sinnerschrader

Annual Report **2010 | 2011**

SinnerSchrader Share Price Performance 2010/2011 (index-linked)
Xetra closing prices in % +/– compared to price on 31.08.2010 (= 100 %)

Key figures of the SinnerSchrader Group

		2010/2011	2009/2010	Change
Net revenues	€ 000s	30,909	23,935	+29 %
EBITA	€ 000s	2,612	2,185	+20 %
Relation of the EBITA to net revenues (Operating margin)	%	8.5	9.1	-7 %
Net income attributable to the shareholders of SinnerSchrader AG	€ 000s	1,278	1,103	+16 %
Net income per share	€	0.11	0.10	+16 %
Cash flows from operating activities	€ 000s	450	2,343	-81 %
Employees, full-time equivalents	number	335	271	+24 %
		31.08.2011	31.08.2010	
Liquid funds and securities	€ 000s	5,743	8,290	-31 %
Shareholders' equity	€ 000s	13,202	12,576	+5 %
Shareholders' equity rate	%	59	60	-2 %
Employees, end of period	number	400	305	+31 %

5

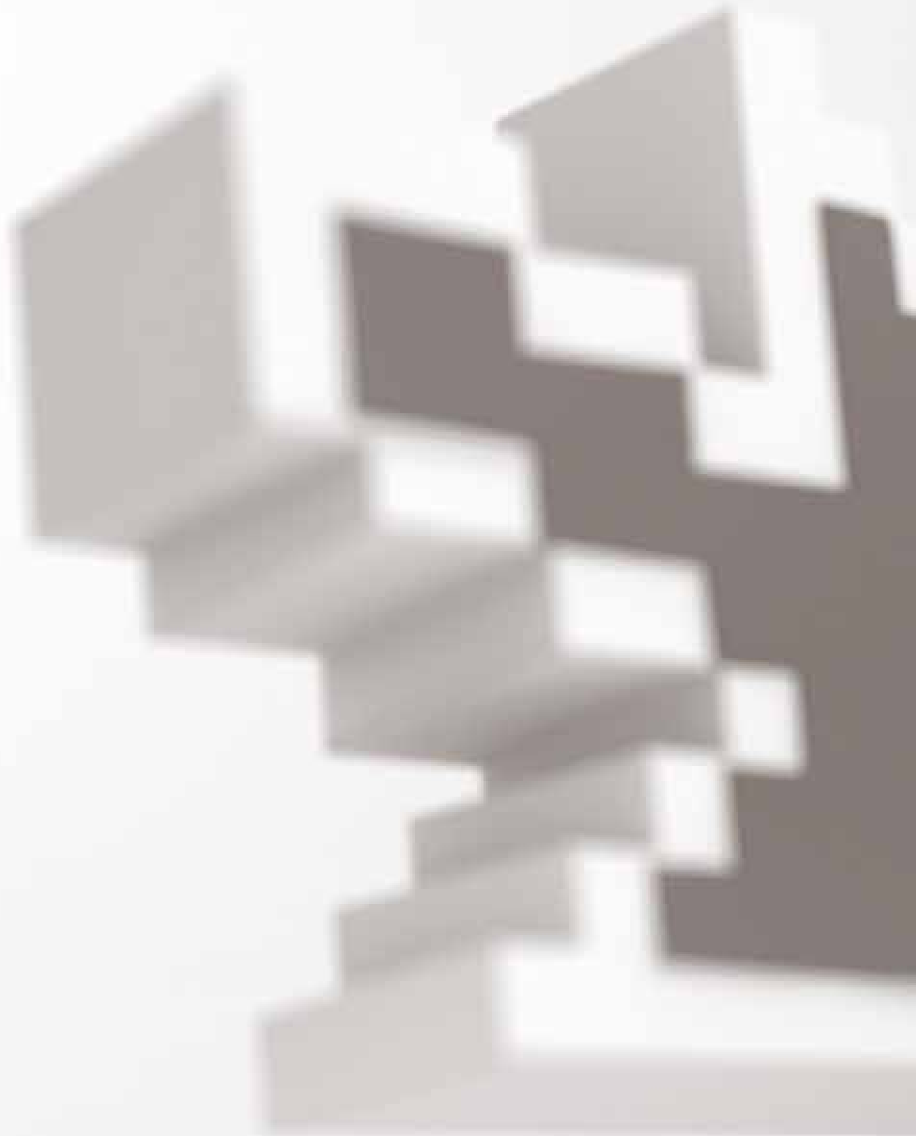
REASONS
WHY WE ARE A
LEAD AGENCY

01

. . . BECAUSE TODAY SUCCESSFUL MARKETING IS DIGITAL MARKETING –

also in sectors that were previously more offline-oriented, such as the luxury goods, insurance, food, and consumer goods sectors. We have answers to the questions of those responsible for the brands, because anyone who uses the web is using SinnerSchrader platforms, where our customers have generated more than two billion euros in sales in 2011.


amazon
g+



02

...BECAUSE ADVER-TISING ALONE NO LONGER SELLS PRODUCTS.

Today's consumers are well-informed and take responsibility. Manufacturers and brands may not rely on communication alone. They need to employ all of the four classic marketing Ps: Promotion, Price, Place and Product. This is where digitisation creates new possibilities for differentiation. Thanks to millions of digital contacts every day, we at SinnerSchrader know consumers' needs. This is our analytical basis for concrete recommendations for action.

03

...BECAUSE DIGITAL IS NOT SOMETHING WE HAVE HAD TO LEARN.

Our DNA is digital – our work interdisciplinary. Half of the SinnerSchrader experts are software developers who form integrated teams together with creatives and consultants. Our maxim is: one project, one team, one room. This is how we make brands and companies successful.

04

...BECAUSE WE HAVE CONSISTENTLY EXPANDED OUR RANGE OF SERVICES.

Constantly learning new things, improving what already exists – this is our ambition. We have strengthened our media and ad-serving expertise and, at the same time, developed whole new services. SinnerSchrader, which now includes the creative agency Haasenstein (founded in 2011), and SinnerSchrader Mobile in Berlin.


Fast 50

05

...BECAUSE WE AREN'T STANDING STILL, BUT ARE GROWING SUSTAINABLY.

SinnerSchrader is one of the biggest digital agencies in Europe (Forrester Research 2011). 400 talented individuals now work at the Hamburg, Frankfurt am Main, Berlin, and Hanover sites. This is 100 more than just one year ago. In the last five years, net revenue has grown by more than 130 per cent. Not for nothing is SinnerSchrader this year's winner of the Fast 50 Sustained Excellence Award presented by Deloitte.

01

Dear Shareholders,

2010/2011 was a good year for SinnerSchrader! In the fifteenth financial year since the company was founded in 1996 we have progressed more quickly than we ourselves believed possible. Realisation of our vision “Lead agency for the digital age” has come much closer.

With growth of € 7 million or 29.1 % in comparison to the previous year, in the 2010/2011 financial year SinnerSchrader’s turnover passed the € 30 million threshold. At the end of the reporting period, SinnerSchrader employed 400 people, almost 100 more than one year earlier.

In the five financial years from 2006/2007 – the year in which SinnerSchrader formulated its lead ambition on the threshold of the digital marketing breakthrough – to 2010/2011, SinnerSchrader increased the net revenue by an average 18.6 % every year, the operating result (EBITA) by 34.2 % and the personnel capacity by 21.1 %.

This development was recognised in SinnerSchrader being presented with the “Sustained Excellence Award” in this year’s “Technology Fast 50” competition organised by Deloitte. It also brought SinnerSchrader a mention for the first time in the Top Ten large European digital agencies in this year’s “European Interactive Agencies Report” by Forrester Research, one of the leading international technology and market research companies. In the 2011 Internet agency ranking by the German Association for the Digital Economy (BVDW) related to the German market, SinnerSchrader climbed from seventh position last year to fourth place.

For 2010/2011 we had set ourselves the goal of seizing any opportunities for growth in our regular business that presented themselves. We did exactly that: Most of the growth in revenue, € 5.7 million or 23.9 percentage points, was earned organically through the expansion of existing customer relations and the acquisition of new customers.

Since the start of 2010, SinnerSchrader has been experiencing high demand in the Interactive Marketing segment in particular, and has been able to convert a good proportion of this into orders from new customers. These new customer relations in the Interactive Marketing segment alone resulted in additional revenue of € 5.4 million in the 2010/2011 financial year, € 2.3 million of which was from companies with which SinnerSchrader conducted business for the first time in the year of the report. Moreover, some of the customers acquired in the last two years come from sectors for which SinnerSchrader has

hardly worked in the past, including the luxury goods sectors, insurance companies and food retailers.

Three findings can be derived from this development:

Firstly: The development towards digital marketing is triggering pressure for action in all sectors, including sectors that have previously been cautious and reticent with regard to the scope offered by the Internet. Facing up to these challenges means concerning oneself with digital customers and approaching marketing anew from this perspective. SinnerSchrader is held in high regard because of its fifteen years of experience in setting up and operating large digital platforms and because of the associated observation of millions of digital customers and analysis of their behaviour.

Secondly: Digital marketing is not limited to digital communication. On the contrary, the technical capabilities require an integrated approach to all facets of marketing. Above and beyond communication, this entails designing the product and enhancing it with additional services, designing and shaping the purchasing experience in all of its phases and price positioning. SinnerSchrader's approach is not primarily based on a heritage in communication, but derived from a focus on e-commerce that has been continually developed since the company's founding. SinnerSchrader is therefore an interesting agency partner for all those who see digital marketing as much more than an extension of previous classic communication and advertising.

Thirdly: Only someone who productively brings together the requisite strategic, analytical, creative and technical disciplines in one organisation can master this vision of digital marketing. Innovation in digital marketing comes from intensive, prejudice-free cooperation, especially at the interface of the disciplines. This "digital DNA" has been ingrained in SinnerSchrader from the very start.

