € 2.0 million in the first half of 2010/2011. In the same half-year of the previous year, adjusted investment expenditure amounted to € 0.9 million due to the acquisitions carried out in January and February 2011. In contrast, the outflow of funds in the financing sector was lower than in the half-year of the report, at € 0.9 million, since SinnerSchrader had paid out a lower dividend per share and had not bought back any shares in the previous year.

4.5 Balance Sheet

The balance sheet total was reduced by a good € 1.3 million in the period from 31 August 2011 to 29 February 2012, in spite of an expansion of the business volume in the first half of 2011/2012. A determining factor for this reduction was the dividend payment made in the amount of € 1.1 million in December 2011 and the shares of treasury stock bought back for € 0.1 million over the course of the half-year of the report.

Unlike in the situation on 30 November 2011, the balance sheet total was not increased from the development of current assets without a liquidity reserve, on the one hand, and from current liabilities, on the other hand, at the end of the half-year of the report. Current assets fell by around € 0.6 million due to a marked reduction in accounts receivable and a decrease in other financial assets. The settlement of earn-out obligations in the amount of just over € 0.3 million was one of the factors that contributed to the drop in current liabilities in the same magnitude.

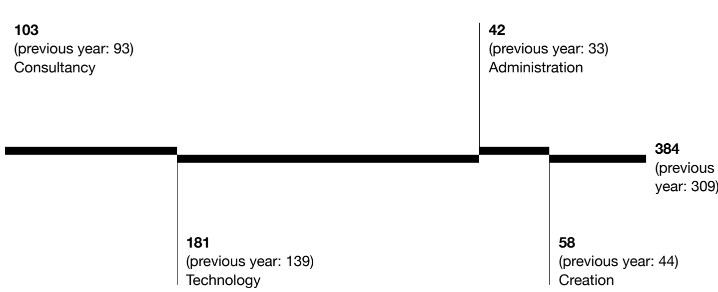
Non-current assets were also in decline, since depreciation and amortisation exceeded the volume of new investments by around € 0.3 million.

A dividend payment and the buyback of shares caused a reduction in the shareholders' equity of a good € 0.8 million subsequent to offsetting with the amount of net income for the half-year of the report. Since the reduction in shareholders' equity was almost in proportion to the reduction in the balance sheet total, the shareholders' equity rate changed only marginally. It amounted to 59.2 % on 29 February 2012 in comparison to just over 59.4 % on 31 August 2011.

4.6 Employees

The number of employees in the SinnerSchrader Group continued to rise, from 400 employees on 31 August 2011 to 431 employees on 29 February 2012. This increase of 31 employees was moderate in comparison to the growth of the business volume in the half-year, in particular because the capacity expansion in the previous year – among other things also due to the acquisitions carried out in January, February and May 2011 – had been made with a view to further growth in the current financial year. Moreover, the increase in the number of employees slowed down from the first quarter, in which the number of employees rose by 19, to the second quarter with an increase of 12 employees. One year ago, on 28 February 2011, there were 369 employees in the SinnerSchrader Group.

EMPLOYEE STRUCTURE ACCORDING TO AREAS
in number of full-time employees for H1 2011/2012



previous year = H1 2010/2011

On 29 February 2012, 331 employees worked in the Interactive Marketing segment, 34 worked in the Interactive Media segment, and another 34 employees worked in the Interactive Commerce segment. Furthermore, there were 32 employees in the holding company. Of the 431 employees, 14 were in training and 47 were working in the Group as students, interns or students writing their thesis.

After standardisation of part-time employment relationships and calculated as an average over the period of the report, in the first half of 2011/2012, SinnerSchrader had a personnel capacity of around 384 full-time employees. The capacity thus exceeded the comparable value of the previous year by 75 full-time employees. This corresponds to an increase in the number of employees of around 25 %, which means that it exceeds the net revenue growth rate. The real net output per employee thus fell slightly in comparison to the previous year.

The personnel capacity was spread as 297, 30, 29 and 28 full-time employees over the Interactive Marketing, Interactive Media and Interactive Commerce segments and the holding company, respectively.

Broken down according to areas of expertise, 103 full-time employees were assigned to consulting (including media planning), 181 to technology, 58 to creation, and 42 to administrative activities. In comparison to the previous year, capacity rose by 10, 42 and 14 full-time employees in consulting, technology and creation, respectively. A further 9 employees were added in the administrative area. The strong growth in the area of technology is related to the acquisitions carried out in 2011, which mainly brought technical employees into the Group.