For 2010/2011 we had also aimed to further expand SinnerSchrader's portfolio of services. The background to this aim was and is the conviction that SinnerSchrader has to offer a broad-based service portfolio to do justice to the demands made on a lead agency: “advancing its clients’ marketing and business strategies through the interaction of communication and technology” (Forrester Research, 2009). SinnerSchrader achieved a great deal with respect to that aim in the year of the report.

SinnerSchrader set up its own creative agency under the “Haasenstein” brand – named after the first German advertising agency, founded by Ferdinand Haasenstein in 1855 in Altona, not far from SinnerSchrader’s offices today. By founding Haasenstein, we began to develop a profile and visibility in the field of brand communication following our own approach and to strengthen our campaign-oriented business.

By taking over TIC-mobile GmbH and renaming it SinnerSchrader Mobile GmbH, SinnerSchrader has created a platform for setting up an agency that will participate in the expected growth in mobile apps and mobile marketing.

Within the spot-media agency, a dedicated e-dialogue unit has been set up that will bundle the email marketing expertise within the group and, in interaction with the other fields of expertise in the group, especially the targeting technology of newtention, will expand revenue in this sector.

In the Interactive Media segment, SinnerSchrader has launched a retargeting network under the “mementoo” brand, by means of which advertisers and media agencies can include in their campaign mix the leading targeting and retargeting technology developed and operated in this segment by newtention.

Finally, the takeover of the business operations of Visions new media GmbH has strengthened the Interactive Commerce segment with an expertise cluster for the development of e-shops based on Magento technology. In that cluster it is working on developing a direct-to-consumer platform for the more efficient establishment of online shops.

These measures and the initiatives of the last two years constituted a considerable burden for SinnerSchrader’s results, also in the year of the report. The start-up costs and losses amounting to € 1.5 million were reflected in the operating results (EBITA), which would have been € 4.1 million without these costs. Added to this are € 0.6 million in scheduled amortisation for intangible assets acquired with purchases, such as customer relations and software developed by the company itself.

In view of the broad service portfolio, which now covers practically all of the aspects of digital marketing, and organic business growth, we are now in a position to take the leading role on the agency desk for our customers. And this is increasingly being expected of us. In our view, this contains great potential for further expanding revenue and profits in the next five years.

Realising this potential will depend on developing each unit and making it successful on a unit-by-unit basis. But above and beyond this, we also see considerable opportunities in the organic interlinking of individual components and in the interaction of the whole group on the market.

The success of SinnerSchrader in the 2010/2011 financial year cannot be completely separated from the very positive economic background in this period. On the other hand, the group's development during the first financial crisis in the 2008/2009 financial year showed that the fundamental change in marketing as the key engine of growth for SinnerSchrader does not depend on the economic conditions. We are also experiencing this in the current second wave of the financial crisis: we cannot see any decline in high demand. However, negative scenarios for the future general economic development in Germany and Europe are currently being discussed in public and by experts; if these scenarios became reality they would have considerable consequences for the development of SinnerSchrader.

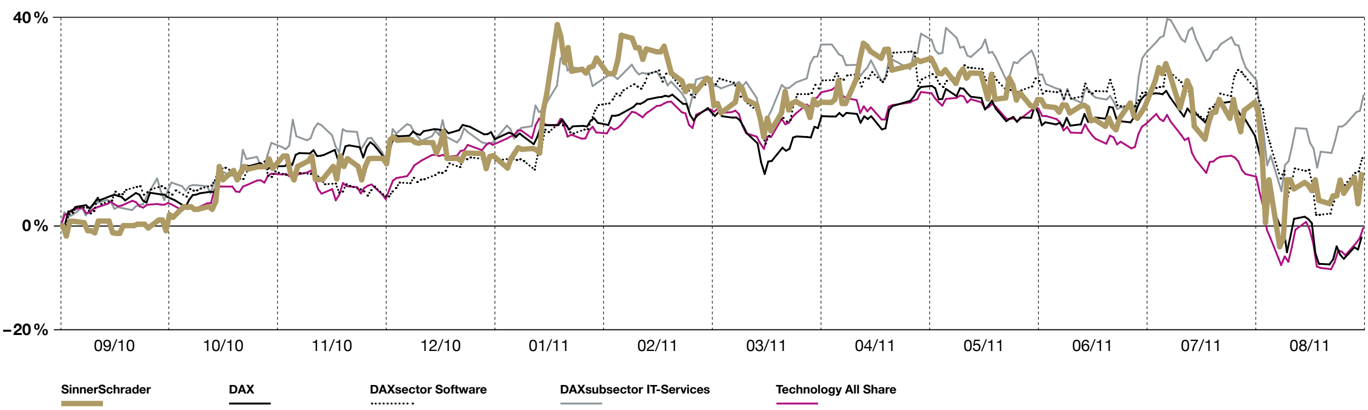
However, if these scenarios do not materialise, we are expecting good growth dynamism and profits for the current 2011/2012 financial year. For net revenue we are forecasting growth of around 15 % to € 35.5 million, for the operating results we are planning a rise of 25 % to € 3.25 million and we want to improve net income even more by 33 % to € 1.7 million.

Against this background, the Management Board and Supervisory Board have proposed to the Annual General Meeting to be held on 15 December 2011 a 25 % rise in the dividend payment, from € 0.08 in the previous year to € 0.10. We want to involve you, our shareholders, in a positive profit development in future too.

Hamburg, November 2011

The Management Board

SINNERSCHRADER SHARE PRICE PERFORMANCE 2010/2011 (INDEX-LINKED)
XETRA CLOSING PRICES IN % +/– COMPARED TO PRICE ON 31.08.2010 (= 100 %)

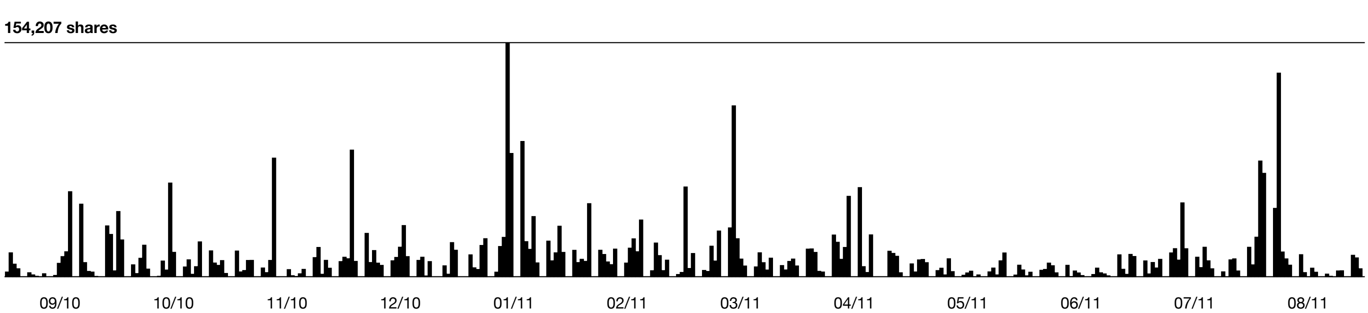


SHARE PRICE PERFORMANCE DATA 2009/2010[1)]

Price on 31.08.2010	€1.93	In % of price on 31.08.2010	+14.0 %
Price on 31.08.2011	€2.12	Peak price	€2.75
Price performance in 2010/2011	€0.19	Lowest price	€1.80
In % of price on 31.08.2010	+9.8 %	Shares outstanding as at 31.08.2011	11,269,013
Dividend on 17.12.2010	€0.08	Market capitalisation as at 31.08.2011	€23.9 million
Total performance in 2010/2011	€0.27		

[1)] In relation to Xetra prices

SINNERSCHRADER SHARE SALES VOLUME 2010/2011
IN 000S IN ALL RELEVANT STOCK EXCHANGES



VOLUME DATA FOR 2010/2011[1)]

Average volume per day in number of shares	15,363
Average volume per day in €	€ 34,898
Peak daily volume in number of shares	154,207
Peak daily volume in €	€362,386

[1)] In all relevant stock exchanges

THE SHARE 514190

STOCK MARKET

For practically all of the 2010/2011 SinnerSchrader financial year, the German stock market measured in terms of the DAX, Germany's leading share index, was on an upward trend. From the lowest DAX index level of the first banking and financial crisis of 3,588,89 points in early 2009, the development seemed to lead in the direction of the highest level of over 8,000 points achieved before the crisis in mid-2007. Only the serious earthquake in Japan on 11 March 2011 put a temporary stop to this upward trend and within a few days caused a price collapse of a good 900 index points to 6,513,84 points on 16 March 2011. However, one and a half months later the DAX was already above the level of before the natural disaster in Japan and reached 7,527.64 points on 2 May 2011.

What was initially seen only as an interim highest level against the backdrop of the good economic development in Germany proved to be a value that was not exceeded by 31 August 2011 because of the uncertainty about the debt problems of European countries that emerged in the spring. On the contrary, after moving through a phase of ups and downs in a spectrum between 7,000 and 7,500 index points until the end of July 2011, the DAX slumped to a level of 5,500 points within a very short time from 1 August 2011. The question of how state debt problems in the Eurozone can be solved in view of the relevant necessary political processes within the European Union and of what possible solutions would have on European banks and, consequently, on the economy as a whole also caused the Deutsche Börse (German stock exchange) to fall heavily. Weak economic data for the second calendar quarter of 2011, which only grew by 0.1 % over the previous quarter according to the information of the Federal Statistical Office of the time, did the rest.

Overall, the leading German share index thus underwent a slight negative development from 31 August 2010 to 31 August 2011: The DAX fell by 2.4 % from 5,925.22 points to a final level of 5,784.85 and was thus further away from the pre-crisis closing levels of 6,422.30 points on 29 August 2008 and 7,638.17 points on 31 August 2007.

The other general market indices – CDAX, Prime All Share, and Technology All Share – underwent a similar development, reaching their highest levels in the spring of 2011 followed by a collapse in August 2011, which caused the indices to ultimately fall slightly below their closing levels of 31 August 2010.

In contrast to this, the sector indices in which the SinnerSchrader share and other digital agencies quoted on the stock market are listed – the DAXsubsector IT-Services and the DAXsector Software – improved slightly over 31 August 2010, in spite of a setback in August 2011. The DAXsector Software index rose by 13.0 % and the DAXsub-sector IT-Services index even rose by more than 25 %. On 31 August 2011 both indices were well above their level of 31 August 2008 shortly before the first banking and financial crisis. The DAXsubsector IT-Services index stands out with a growth rate of 84.4 %; the broader Software sector index managed a rise of 11.2 %.

Key figures of the share	
German Securities Code no. (WKN)	514190
ISIN	DE00005141907
Symbol	SZZ
Reuters symbol	SZZG.DE
Bloomberg symbol	SZZ.GR
Segment	Regulated market/Prime Standard
Stock exchanges	Xetra, Frankfurt am Main, Hamburg, Stuttgart, Munich, Düsseldorf, Berlin
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	11,269,013

SINNERSCHRADER SHARE

Like the two IT-related sector indices, the SinnerSchrader share underwent a positive development in the 2010/2011 financial year and rose by € 0.19 or 9.8 %, from € 1.93 per share to € 2.12 per share, with respect to the closing prices in Xetra trading on 31 August 2010 and 31 August 2011.

This means that the SinnerSchrader share ultimately proved itself to be more than crisis-resistant, although the share price in the early days of August 2011 did suffer greatly and bottomed out at an Xetra closing price of € 1.85 per share. Against the background of the strong business dynamics in the 2010/2011 financial year and the unchanging intact development of the fundamental factors that indicate further growth in the importance of digital agencies within the agency landscape, the share quickly gained ground to reach a level of € 2.10 per share.

SinnerSchrader achieved the highest closing price in January 2011 at € 2.68 per share a few days after the announcement of the figures for the first financial quarter of 2010/2011. The figures gave rise to the expectation that SinnerSchrader would raise its revenue and profit forecast in the course of the financial year. On the basis of the decision to use the scope for profits gained to expand the service portfolio, in the second quarterly report in April 2011 SinnerSchrader only raised the revenue forecast, but not the profit forecast. In combination with the increased tying up of liquid funds due to the growth strategy, this resulted in a certain cooling off of interest in the SinnerSchrader share.

This can be seen in the average daily trading volume, which was 16,953 shares per trading day over the first half of the 2010/2011 year, falling to 13,707 per trading day in the second half of 2010/2011. Calculated over the whole year, the average daily trading volume was 15,363 with a euro equivalent value of € 34,898 and was thus at a good level. On 14 trading days, the trading volume of the SinnerSchrader share was more than 50,000 shares; on a quarter of the trading days, more than 17,000 shares were traded.

If we include the dividend payment of € 0.08 per share on 17 December 2010 in the performance consideration of the share, assuming that the dividend is reinvested on the dividend payment day at the Xetra closing price on that day, the SinnerSchrader share performed at 13.9 % in the 2010/2011 financial year. This means that the performance of the SinnerSchrader share exceeded that of the software sector index and was also far better than the development of the market in general. In a peer comparison with other digital agencies listed on the stock exchange, such as Syzygy AG or Pixelpark AG, which developed more in line with the broader market indices, SinnerSchrader also performed well. However, the SinnerSchrader share was not able to keep up with the index for the IT services sector.

The development in the period since 31 August 2008 is comparable: The performance of the SinnerSchrader share of 45.8 % was exceeded only by the IT services subsector index.

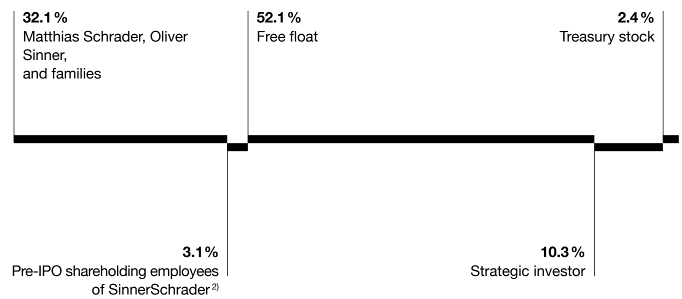
SHAREHOLDER STRUCTURE

To the best of the Company's knowledge, the shareholder structure of SinnerSchrader AG remained stable in the 2010/2011 financial year. SinnerSchrader AG received no mandatory notifications pursuant to Article 21 of the German Securities Trading Act in 2010/2011. Due to the use of treasury stock, SinnerSchrader AG itself had to report that it had fallen below the 3 % threshold.

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 47.9 % as of 31 August 2011.

In comparison to the balance sheet date of the previous year, the proportion of treasury stock held by SinnerSchrader AG fell from 3.1 % to 2.4 % on 31 August 2011.

SHAREHOLDER STRUCTURE
ON 31 AUGUST 2011[1)]



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

INVESTOR RELATIONS

SinnerSchrader AG continued its investor relations work in the 2010/2011 financial year as usual. 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.

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, and all German companies listed on the stock exchange must declare their compliance with these principles each year. Since it was created, the Code has been regularly modified on the basis of current findings and requirements. There was no adjustment to the Code in 2011, meaning that the current version still dates from 26 May 2010.

DECLARATION OF COMPLIANCE

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

On 27 December 2010, the Supervisory Board and Management Board of SinnerSchrader AG submitted the declaration of compliance based on the version of the German Corporate Governance Code from 26 May 2010 in accordance with Article 161 of the German Stock Corporation Act. Its wording is printed at the end of these comments on Corporate Governance and is permanently available to all shareholders and interested parties on the www.sinnerschrader.ag website under “Corporate Governance” together with the Code in its current version. The declaration confirms that, with just a few exceptions, SinnerSchrader complied with the recommendations of the German Corporate Governance Code.

In December 2011 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.

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 2010/2011 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 2010/2011 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 50 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 pages 128 and 129 of this Annual Report.

The current stock option plans are also explained there and in the Notes to the Consolidated Financial Statements.

In the 2010/2011 financial year, the Supervisory Board agreed with the Management Board to make changes to the compensation agreement with effect from 1 January 2011. According to this, a variable compensation component has been introduced and specified for a medium-term period of three years, as a result of which Mr Schrader will now also receive variable compensation comprising a percentage of the net income and target-based compensation on the basis of annual and three-yearly figures.

Furthermore, in May 2011 Mr Schrader was granted a short-term secured loan in the amount of € 100,000, with dividend entitlements and entitlements to variable compensation, which is to be repaid by 31 December 2011 plus 5 % interest.

SHARES HELD BY BOARD MEMBERS

An overview on page 134 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 2011 as well as any changes to these in the 2010/2011 financial year. As of 31 August 2011, 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 2011.

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 2010/2011 financial year SinnerSchrader AG did not receive any notifications of this kind from third parties. It was merely required to notify that it had fallen below the 3 % threshold itself due to the use of some of its treasury stock.

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 16 December 2010.

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 16 December 2009, SinnerSchrader AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version of 18 June 2009 and, since its entry into force on 2 July 2010, the applicable version of the Code from 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:
Variable compensation components and share options have been waived in the compensation package of Mr Matthias Schrader, CEO of SinnerSchrader AG, due to Mr Schrader's high proportion of shares in the Company.

Section 4.2.3:
The share options awarded to other Management Board members originate from the 2007 Stock Option Plans 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.

Hamburg, 27 December 2010
SinnerSchrader Aktiengesellschaft

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

REPORT OF THE SUPERVISORY BOARD FOR THE 2010/2011 FINANCIAL YEAR

The Supervisory Board has once again intensively followed the business development of SinnerSchrader Aktiengesellschaft and its subsidiaries in the 2010/2011 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, in the 2010/2011 financial year, the Supervisory Board started to conduct talks with key members of the SinnerSchrader Group – notably 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 2010/2011 financial year the Supervisory Board met for five ordinary meetings on 3 November 2010, 16 December 2010, 12 April 2011, 18 May 2011 and 6 July 2011. Furthermore, the Supervisory Board held additional telephone conferences on 8 November 2010, 20 December 2010, 25 January 2011, 15 and 22 March 2011 and on 9 and 10 May 2011 and passed a resolution by circulating on 29 April 2011. All of the Supervisory Board members took part in the ordinary meetings and the telephone conference or, in one case, were connected by telephone. The meetings all took place in the presence of the Management Board; if necessary, the Supervisory Board consulted in a meeting without the presence of the Management Board before dealing with individual agenda items. Moreover, on 20 October 2010, the Supervisory Board discussed the main themes and individual issues and the status of the auditing of the Annual Report and Consolidated Financial Statements for the 2009/2010 financial year in a telephone conference with the auditors in the presence of the Management Board.

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 meeting on 3 November 2010, the Supervisory Board, in the presence of the auditors, dealt in detail with the Consolidated Financial Statements and the Annual Report as well as the summarised Status Report and Consolidated Status Report of SinnerSchrader Aktiengesellschaft for the 2009/2010 financial year. Furthermore, the Supervisory Board discussed the Company's risk management system and the proposal for the appropriation of profits to pay a dividend of € 0.08 per share from the balance sheet profit of the 2009/2010 financial year.
- In the following telephone conference on 8 November 2010, the Supervisory Board, once again in the presence of the auditors, approved the statements and the proposal for the appropriation of profits after due inspection and consideration. Moreover, it extended the appointment of Mr Schrader to the Company's Management Board and as Chairman of the Management Board until 31 December 2015.
- On 16 December 2010, the Supervisory Board mainly concerned itself with the Corporate Governance Declaration 2010, Management Board remuneration and the acquisition pipeline.
- The two telephone conferences on 20 December 2010 and 25 January 2011 dealt with the acquisition of the business operations of Visions new media GmbH, which the Supervisory Board approved on 25 January 2011.
- In the telephone conference on 15 March 2011, the Supervisory Board considered a project proposal from next commerce GmbH and approved the conclusion of the contract.
- In the telephone conference on 22 March 2011, the Management Board informed the Supervisory Board of changes to the composition of the boards of the subsidiaries.
- On 12 April 2011, a resolution on the goals for the composition of the Supervisory Board was on the agenda. Moreover, the Supervisory Board dealt with the options to expand the service portfolio to include mobile marketing services.
- On 29 April 2011, the Supervisory Board decided by way of circulation to grant a short-term loan to Mr Schrader.
- In the telephone conferences on 9 and 10 May 2011, the Supervisory Board concerned itself with the details of the transactions to acquire 100 % of the shares in TIC-mobile GmbH (now SinnerSchrader Mobile GmbH) and approved the proposed transaction.
- On 18 May 2011, the resolution about the adjustment of the remuneration concept and the composition of the boards of the subsidiaries were the main themes of the meeting.
- Finally, at the meeting on 6 July 2011, the Supervisory Board mainly dealt with a status report on the strategic further development of the SinnerSchrader Group and with the guidelines for planning the 2011/2012 financial year.