05 RISKS AND OPPORTUNITIES

With respect to risk management at SinnerSchrader and the main risks and opportunities in particular, there were no major changes in the first half of 2011/2012 in comparison to the situation outlined in the 2010/2011 Annual Report. There are still no identifiable risks that could endanger the existence of the SinnerSchrader Group or SinnerSchrader AG.

06 MAJOR EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date, there were no major events expected to result in considerable impact on the asset, financial or income situation and that should be reported at this point.

07 OUTLOOK

With a growth rate of more than 27 % over the previous year and a seasonal decline that was only minor in comparison to the preceding first quarter, the second quarter of 2011/2012 supports the dynamism with which SinnerSchrader is currently successfully expanding its business volume.

This confirms the impression gained in the first quarter that revenue is growing better than forecast in the current financial year. It is pleasing that all of the segments experienced strong demand for their services in the first half of 2011/2012 and were able to effectively assert themselves over competitors in pitches. In some areas, this means that the targets for new customers for the financial year have already been achieved. Moreover, the general economic development in Germany and the specific development in the sector continue to give no cause for concern.

However, the quarter of the report also showed that the cost problems incurred in a major fixed-price project, with an impact on earnings in the mid six-digit range, were considerable and have not yet been fully offset with positive developments in other projects or units of the Group. On the contrary, the development in some business areas, for example in the area of mobile marketing and in the adserving business, require somewhat more patience in terms of profit development.

The project that had run into difficulties was successfully delivered to the customer a few days ago, subsequent to the end of the half-year of the report, so no more burdens are expected to result from this project in the future as per the current information. However, the possibility of being able to compensate for the negative impact on earnings with a view to the forecasts for the whole of the 2011/2012 financial year became far more uncertain during the course of the second quarter of 2011/2012.

It is highly probable that SinnerSchrader will clearly exceed its revenue forecast of € 35.5 million for the whole of the 2011/2012 financial year, on the basis of the figures for the first half of 2011/2012. It is equally possible that the earnings targets – EBITA amounting to € 3.25 million and net income of € 1.7 million – will still be achieved. This does, however, require that existing business initiatives are successfully concluded and that no other unexpected burdens occur. It is very likely that SinnerSchrader will exceed the previous year's figures, i.e. EBITA of € 2.6 million and net income of € 1.3 million, by far.

02

CONSOLIDATED QUARTERLY REPORT OF SINNERSCHRADER AG

CONSOLIDATED BALANCE SHEETS AS OF 29 FEBRUARY 2012

Assets in €	**29.02.2012**	31.08.2011
Current assets:		
Liquid funds	3,757,207	3,710,941
Marketable securities	1,504,205	2,031,999
Cash and cash equivalents	**5,261,412**	**5,742,940**
Accounts receivable, net of allowances for doubtful accounts of € 280,869 and € 277,607, respectively	6,272,592	7,925,784
Unbilled revenues	2,616,986	1,127,337
Tax receivables	75,205	75,205
Other current assets and prepaid expenses	254,741	652,916
Total current assets	**14,480,936**	**15,524,182**
Non-current assets:		
Goodwill	4,335,816	4,362,056
Other intangible assets	782,639	1,087,263
Property and equipment	1,182,546	1,123,929
Tax receivables	128,026	149,470
Total non-current assets	**6,429,027**	**6,722,718**
Total assets	**20,909,963**	**22,246,900**

Liabilities and shareholders' equity in €	**29.02.2012**	31.08.2011
Current liabilities:		
Trade accounts payable	2,710,943	2,572,823
Advance payments received	883,660	766,543
Accrued expenses	2,997,053	3,055,633
Tax liabilities	587,054	620,208
Other current liabilities and deferred income	504,711	1,290,946
Total current liabilities	**7,683,421**	**8,306,153**
Non-current liabilities:		
Financial liabilities	366,595	363,866
Deferred tax liabilities	481,443	374,057
Total non-current liabilities	**848,038**	**737,923**
Shareholders' equity:		
Subscribed capital		
Common stock, stated value € 1, issued: 11,542,764 and 11,542,764, outstanding: 11,210,969 and 11,269,013 at 29.02.2012 and 31.08.2011, respectively	11,542,764	11,542,764
Treasury stock, 331,795 and 273,751 at 29.02.2012 and 31.08.2011, respectively	-578,014	-452,131
Additional paid-in capital	3,669,974	3,669,974
Reserves for share-based compensation	191,791	171,187
Accumulated deficit (incl. revenue reserves)	-2,474,690	-1,749,646
Changes in shareholders' equity not affecting net income	26,679	20,676
Total shareholders' equity	**12,378,504**	**13,202,824**
Total liabilities and shareholders' equity	**20,909,963**	**22,246,900**