THE BOARDS

The composition of the Supervisory Board did not change in the 2010/2011 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 Joint 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 2010/2011 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 2009/2010 financial year at the Annual General Meeting on 16 December 2010.

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 27 December 2010, the Supervisory Board and the Management Board submitted the Declaration of Conformity with the Corporate Governance Code, in its version of 25 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 2010/2011 financial year as at 31 August 2011, drawn up pursuant to Article 315a para. 1 German Commercial Code according to the international accounting standards (IFRS), were audited by BDO AG Wirtschaftsprüfungsgesellschaft (formerly BDO Deutsche Warentreuhand Aktiengesellschaft 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 16 December 2010 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 talks between the auditor and the Supervisory Board in a telephone conference on selected issues arising from the Annual Report on 21 October 2011, the Supervisory Board discussed the Annual Report, the Consolidated Financial Statements and the summarised Status Report and the Consolidated Status Report in detail at its meeting on 7 November 2011 in the presence of the auditor and the Management Board. The financial statements and status report were submitted to the members of the Supervisory Board together with the auditors' report in due time before the meeting. In the meeting, the auditors once again verbally presented the main themes and results of their audit, including the audit of the internal control and risk management system, and they answered the Supervisory Board's questions to its satisfaction.

After inspecting and discussing the above-mentioned documents, the Supervisory Board did not have any objections and agreed with the auditors' results. It approved the Consolidated Accounts and the Annual Report on 7 November 2011. The Annual Report has thus been adopted.

At the same time, the Supervisory Board approved the Management Board's suggestion to propose that a dividend in the amount of € 0.10 per individual share be paid from the accumulated income of Sinner Schrader AG as of 31 August 2011 and that any accumulated income remaining after the payment be carried forward to new accounts. This proposal will be submitted for approval to the Annual General Meeting scheduled for 15 December 2011.

BUSINESS DEVELOPMENT

SinnerSchrader developed dynamically in the 2010/2011 financial year. The Group succeeded in making use of the growth opportunities presented by the on-going digitisation of marketing on the one hand and the positive general economic conditions on the other. Furthermore, SinnerSchrader undertook further steps to complete its service portfolio and has thus also advanced in its goal of becoming a lead agency in the digital age.

The aim in the 2011/2012 financial year is to lead the new business initiatives to success against the background of stable development in existing businesses, while effectively making use of the opportunities and potential of the interaction within the Group. The Supervisory Board will follow and intensively support the Management Board in this.

THANKS

The Supervisory Board would like to thank the Management Board and all employees of the SinnerSchrader Group for their dedication in the 2010/2011 financial year. This dedication was the most important reason for the success of the last financial year and will also be the key foundation of the development of SinnerSchrader in the future.

Hamburg, 7 November 2011

Dieter Heyde
Chairman of the Supervisory Board

02

JOINT STATUS REPORT
OF SINNERSCHRADER AKTIENGESELLSCHAFT

01 GENERAL

The following Status Report is the joint Consolidated Status Report and Group Status Report of Sinner-Schrader Aktiengesellschaft (“SinnerSchrader AG” or “AG”) for the 2010/2011 financial year, which covered the period from 1 September 2010 to 31 August 2011. 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 2010/2011 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 2010/2011 were drawn up according to International Financial Reporting Standards (“IFRS”). The Annual Financial Statements of SinnerSchrader AG for 2010/2011 follow German accounting regulations, in which the provisions of the German Accounting Law Modernisation Act (“BilMoG”) have taken effect for the first time.

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

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”, and “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 around 400 employees as of 31 August 2011, 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, especially using e-mail technology and social networks,
- 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 (ad serving) using modern targeting and retargeting methods which are compatible with data protection legislation on the basis of an ad-serving 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).

Organic growth and acquisitions in the 2010/2011 financial year by SinnerSchrader have resulted in the company's service portfolio being enhanced and expanded, especially in the field of developing apps and platforms for mobile devices, in campaign and communication expertise and in providing marketing offers in a retargeting network.

SinnerSchrader provides its services from offices in Hamburg and Frankfurt am Main; since the year covered by the report, it has also had offices in Berlin and Hanover. SinnerSchrader mainly provides its services to companies based in Germany but also works for renowned companies from the UK, France, Italy and Morocco.

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 six operating companies: SinnerSchrader Deutschland GmbH, spot-media AG, spot-media consulting GmbH, mediaby GmbH, newtention technologies GmbH, next commerce GmbH and, since May 2011, SinnerSchrader Mobile GmbH (formerly TIC-mobile 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. It forms the Interactive Marketing segment together with spot-media AG and its subsidiary spot-media Consulting GmbH, which have 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

sinnerschrader GROUP	INTERACTIVE MARKETING	sinnerschrader	E-commerce Marketing platforms Applications
		spot-media	Online shops E-dialogue and social media Maintenance
		Haasenstein	Brand communication
		sinnerschrader mobile	Mobile applications
	INTERACTIVE MEDIA	mediaby	Performance marketing
		newtention	Profiling and targeting technology
		mementoo	Retargeting network
	INTERACTIVE COMMERCE	next commerce	E-commerce outsourcing

of large online shops and portals. In January 2011 spot-media AG was strengthened by taking over the business operations of Maris Consulting GmbH in Berlin, in particular with regard to Magento expertise. 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 newtention technologies GmbH, acquired in May 2009 (with its subsidiary newtention services 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. The newtention Group develops and markets ad-serving 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 in compliance with the stringent German standards for data protection. Furthermore, newtention also offers a retargeting network under the mementoo brand on the basis of its ad-serving technology.

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. In February 2011 next commerce GmbH took over the business operations of Visions new media GmbH, Hanover, and thus acquired 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 2010/2011 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

Overall Economic Situation in Germany

The 2009/2010 financial year ended in a generally positive economic environment, but the overall economic conditions for the development of the SinnerSchrader Group improved markedly once again during the 2010/2011 year of the report from 1 September 2010 to 31 August 2011. On the basis of the information from the Federal Statistical Office about the development of the gross domestic product, adjusted for price, calendar and seasonal effects for each calendar quarter, it is possible to calculate the growth rates for periods of the year that come close to the SinnerSchrader financial year, i.e. they cover the fourth quarter of a year and the first three quarters of the following year. From this, it can be seen that from the fourth quarter of 2009 to the third quarter of 2010 the economy grew by a total of 2.0 % in comparison to the corresponding period of the previous year, while it grew much more strongly from the fourth quarter of 2010 to the third quarter of 2011 at a rate of 3.4 % over the comparable period of the previous year. This last statement includes a forecast from one of the leading German economic research institutes published as part of the "Gemeinschaftsdiagnose Herbst 2011" [Joint Economic Forecast Autumn 2011] of October 2011.

The starting point for this pleasing economic data was a surge in growth in the second quarter of 2010, which – with a rise of 1.9 % over the previous quarter – was the biggest growth rate in the gross domestic product over a quarter in the last ten years. As expected, the growth was no flash in the pan; it continued in the subsequent quarters.

For a long time, the German economy was not affected by the national debt crisis and the talk of a possible imminent second banking and financial crisis, this time starting in Europe. In the second calendar quarter of 2011 the uncertainty regarding what the national debt problems could lead to and what action should be taken to address the problems started to impact the economy in Germany. The growth in the quarterly development of the gross domestic product was only 0.1 % for this quarter. Although the growth rate in comparison to the previous year was still at a good level with a rise of 2.8 %, it was much lower than in the preceding quarters.

For the third calendar quarter of 2011 the leading economic research institutes predicted growth of 0.6 % in comparison to the second quarter in the Joint Economic Forecast Autumn 2011. It would thus be 2.6 % higher than in the previous year.

The business situation – as the institutes predicted – thus continued to be good in the third calendar quarter. This assessment comes from the business climate index published every month by the ifo Institute. The assessed situation in the commercial economy – one of the two climate factors – may have reached its apex in June 2011, but in spite of the first falls after a long growth phase that has lasted since mid-2009, it was still well above the levels of the previous year for July to September 2011 and was roughly at the level of the strong years 2006 and 2007.

In stark contrast to this, the business expectations of the commercial economy, which form the second component of the ifo business climate index, deteriorated markedly from as early as March 2011 and reached a value in September 2011 that was last fallen short of in mid-2008. As is well known, this was just before the start of the worldwide financial crisis in September 2008. Here, it is the expectations of the manufacturing sector and wholesalers that have fallen particularly strongly; the expectations of retail have also fallen since early 2011 but are staying at a good level and are above the value for mid-2008.

It is interesting that the difference between the assessment of the business situation and business expectations was greater in September 2011 than it has ever been in the last twenty years. This is probably an indicator of the uncertainty that prevails and could mean that the fall in expectations is exaggerated. In the Joint Economic Forecast, the economic research institutes believe that it is definitely possible that "if politicians succeed in finding a way out of the debt crisis", the "mood will improve again quickly and the economic prospects will brighten."