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

CONSOLIDATED STATEMENTS OF OPERATIONS
FROM 1 SEPTEMBER 2011 TO 29 FEBRUARY 2012

in €	Q2 2011/2012	Q2 2010/2011	H1 2011/2012	H1 2010/2011
Gross revenues	**10,667,673**	**8,753,087**	**21,482,495**	**17,947,575**
Media costs	-1,592,566	-1,617,559	-3,113,076	-3,126,878
Total revenues, net	**9,075,107**	**7,135,528**	**18,369,419**	**14,820,697**
Cost of revenues	-6,634,543	-4,987,520	-13,361,370	-9,899,286
Gross profit	**2,440,564**	**2,148,008**	**5,008,049**	**4,921,411**
Selling and marketing expenses	-893,406	-674,229	-1,858,289	-1,353,806
General and administrative expenses	-1,185,522	-1,003,551	-2,146,803	-1,923,039
Research and development expenses	-125,202	-109,351	-266,580	-200,674
Operating income	**236,434**	**360,877**	**736,377**	**1,443,892**
Other income	40,552	19,270	43,600	20,644
Other expenses	-16,943	-1,414	-17,298	-2,095
Financial income	17,657	25,541	32,732	56,936
Financial expenses	-2,862	-1,859	-6,964	-19,395
Remaining financial income	52,780	–	52,780	–
Income before provision for income tax	**327,619**	**402,415**	**841,497**	**1,499,982**
Income tax	-193,018	-162,746	-445,250	-498,329
Net income	**134,601**	**239,669**	**396,247**	**1,001,653**
Net income per share (basic)	0.01	0.02	0.04	0.09
Net income per share (diluted)	0.01	0.02	0.04	0.09
Weighted average shares outstanding (basic)	11,220,396	11,189,859	11,220,396	11,185,910
Weighted average shares outstanding (diluted)	11,220,396	11,223,969	11,237,160	11,203,009

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FROM 1 SEPTEMBER 2011 TO 29 FEBRUARY 2012

in €	**Q2 2011/2012**	Q2 2010/2011	**H1 2011/2012**	H1 2010/2011
Net income	**134,601**	**239,668**	**396,247**	**1,001,653**
Other comprehensive income				
Foreign currency translation adjustment	-2	-1	-18	14
Change in fair value of available-for-sale financial instruments	-5,295	2,716	8,891	5,509
Taxes on income recognised directly in shareholders' equity	1,709	-877	-2,870	-1,778
Changes in shareholders' equity not affecting net income	**-3,588**	**1,838**	**6,003**	**3,745**
Consolidated comprehensive income	**131,013**	**241,506**	**402,250**	**1,005,398**

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY FROM 1 SEPTEMBER 2011 TO 29 FEBRUARY 2012

in €	Number of shares outstanding	Common stock
Balance at 31.08.2010	**11,181,819**	**11,542,764**
Comprehensive income	–	–
Disbursed dividend	–	–
Deferred compensation	–	–
Re-issuance of treasury stock	8,200	–
Balance at 28.02.2011	**11,190**	**11,542,764**
Balance at 31.08.2011	**11,269,013**	**11,542,764**
Comprehensive income	–	–
Disbursed dividend	–	–
Deferred compensation	–	–
Purchase of treasury stock	-58,044	–
Balance at 29.02.2012	**11,210,969**	**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 share-holders' equity not affecting net income	Total shareholders' equity
-596,142	**-3,599,444**	**141,259**	**-2,132,749**	**21,129**	**12,575,705**
–	–	–	1,001,653	3,745	1,005,398
–	–	–	-895,202	–	-895,202
–	–	14,086	–	–	14,086
13,543	3,513	–	–	–	17,056
-582,599	**3,602,957**	**155,345**	**-2,026,298**	**24,874**	**12,717,043**
-452,131	**3,669,974**	**171,187**	**-1,749,646**	**20,676**	**13,202,824**
–	–	–	396,247	6,003	402,250
–	–	–	-1,121,291	–	-1,121,291
–	–	20,604	–	–	20,604
-125,883	–	–	–	–	-125,883
-578,014	**3,669,974**	**191,791**	**-2,474,690**	**26,679**	**12,378,504**

CONSOLIDATED STATEMENTS OF CASH FLOWS FROM 1 SEPTEMBER 2011 TO 29 FEBRUARY 2012

in €	**H1 2011/2012**	H1 2010/2011
Cash flows from operating activities:		
Net income	312,433	1,001,653
Adjustments to reconcile net income to net cash used in operating activities:		
Amortisation of intangible assets	312,433	247,711
Depreciation of property and equipment	323,471	274,174
Share-based compensation	20,604	14,086
Bad debt expenses	3,262	–
Gains/losses on the disposal of fixed assets	914	-119
Deferred tax provision	104,517	196,155
Changes in assets and liabilities:		
Accounts receivable	1,649,930	1,455,940
Unbilled revenues	-1,489,649	-1,226,391
Tax receivables	21,444	21,112
Other current assets	434,859	-201,604
Accounts payable, deferred revenues and other liabilities	-228,111	750,306
Tax liabilities	-33,154	-463,708
Other accrued expenses	-58,580	-109,313
Net cash provided by (used in) operating activities	**1,458,187**	**1,960,002**

in €	**H1 2011/2012**	H1 2010/2011
Cash flows from investing activities:		
Acquisition of subsidiary companies less acquired liquid funds	–	-311,689
Purchase price payments for acquisition of subsidiary companies in previous years	-273,917	-195,223
Purchase of property and equipment	-390,811	-368,759
Proceeds from sale of equipment	–	120
Additions of marketable securities	-500,000	-1,000,000
Proceeds from the disposal of marketable securities	1,000,000	500,000
Net cash provided by (used in) investing activities	**-164,728**	**-1,375,551**
Cash flows from financing activities:		
Payment to shareholders	-1,121,291	-895,202
Payment for treasury stock	-125,883	–
Incoming payment for treasury stock	–	17,056
Net cash provided by (used in) financing activities	**-1,247,174**	**-878,146**
Net effect of rate changes on cash and cash equivalents	-19	14
Net increase/decrease in cash and cash equivalents	**46,266**	**-293,681**
Cash and cash equivalents at beginning of period	3,710,941	2,246,227
Cash and cash equivalents at end of period	3,757,207	1,952,546
thereof back-up of bank guarantees	891,730	694,857
For information only, contained in cash flows from operating activities:		
Interest payment received	30,434	54,306
Paid interest	-3,525	-14,023

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

03

NOTES
OF SINNERSCHRADER AG

01 GENERAL FOUNDATIONS

The Consolidated Interim Financial Statements as of 29 February 2012 of SinnerSchrader Aktiengesellschaft (“SinnerSchrader AG” or “AG”) and its subsidiaries (“SinnerSchrader Group”, “SinnerSchrader”, or “Group”) for the first half and the second quarter of the 2011/2012 financial year from 1 September 2011 and 1 December 2011, respectively, to 29 February 2012 were prepared according to the International Financial Reporting Standards (“IFRS”) of the International Accounting Standards Board (“IASB”) in force on the report date, taking account of the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and in compliance with the standard for interim financial reports specified by DRS 16 of the German Accounting Standards. They were not subject to auditing and should be read in conjunction with the Consolidated Financial Statements of SinnerSchrader AG as of 31 August 2011.

The accounting, valuation, and consolidation principles of the Quarterly Report at hand are unchanged from the Group’s Consolidated Financial Statements as of 31 August 2011. They are disclosed and explained in the Group’s Consolidated Financial Statements as of 31 August 2011, which are published in the 2010/2011 Annual Report.

02 CONSOLIDATION GROUP

The consolidation group as of 29 February 2012 had not changed in comparison to 31 August 2011 and consisted of SinnerSchrader AG as well as the following direct and indirect subsidiaries of the AG, each of which is fully consolidated:

1. SinnerSchrader Deutschland GmbH, Hamburg, Germany
2. spot-media AG, Hamburg, Germany
3. spot-media consulting GmbH, Hamburg, Germany
4. newtention technologies GmbH, Hamburg, 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, the Netherlands

In the comparable period of the 2010/2011 financial year, SinnerSchrader Mobile GmbH in Berlin (until 17 May 2011: TIC-mobile GmbH) was not yet part of the consolidation group, and some of the other companies were only included in part in this consolidation group.