According to observations by the GfK Group, which publishes the GfK consumer confidence indicator every month, the uncertainty does not seem to be greatly worsening consumer confidence. The September value of the indicator is only slightly below its best value of the last three years, which was reached in early 2011, and it is above the values of 2010. For this reason, the GfK Group gave its press release on the September value of the indicator the title of "Consumer Confidence in Germany in Spite of Recession Fears". Furthermore, the Federal Government's autumn forecast sees domestic demand becoming "the cornerstone of growth".

In their expectations, the Federal Government and the economic research organisations assume that although there will be a marked weakening of the economy in 2012, there will not be a recession. Their forecasts for the growth rates of the gross domestic product for 2012 of 1.0 % and 0.8 %, respectively, are based on positive effects from private consumers, which are grounded in a good situation on the employment market with a stable to slightly improved employment rate and good wage rises.

Online Retail

The fact that neither the German E-Commerce and Distance Selling Trade Association (bvh) nor the German Retail Federation (HDE) have downgraded their annual forecasts for 2011 corresponds with these assessments. According to a report in October 2011, the bvh is assuming revenue growth in distance selling of over 6 % in 2011 to € 32.2 billion. The HDE sees total growth of 1.5 % for German retail. Both associations continue to see online retail as the driver of growth. From the perspective of the HDE, it should increase by over 10 % in 2011 after 8.2 % in the previous year and reach a share of total retail of 6.4 % compared with 5.9 % in the previous year. The bvh is predicting growth of 15.3 % to € 21.1 billion in 2011 for trade with goods on the Internet and thus an expansion of the share of total distance selling to 65.8 %; in the previous year the growth rate for the online trade in goods was 18.1 % and the share of total distance selling was 60.4 %. In a press release from the end of September 2011, the HDE predicted growth of 12 % in online retail for 2012.

Online Advertising

The news about the developments on the advertising market does not yet reveal any major effects from the great uncertainty about the impact of the debt crisis. For example, in a press release from early October 2011, ZenithOptimedia foresees at worst "less dynamic" budget development for Germany but no "cost cutting" as in the 2008 financial crisis in light of low unemployment figures and the expectation of rising incomes. When publishing the gross figures for the German advertising market in the third calendar quarter of 2011, Nielsen Media Research also noted in mid-October 2011 merely a slowdown in growth under the heading of "Gross advertising market stable in third quarter despite turbulent economic situation".

What all reports about the development of the advertising market have in common is that, as in previous years, the online sector is the advertising media market with by far the highest growth rates. Depending on the measuring method chosen – gross at list prices or net at the prices actually paid for the advertising space – and whether advertising forms such as search engine marketing or affiliate marketing have been included, the online segment is more or less far ahead of other segments. Using the gross method and including search engines and affiliate marketing, the Circle of Online Marketers (OVK) in the German Association for the Digital Economy (BVDW) puts the online segment in second place among advertising media, ahead of daily newspapers and behind television. In the Online Report 2011/02 published at the end of September 2011, the OVK confirmed its prediction that online advertising will grow by 16 % in 2011 and account for more than a fifth of the total gross advertising market. ZenithOptimedia, which reports on the basis of net figures, sees growth of 13.2 % in online advertising in Germany in 2011 and, with double-digit growth rates continuing, expects that the online channel will replace daily newspapers as the second biggest advertising medium in 2013.

Information Technology

Predominantly positive voices can also be heard in the information and telecommunications sector. In its own study of the business climate, which differs from the more general assessment of the ifo business climate index, the Federal Association for Information Technology, Telecommunications and New Media (BITKOM) actually noted that the sector that it represents improved in the third quarter of 2011 and reached its best value for providers of software and IT services – the segments to which SinnerSchrader services can be assigned. In total, the association expects a growth rate of 4.3 % for 2011 and is keeping to its forecast from March 2011 for 2012, which assumes growth of 4.4 %.

Internet Use

From the point of view of SinnerSchrader, it is also interesting that the fundamental factors for 2011 indicate increased dynamism in the “digitisation” of society. For example, in 2011 the number of people in Germany who use the Internet at least occasionally, a figure that has been recorded for many years as part of the ARD/ZDF Online Study, rose in 2011 by just under 6 % over the 2010 value to more than 50 million “surfers” for the first time. The reach of the Internet has not increased by as much since 2003. Furthermore, 81 % of the surfers, or more than 40 million people in Germany, shop on the Internet according to a survey conducted by BITKOM. According to the result of the ARD/ZDF study, the age group of those who spend more time on average per day on the Internet than watching television also expanded to include 20- to 29-year-olds in 2011.

One possible explanation for the new dynamics is the innovations of recent years – smart phones and, increasingly, tablets such as the iPad on the device side and phenomena such as Facebook on the application side are bringing consumers and the Internet together more intensively.

With respect to the mobile use of the Internet, the ARD/ZDF Online Study 2011 also indicates that the proportion of Internet users in Germany who also use the Internet when out and about using mobile devices rose to 20 % in 2011; in the two preceding years the equivalent figures were 11 % and 13 %, respectively. In a press release in February 2011, BITKOM stated: “The mobile Internet is booming.”

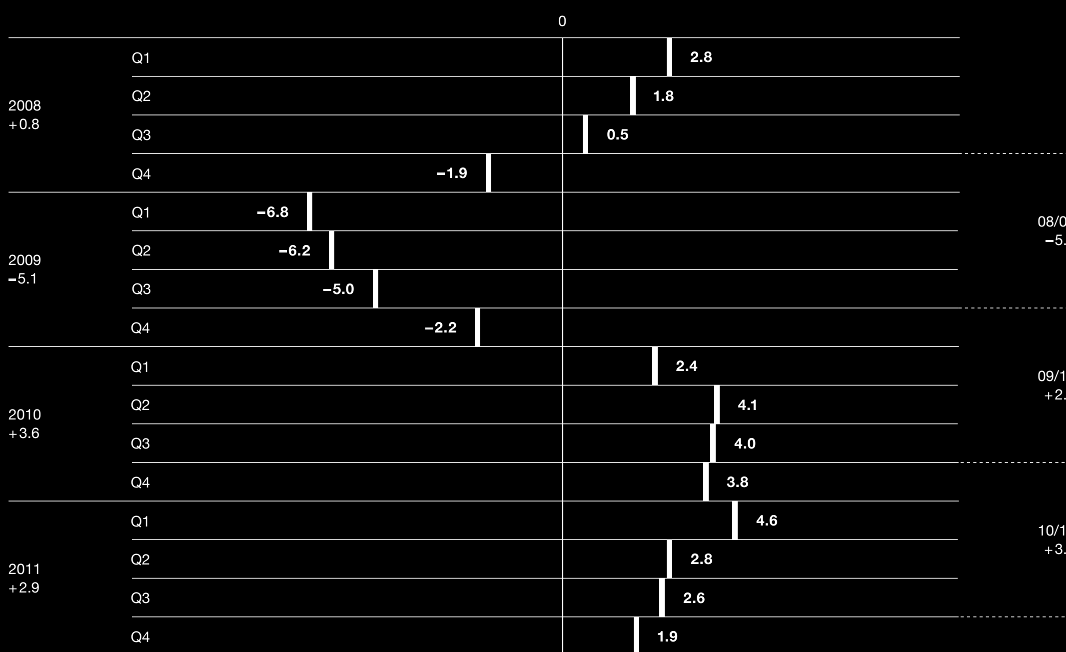
Competitive Environment

In view of this market environment, it is not surprising that in the Internet agency ranking – the sector statistics published annually in April by BVDW – many full-service digital agencies are posting strong double-digit revenue growth on the basis of financial figures from 2010. In this ranking, SinnerSchrader is in fourth place with respect to revenues and is the fastest growing agency among the biggest digital agencies in Germany after plan.net.

As a logical consequence of this market development, 96 % of the German advertising and communications agencies that are part of the German Association of Communications Agencies (GWA) stated in the recently published GWA Autumn Monitor that the e-commerce and new media sector has become more important. The GWA notes that “the agencies’ main focus of work is increasingly shifting towards online marketing”.

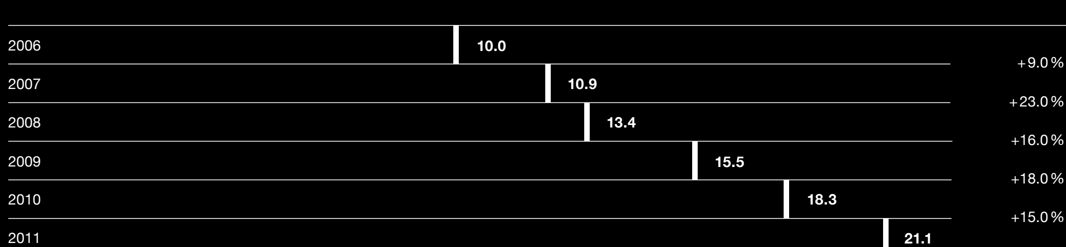
This is where the co-called classic agencies are now faced with competition from the large digital agencies that are not only superior in the online sphere in terms of expertise and experience but can also hold their own in terms of size and importance to the customer with regard to budget volumes.

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 2011 based on Joint Economic Forecast Autumn 2011

DEVELOPMENT OF E-COMMERCE REVENUES
Value of goods purchased online by German consumers
in € million, change over previous year in %



Source: Bundesverband des Deutschen Versandhandels, 2011

04 BUSINESS DEVELOPMENT AND GROUP SITUATION

In the 2010/2011 financial year, the SinnerSchrader Group consolidated its market position in Germany by increasing its business volume and expanding or completing its service portfolio. Backed up by its success in acquiring new customers in the previous year and bolstered by better economic development in Germany for large parts of the year than was predicted at the start of the year, SinnerSchrader increased its net revenues by 29.1 % to € 30.9 million.