The business operations of spot-media consulting GmbH in Berlin (until 1 January 2011: Maris Consulting GmbH) and next commerce GmbH in Hanover (until 1 February 2011: Visions new media GmbH) did not contribute to the revenue and profits for the full period of the report in the comparable period up to 28 February 2011.

Assuming that SinnerSchrader Mobile GmbH and the Berlin business operations of spot-media consulting GmbH were already part of the Group in the first half of 2010/2011, Table 1 shows the comparison of the key operating figures of the reporting period over the previous year:

Table 1 | Previous year comparative figures pro forma in € 000s

	H1 2011/2012	H1 2010/2011 pro forma
Gross revenues	21,482	18,838
Total revenues, net	18,369	15,711
EBITA	1,075	1,558

Key data for the period from 1 September 2010 to the time of purchase on 1 February 2011 could not be determined for the business operations of next commerce GmbH in Hanover because of the insolvency of Visions new media GmbH.

spot-media Group

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

The final purchase price tranche for each of the two earn-out agreements, in the amount of € 160,000 and € 114,000 respectively, was paid in the second quarter of 2011/2012.

The purchase price adjustments had to be handled differently due to the dates of acquisition of the units in 2008 and 2011. The old version of IFRS Standard 3 is to be applied for company mergers concluded in the period up to the 2009/2010 financial year, while the revised IFRS 3 standard published on 10 January 2008 is to be applied for company mergers concluded after this period.

This resulted in a € 26,000 reduction in the goodwill allocated to this group, following the adjustment of the purchase price for spot-media AG. On the other hand, the adjustment to the purchase price for the takeover of the business operations of Maris Consulting GmbH was to be recognised in the profit, and earnings in the amount of € 53,000 reported as other financial income.

03 SEGMENT REPORTING

SinnerSchrader still breaks down its business into the three business segments Interactive Marketing, Interactive Media, and Interactive Commerce. The Interactive Marketing segment is formed by SinnerSchrader Deutschland GmbH as well as the spot-media Group and SinnerSchrader Mobile GmbH. mediaby GmbH and the newtention Group are brought together in the Interactive Media segment. next commerce GmbH forms the Interactive Commerce segment.

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

Table 2a shows the segment information for the first half of the 2011/2012 financial year, whereas the comparative data of the previous year can be seen in Table 2b:

Table 2a | Segment information for the first half of 2011/2012 in € and number

01.09.2011–29.02.2012	Interactive Marketing	Interactive Media	Interactive Commerce	Sum segments	Holding/ consolidation	Group
External revenues	15,677,335	4,572,005	1,233,155	21,482,495	–	21,482,495
Internal revenues	110,605	94,105	–	204,710	-204,710	–
Gross revenues	15,787,940	4,666,110	1,233,155	21,687,205	-204,710	21,482,495
Media costs	–	-3,113,076	–	-3,113,076	–	-3,113,076
Total revenues, net	**15,787,940**	**1,553,034**	**1,233,155**	**18,574,129**	**-204,710**	**18,369,419**
Segment income (EBITA)	**1,540,486**	**49,338**	**-34,407**	**1,555,417**	**-480,305**	**1,075,112**
Employees, end of period	331	34	34	399	32	431

Table 2b | Segment information for the first half of 2010/2011 in € and number

01.09.2010–28.02.2011	Interactive Marketing	Interactive Media	Interactive Commerce	Sum segments	Holding/ consolidation	Group
External revenues	12,930,503	2,396,133	341,469	9,194,488	–	9,194,488
Internal revenues	240,471	27,520	–	170,207	-170,207	–
Gross revenues	13,170,974	2,423,653	341,469	9,364,695	-170,207	9,194,488
Media costs	–	-1,509,319	–	-1,509,319	–	-1,509,319
Total revenues, net	**13,170,974**	**914,334**	**341,469**	**7,855,376**	**-170,207**	**7,685,169**
Segment income (EBITA)	**2,021,829**	**370,248**	**-116,925**	**1,374,723**	**-171,724**	**1,202,999**
Employees, end of period	287	23	28	338	31	369

Table 2c explains the transfer of the total of the segment earnings to the pre-tax earnings of the Group for the period from 1 September 2011 to 29 February 2012 and for the comparative period of the previous year:

Table 2c | Reconciliation of segment income to income before taxes of the Group in €

	H1 2011/2012	H1 2010/2011
Segment income (EBITA) all reporting segments	1,555,417	1,946,650
Central costs not passed on to segments	-480,305	-236,498
EBITA of the Group	1,075,112	1,710,152
Amortisation of intangible assets from first consolidation	-312,433	-247,711
Financial income of the Group	78,818	37,541
Income before taxes of the Group	841,497	1,499,982

SinnerSchrader revenues were all earned by Group companies based in Germany.

04 BREAKDOWN OF EXPENSES ACCORDING TO THE TOTAL COST METHOD

The total revenues, marketing, administrative, and research and development costs in the first half of the 2011/2012 and 2010/2011 financial years were broken down according to cost types, as shown in Table 3:

Table 3 | Operating costs by cost type in €

	H1 2011/2012	H1 2010/2011
Personnel expenses	11,611,186	8,987,816
Costs of materials	237,573	109,766
Costs of services	2,533,946	1,739,384
Depreciation of property and equipment, as far as not from first consolidation	323,471	274,174
Other operating expenses	2,614,433	2,017,954
Amortisation of intangible assets from first consolidation	312,433	247,711
Total	**17,633,042**	**13,376,805**

05 TAXES FROM INCOME AND FROM EARNINGS

The taxes reported in the Statements of Operations from income and from earnings are made up of current and deferred components, as shown in Table 4:

Table 4 | Income tax in €

	H1 2011/2012	H1 2010/2011
Current	340,733	384,806
Deferred	104,517	113,523
Total	**445,250**	**498,329**

In the first half of the 2011/2012 financial year, current taxes in the amount of around € 341,000 were incurred (previous year: € 385,000). Deferred taxes were to be formed according to IAS 12 in the amount of around € 105,000 due to temporary differences between the book values in the Consolidated Balance Sheets and the tax assumptions in the Statement of Operations. In the first half of the previous year, deferred taxes amounted to around € 114,000.

06 SECURITIES

As of 29 February 2012, the total of securities fell by € 528,000 in comparison to 31 August 2011. It was still made up of corporate loans and bearer bonds of solvent companies and banks with good credit ratings (investment grade) with remaining terms to the balance sheet date of 5 to 24 months.

The securities can be sold at any time and are used to cover the short-term finance needs. In agreement with IAS 39, SinnerSchrader has qualified these securities as "available for sale" and thus evaluated them at their market value. 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 recorded in the Consolidated Statements of Comprehensive Income in the item "Changes in shareholders' equity not affecting net income", taking account of the taxes due on them.

Table 5 shows the total of securities and the unrealised profits and losses accounted for by them due to the market valuation as of 29 February 2012 and the distribution of the time to maturity:

Table 5 | Marketable securities in €

Remaining term as of 29.02.2012	Acquisition cost	Amortisation of acquisition cost	Unrealised gains	Unrealised losses	Book value as of 29.02.2012	Book value as of 31.08.2011
Less than 1 year	1,000,000	1,845	2,360	–	1,004,205	1,016,470
1 to 5 years	500,000	–	–	–	–	1,015,529
Marketable securities, total	**1,500,000**	**1,845**	**2,360**	**–**	**1,504,205**	**2,031,999**

07 FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

The contingencies and other financial obligations as of 29 February 2012 were largely unchanged compared to the Consolidated Financial Statements as of 31 August 2011.

08 TREASURY STOCK

As of 29 February 2012, the treasury stock of SinnerSchrader AG amounted to 331,795 shares with a calculated face value of € 331,795, representing 2.87 % of the share capital. As of 31 August 2011, SinnerSchrader AG held 273,751 shares of treasury stock representing 2.37 % of the share capital. In the first half of the 2011/2012 financial year, 58,044 shares of treasury stock were acquired for an average of € 2.17 per share.

The purchase price of the 331,795 shares of treasury stock held by SinnerSchrader AG as of 29 February 2012 was posted in the Balance Sheet at € 578,014, or an average of € 1.74 per share.

09 STOCK OPTION PLANS

With resolutions of the Annual General Meetings of December 2000 and January 2007, SinnerSchrader AG created the SinnerSchrader Stock Option Plan 2000 and the SinnerSchrader Stock Option Plan 2007, along with the necessary conditional capital of € 375,000 and € 600,000, respectively. Detailed information on these stock option plans can be found in the Notes to the Consolidated Financial Statements as of 31 August 2011.