23.9 percentage points of this growth were due to organic business development in the Group's business units. The forecast for organic revenue growth of 15 % to 20 % made a year ago for the year of the report has thus been greatly exceeded. Once again, the engine of this growth has been the Interactive Marketing segment – to a much stronger extent than planned. By contrast, the development in the Interactive Media and Interactive Commerce segments was much more restrained than forecast.

The remaining 5.2 percentage points of the revenue growth were achieved by purchases made in the 2010/2011 financial year. With the aim of taking on a leading role in the German agency market of the digital age, SinnerSchrader has pushed ahead with the completion of its service portfolio through these purchases and other organic measures. By taking over TIC-mobile GmbH (now SinnerSchrader Mobile GmbH) in May 2011, SinnerSchrader has positioned itself in the market for mobile apps; two other purchases in the Interactive Marketing segment through spot-media AG and in the Interactive Commerce segment through next commerce GmbH in January and February 2011, respectively, created expertise clusters for online shop development on the basis of Magento technology.

SinnerSchrader organically developed its service portfolio in the Interactive Marketing segment in the 2010/2011 financial year by setting up the Haasenstein creative agency for communication and campaign-oriented tasks and in the Interactive Media segment by launching the mementoo retargeting network.

The costs of this expansion, including the initial losses from the new business initiatives launched in recent years, were € 1.5 million in the year of the report. In spite of this cost burden, the operating result rose by 19.5 %, which was at the top end of the forecast range of 15 % to 20 %, and reached € 2.6 million. The net income also rose in the double-digit range (over 15 %) to just under € 1.3 million or 11.3 cents per share.

The growth strategy has tied up liquid funds, primarily due to the investment expenditure and an increased demand for working capital. Because of the rising need for working capital and the obligation to pay tax in advance, which came into force again during the financial year, the operating cash flow was only just positive at € 0.45 million. After investments and the dividend payment, the liquidity reserve in the report year fell by € 2.5 million in comparison to the level of 31 August 2010. The shareholders' equity rate of 59.3 % on the balance sheet date was thus only 0.6 percentage points below that of the previous year.

The following sections explain the development of the key business indicators as well as the asset and financial situation on the balance sheet date in more detail.

4.1 Revenues

The net revenues of the SinnerSchrader Group rose from € 23.9 million in the 2009/2010 financial year to € 30.9 million in the year of the report. This corresponds to growth of € 7.0 million or 29.1 %. This means that SinnerSchrader has implemented its growth-oriented business plan better than expected and crossed the € 30 million net revenue threshold one year earlier than anticipated.

In the process, SinnerSchrader continuously increased its business volume across the quarters with a seasonal break in the second quarter. On average, the net revenues rose from quarter to quarter by 5.1 % and reached € 8.3 million in the fourth quarter of 2010/2011 – after € 6.8 million in the comparable quarter of the previous year.

Most of the revenue growth was achieved in the **Interactive Marketing segment**, which earned revenues in the 2010/2011 financial year that were € 5.6 million or 25.7 % higher than in the previous year. Around € 0.3 million of the rise in this segment originated from the takeover of TIC-mobile GmbH (now SinnerSchrader Mobile GmbH) whose business has been assigned to the Interactive Marketing segment. Another € 0.4 million resulted from the business of Maris Consulting GmbH taken over by spot-media AG. Organically, the segment thus increased by € 4.9 million or 22.5 %.

The rise in demand for services from the SinnerSchrader and spot-media agencies for the development, establishment, operation and maintenance of online sales and marketing platforms that started to be felt at the start of the 2010 calendar year remained at a high level in the 2010/2011 financial year. The good success rate in the conversion of demand into new customer orders continued, with ten new customer relationships being established in the year of the report, while the new customers acquired mainly in the second half of the previous year were taken care of for a whole year for the first time. The interaction of these two effects – a rise of € 2.3 million from new customer acquisitions and of € 3.1 million from expanding business with customers acquired in the previous year – enabled very dynamic growth in the segment, given the traditionally high stability of business with older existing customers.

As a result of the considerable expansion of the customer base in the last two financial years, SinnerSchrader has also succeeded in working its way into a good position in (partial) sectors where it has not been able to succeed in the last five years. These include the insurance industry, the luxury goods sector, the motor industry and the food industry. This is also a consequence of the fact that the Internet as an online sales platform is seen as being relevant to companies in ever increasing numbers of industries.

The rise in incoming orders in the Interactive Marketing segment shows that the spike in demand is stable. Incoming orders in the 2010/2011 financial year developed even better than revenues and exceeded the value of the previous year by more than 40 %.

Whilst the focus of the segment's business activity was still clearly on platform business in the 2010/2011 financial year, SinnerSchrader's expertise and experience in the field of "interactive consumers" is increasingly in demand for communication and campaign tasks as well. To be able to meet this demand in a more targeted way in future, SinnerSchrader set up the Haasenstein creative agency in the year of the report; in the year of its establishment it was already able to contribute € 0.4 million to the segment revenues.

Business development in the **Interactive Media segment** was more restrained in the 2010/2011 financial year. Net revenues rose by a good € 0.3 million or 16.6 % to € 2.4 million. Gross revenues, which also contain the costs for media placements that are passed onto customers, rose somewhat more sharply by 19.9 % and reached a value of € 8.2 million in the year of the report. However, SinnerSchrader fell slightly short of its revenue goals for the 2010/2011 financial year. This was mainly caused by the end of a campaign budget at the end of 2010 which was

DEVELOPMENT OF NET REVENUES, EBITA, AND NET REVENUE MARGIN
in € million and %

	Net revenues	EBITA		Net revenue margin	
05/06	13.2	0.6		4.6 %	
06/07	14.2	1.0		7.4 %	
07/08	18.3	2.3		12.6 %	
08/09	20.9	1.4	2.4[1]	6.9 %	11.6 %[1]
09/10	23.9	2.2	3.4[1]	9.1 %	14.4 %[1]
10/11	30.9	2.6	4.1[1]	8.5 %	13.3 %[1]

[1] Before costs for expansion of service portfolio

gradually compensated for by business with new customers in the subsequent months. The new customer share of net revenues in the segment was 15.3 % and was therefore above the corresponding values for the two other segments.

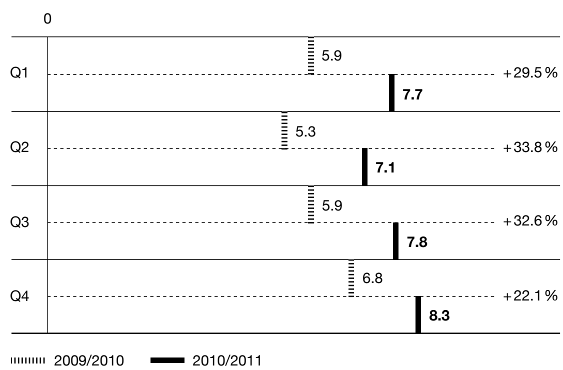
Starting from the low basis of € 0.7 million in the previous year, the **Interactive Commerce segment** saw the biggest growth of the three segments, with a rise of around 147.7 % or just under € 1 million. However, just over half of the growth in revenues, or nearly € 0.6 million, was due to the takeover of the business operations of Visions new media GmbH, as a result of which the segment now has its own capacity to set up online shops on the basis of the Magento technology platform. With the help of this technology, a second shop was set up in the second half of 2010/2011, for which next commerce GmbH follows an outsourcing model in return for a commission on revenues. The shop for fashionable leather bags and accessories was launched in July 2011 and will be operated by next commerce GmbH for at least three years.

The revenue growth of the Group as a whole in the 2010/2011 financial year went hand in hand with a considerable expansion of the customer base. In the year of the report, SinnerSchrader earned net revenues of € 2.9 million with customers with whom it had not previously had a business relationship. This corresponds to a new customer rate of 9.4 %. In the 2009/2010 financial year, new customer revenues were € 2.7 million, which corresponded to a new customer rate of 11.3 %.

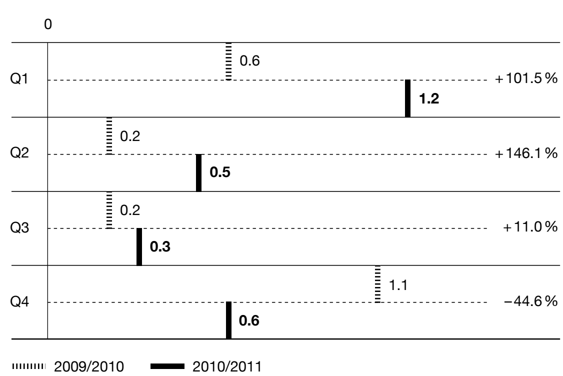
Thanks to the expansion of the customer base, dependency on major customer relationships fell markedly for the second year in succession. The share of revenues accounted for by the ten biggest customers was a good 63.2 % in the year of the report, after 75.9 % in the previous year. 46.3 % of the total net revenues were accounted for by the five biggest customers, and a share of 13.1 % was attributed to the biggest single customer; the comparative values for the previous year were 57.6 % and 18.9 %, respectively.