In the first half of the 2011/2012 financial year, 135,000 share options from the Stock Option Plan 2007 were newly allocated at an average exercise price of € 2.22. In the first half of the 2011/2012 financial year, 30,167 share options from the Stock Option Plan 2000 expired at an average exercise price of € 2.08.

As of 29 February 2012, 545,000 employee options from the Stock Option Plan 2007 were still outstanding with a weighted average exercise price of € 1.95. These employee options were assigned to members of the Management Board of the parent company and to members of the management of subsidiaries.

Table 6a shows the parameters used to assess the newly allocated options in the 2011/2012 financial year on the basis of a binomial model according to Cox/Ross/Rubenstein:

Table 6a | Parameters for valuation of stock options at the date of issue

	H1 2011/2012
Expected life of option	3.5–5.5 years
Risk-free interest rate	1.60 %
Expected dividend yield	5 %
Expected volatility	36 – 38 %
Exercise price	€ 2.22
Price at valuation date	€ 2.15

Table 6b shows the changes in the number of options outstanding from the 2007 Plan in the first half of the 2011/2012 financial year:

Table 6b | Outstanding stock options in number and €

	Number of options	Weighted average exercise price
Outstanding at 31 August 2011	**400,167**	**1.87**
Granted	135,000	2.22
Exercised	–	–
Cancelled	–	–
Expired	-30,167	2.08
Outstanding at 29 February 2012	**545,000**	**1.95**

IFRS 2 prescribes income-affecting entry in the balance sheet of costs resulting from the issue of employee options on the basis of the current value. 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. In the first half of the 2011/2012 financial year, the costs to be taken into account amounted to € 10,604, compared to € 14,086 in the comparable period of 2010/2011.

10 DIVIDEND

On 15 December 2011, the Annual General Meeting of SinnerSchrader AG decided, on the proposal of the Management Board and the Supervisory Board, to pay a dividend in the amount of € 0.10 per share from the balance sheet profit of the Annual Report as of 31 August 2011. Accordingly, on 16 December 2011 a sum in the amount of € 1,121,291 was paid out to the shareholders; the liquid funds and the shareholders' equity were reduced by this amount.

11 RELATED PARTY TRANSACTIONS

In the first half of the 2011/2012 and 2010/2011 financial years, SinnerSchrader earned revenues in the amount of € 2,027,962 and € 2,090,068, respectively, with companies in which members of the SinnerSchrader Supervisory Board held positions relevant to decision-making.

In April 2011, SinnerSchrader AG granted CEO Matthias Schrader a short-term loan in the amount of € 100,000. Interest on the loan was charged at standard market rates and the loan had to be paid back by 31 December 2011. As security, Mr Schrader assigned all his dividend claims from the shares he holds in SinnerSchrader AG and his claims to variable pay including fees. The loan was repaid on 30 December 2011.

12 MAJOR EVENTS AFTER THE BALANCE SHEET DATE

There were no major events after the balance sheet date that should be reported.

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

The following Table 7 shows the number of shares and subscription rights to shares of SinnerSchrader AG held by Board members of SinnerSchrader AG as of 31 August 2011 and their changes in the first half of the 2011/2012 financial year:

Table 7 | Shares and options of the Board members in number

Shares	31.08.2011	Additions	Disposals	**29.02.2012**
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	**29.02.2012**
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**

14 RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the Quarterly Financial Report of the SinnerSchrader Group gives a true and fair view of the asset, financial, and income situation of the Group, and the Interim 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 principle opportunities and risks associated with the expected development of the Group.

Hamburg, 11 April 2012
The Management Board

Matthias Schrader | Thomas Dyckhoff

EVENTS & CONTACT INFORMATION

Financial Calendar 2011/2012

3rd Quarterly Report 2011/2012 (March 2012–May 2012)	12 July 2012
Announcement of preliminary figures for the 2011/2012 financial year	October 2012
Annual Report 2011/2012	November 2012
Annual General Meeting 2011/2012	December 2012

Conference Calendar 2011/2012

NEXT Berlin 2012 For more information please visit our conference website at www.nextberlin.eu.	8–9 May 2012
JSConf EU 2012	October 2012

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

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