The basic structure of the distribution of net revenues according to sector has changed little in spite of the high proportion of new customers. The highest share of total net revenues in the 2010/2011 financial year was still earned with customers in the Retail & Consumer Goods sector (36.9 %); the second-largest

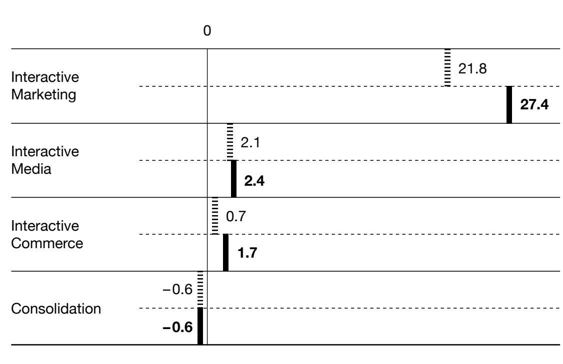
DEVELOPMENT OF NET REVENUES BY QUARTER
in € million for the 2009/2010 and 2010/2011 financial years



DEVELOPMENT OF EBITA BY QUARTER
in € million for the 2009/2010 and 2010/2011 financial years



NET REVENUES BY SEGMENT
in € million for the 2009/2010 and 2010/2011 financial years

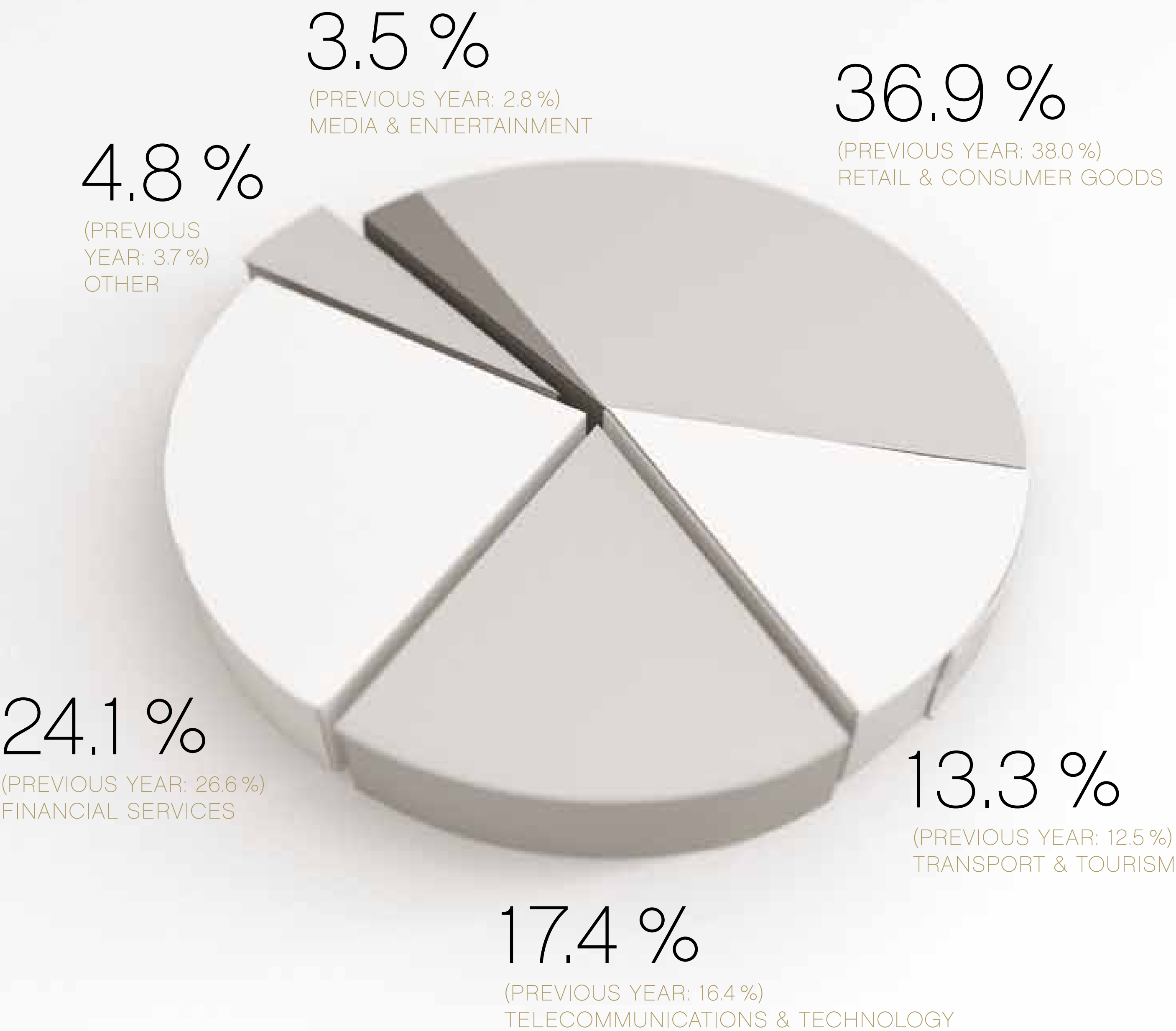


DEVELOPMENT OF NET REVENUES BY SEGMENT

IN EUR MILLION FOR THE 2010/2011 FINANCIAL YEAR COMPARED TO THE PREVIOUS YEAR

NET REVENUES BY SECTOR

IN % FOR THE 2010/2011 FINANCIAL YEAR



share, just as last year, was achieved with Financial Services (24.1 %). The subsequent order has also remained unchanged: Communications & Technology (17.4 %), Transport & Tourism (13.3 %) and Media & Entertainment (3.5 %). With respect to these percentages, in comparison to the previous year there were only slight shifts to the detriment of the two larger customer groups, especially the Financial Services sector (– 1.1 and – 2.5 percentage points, respectively) and in favour of the three smaller customer groups (+ 1.0, + 0.8, and + 0.7 percentage points, respectively) and the group of other customers (+ 1.1 percentage points). In absolute terms, net revenues in all customer groups rose by double-digit growth rates.

4.2 Operating Result (EBITA)

In the 2010/2011 financial year, the earnings before interest, taxes and depreciation effects from acquisitions (EBITA) reached a value of € 2.6 million, thus exceeding the previous year by a good € 0.4 million, which corresponds to an improvement in the result of 19.5 %. This means that SinnerSchrader has also progressed significantly in the development of its operating result. However, unlike revenue development, the develop of the result has not exceeded the forecast for the year; the rise of 19.5 % is at the upper end of the expected increase of between 15 % and 20 % published at the start of the financial year.

The operating result did not develop in parallel to revenues primarily because of the continuation of measures to expand and reinforce the service portfolio that SinnerSchrader believes to be essential to its goal of becoming a leading agency for the digital age. In addition to the organic establishment of the Haasenstein creative agency and the mementoo retargeting network, these measures included the takeover of TIC-mobile GmbH (now SinnerSchrader Mobile GmbH) and the takeovers for setting up two Magento expertise clusters. Together with the initial losses in the fields of e-commerce outsourcing and ad serving which have still not reached an end, the cost burden in the 2010/2011 financial year at the EBITA level reached a value of around € 1.5 million; in the previous year the burden totalled € 1.25 million.

Because of the disproportionately slow growth of the operating result in comparison to revenues, the EBITA margin – the ratio of EBITA to net revenues – fell slightly once again in the year of the report by 0.6 percentage points to 8.5 %. Adjusted by the costs of business expansion, arithmetically speaking there would be an EBITA of over € 4 million which represents a margin of 13.3 % with an unadjusted revenue basis.

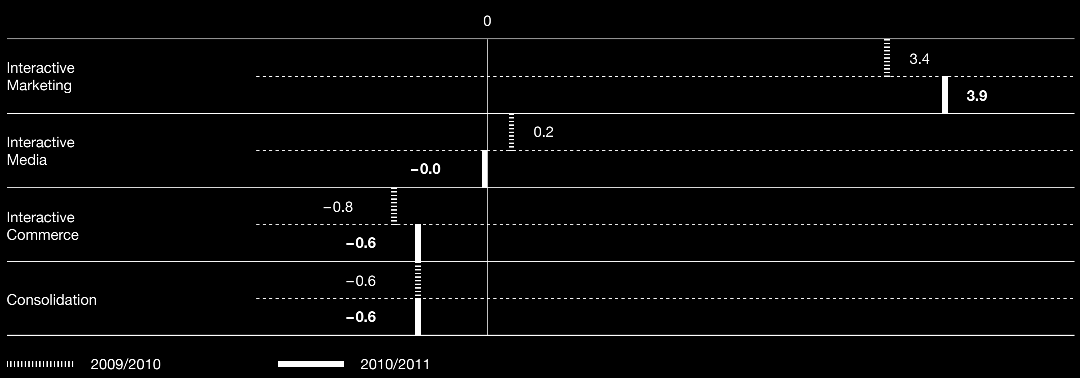
EBITA by Segment

The operating result in the 2010/2011 financial year comes completely from the Interactive Marketing segment. There, the revenue success had a positive impact on the development of the EBITA which improved from € 3.4 million in the previous year to just under € 3.9 million in the year of the report. However, in the EBITA margin there was a fall of 1.6 percentage points to 14.1 %, which was solely due to the measures to expand the business portfolio in this segment: the establishment of the Haasenstein agency, the takeover of TIC-mobile GmbH and the takeover of the business operations of Maris consulting GmbH. Without these measures, the EBITA would have been € 4.3 million and the margin would have remained at the previous year's level of 15.7 %. The fundamental profitability in the Interactive Marketing segment was thus still satisfactory. Happily, as a consequence of the good demand situation in the year of the report, the prices that could be achieved on the market rose slowly but steadily, with the result that the higher costs incurred, especially in personnel, have not had a negative impact on the margin.

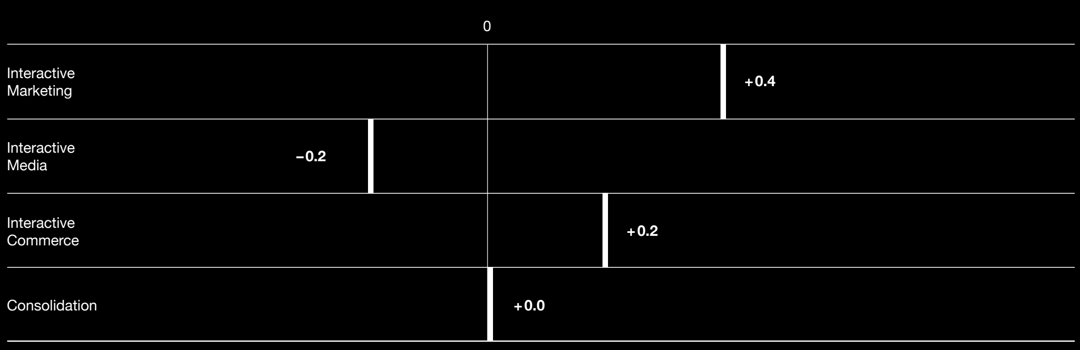
In the Interactive Media segment, SinnerSchrader was not able to further improve its results in spite of a rise in revenues compared to the previous year. The revenue growth and a pleasing extension of the customer base have not yet covered the additional expenses for expanded capacities and structures – including for the launch of the mementoo retargeting network – with the result that the EBITA in the 2010/2011 financial year fell back to the zero level after reaching just under € 0.2 million in the last year. Better EBITA development was also made more difficult by the end of a significant performance campaign budget at the end of the 2010 calendar year. Losses in the ad-serving business were reduced by just under € 0.1 million in the 2010/2011 financial year; however, overall, the development of the segment results did not reach the planned level.

The Interactive Commerce segment was also still in the start-up phase in the year of the report. However, with the expansion of the business volume, the operating losses were reduced in the course of the financial

EBITA BY SEGMENT
in € million for the 2009/2010 and 2010/2011 financial years



EBITA DEVELOPMENT BY SEGMENT
in € million for the 2010/2011 financial year compared to the previous year



year by just under € 0.2 million to € –0.6 million. The operating loss includes around € 0.1 million in costs for the takeover and integration of the business operations of Visions new media GmbH for future online shop developments based on Magento in February 2011. After three months, the business operations that had been taken over achieved break-even and have been making positive contributions to the operating results since June 2011. The advance payments for the launch of the second of the shops operated by next commerce GmbH following the outsourcing model are also covered; this shop went online and thus started its business activities in July.

The central holding costs not attributed to the operating segments were almost unchanged in the 2010/2011 financial year at € 0.6 million. The extent of the administrative structures based in SinnerSchrader AG was largely expanded as was necessary to support the operating segments and their companies. In addition, a judgement favourable to SinnerSchrader in a case that has lasted for seven years in connection with the bankruptcy of a supplier enabled a reserve of € 0.1 million to be dissolved and thus ensured stable holding costs.

Development of Costs by Function

The Statements of Operations of the SinnerSchrader Group broken down according to functions show that the EBITA margin in the 2010/2011 financial year fell slightly because the revenue costs, which increased by 31.3 %, and above all the marketing costs, which increased by 33.3 %, rose more sharply than the net revenues.

By contrast, the research and development costs and, in particular, the general administrative costs rose disproportionately slowly with increases of 26.2 % and 18.6 %, respectively, which, together with the one-off effect from the other income thanks to winning a court case, broadly balanced out the effect of the higher revenue and marketing costs.

SinnerSchrader's business strategy aimed at growth for the year of the report is mainly expressed in the marked rise in revenue and marketing costs. In the newly launched business initiatives in particular, revenue and marketing costs still bear a different relationship to revenues than in the regular business segments. Furthermore, the fall in the margin in the media business in comparison to a high margin in the previous year had an impact on the disproportionately high rise in revenue costs.

When assessing the function costs from the Group's 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 2010/2011 financial year, the amortisation expenses amounted to € 0.56 million after € 0.62 million in the previous year. The costs were assigned to the revenue or marketing costs according to type of asset as follows: In 2010/2011 € 0.38 million were posted to revenue costs (previous year: € 0.35 million) and € 0.18 million to marketing costs (previous year: € 0.27 million).

In the year of the report, the revenue costs, not taking into consideration the amortisation expenses, were 67.6 %, the marketing costs 9.5 %, the general administrative costs 13.3 % and the research and development costs 1.7 % of net revenues. In the previous year, the comparable proportions were 66.2 %, 8.7 %, 14.5 %, and 1.7 %.

Most of the research and development costs of € 0.5 million in the 2010/2011 financial year were once again incurred by the continuous further development of the n7 software in the newtention Group. Furthermore, the agencies also incurred research and development costs for the maintenance and further development of the component libraries that are mainly used in the development of online shops.

Development of Costs by Cost Type

With the exception of expenditure for procured services, all cost types have risen disproportionately less than the rise in revenues. The expenditure for procured services, however, rose considerably with an increase of more than 70 % in comparison to the previous year.

On the one hand, this rise documents the deliberate increase in the use of freelancers in the last few months of the 2010/2011 financial year to once again increase cost flexibility with respect to the emerging tendency towards economic slowdown. On the other hand, it is an expression of the fact that in some areas the personnel market is no longer sufficient to be able to potentially expand capacity at short notice. In spite of the marked rise, the expenditure for procured services in the year of the report accounted for only 11.3 % of net revenues; in the previous year the percentage was 8.5 %.

In line with the SinnerSchrader business model, personnel costs were the main focus. In the 2010/2011 financial year they rose by 27.3 % in comparison to the previous year. Their share of revenues fell again from 64.0 % in the previous year to 63.1 %.

The personnel capacity was expanded from 271 full-time employees on average in the 2009/2010 financial year to 335 full-time employees in the year of the report, i.e. by 23.4 %. The rise in average personnel costs over the previous year was around 3.2 %. Because of the new business units that are not yet fully productive, the increase in average real net output (net revenues minus direct material and external service costs) per full-time employee was 1.8 % and thus weaker than the rise in the personnel costs.

The other operating expenses rose by 28 % in the year of the report. Their share of net revenues fell by 0.1 percentage points to 14.5 %. Depreciation without amortisation expenses rose by 9.2 %; in relation to revenues they fell by 0.3 percentage points to 1.9 %.

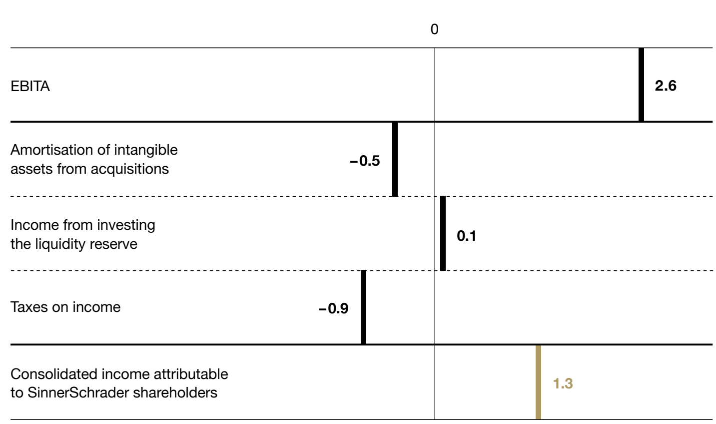
4.3 Net Income

In contrast to the previous year, the pleasing operating development also had a positive effect on the net income, which improved by just under € 0.2 million to almost € 1.3 million. However, at 15.8 % the improvement was more restrained than that of the EBITA.

The main reason that the net income developed more slowly than the rise in the operating result was because losses incurred in the newtention Group have still not had a tax relief effect. On the one hand, the newtention Group is still not included in the domestic incorporated companies for taxation in order not to jeopardise the potential use of the loss carry-forwards assumed during the purchase because of the restructuring exception clause in Article 8c of the German Corporation Tax Act (“KStG”), the applicability of which depends on a disputed case between the Federal Republic of Germany and the EU Commission before the European Court of Justice. On the other hand, the newtention Group does not yet have any profit history to show that would have enabled the formation of deferred taxes. In the 2009/2010 financial year the inclusion of next commerce GmbH in the domestic incorporated companies for the first time, with a catch-up effect in the use of losses, balanced this out. The burden of taxes on income in the 2010/2011 financial year at just under € 0.9 million was thus € 0.3 million higher than the value of the previous year. This corresponds to a deterioration in the tax rate from 33.3 % to 40.2 %.

The two other components that determine the net income along with the operating EBITA and taxes on income – namely, the amortisation expenses and the financial result – led to a positive effect of just under € 0.1 million in comparison to the previous year.

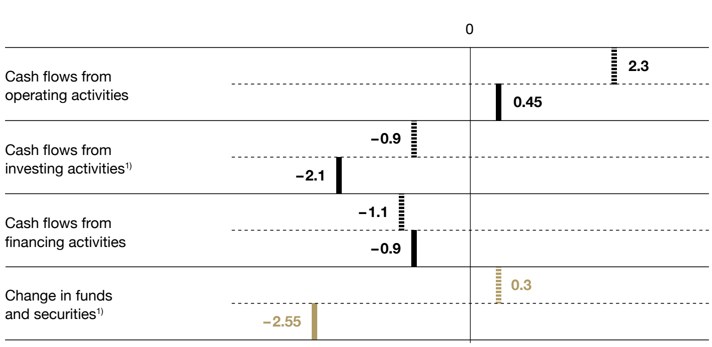
RECONCILIATION OF EBITA TO CONSOLIDATED INCOME – ATTRIBUTABLE TO THE SINNERSCHRADER SHAREHOLDERS
in € million for the 2010/2011 financial year



The financial result had not changed in comparison to the previous year and once again reached € 0.1 million. Further reductions in the interest result, mainly because of a lower average liquidity, were balanced out by a fall in the interest expenditure on the calculatory accumulation of interest from non-current liabilities.

The amortisation expenses fell in comparison to the previous year by € 0.06 million to € 0.56 million. In the year of the report, depreciations for existing customers adopted within the context of previous acquisitions expired to an extent that exceeded the volume of new depreciations resulting from the acquisitions of the financial year.

CONSOLIDATED STATEMENTS OF CASH FLOWS
in € million for the 2010/2011 financial year



[1] Without investment of liquid funds in securities
2009/2010 2010/2011

4.4 Cash Flows

In the 2010/2011 financial year, the cash flows of the SinnerSchrader Group – without additions and disposals of marketable securities in the context of using the liquidity reserve – amounted to an outflow of funds of € 2.5 million. The liquidity reserve of the SinnerSchrader Group has diminished by this amount. In the last financial year, there was an inflow of funds in the amount of € 0.3 million.

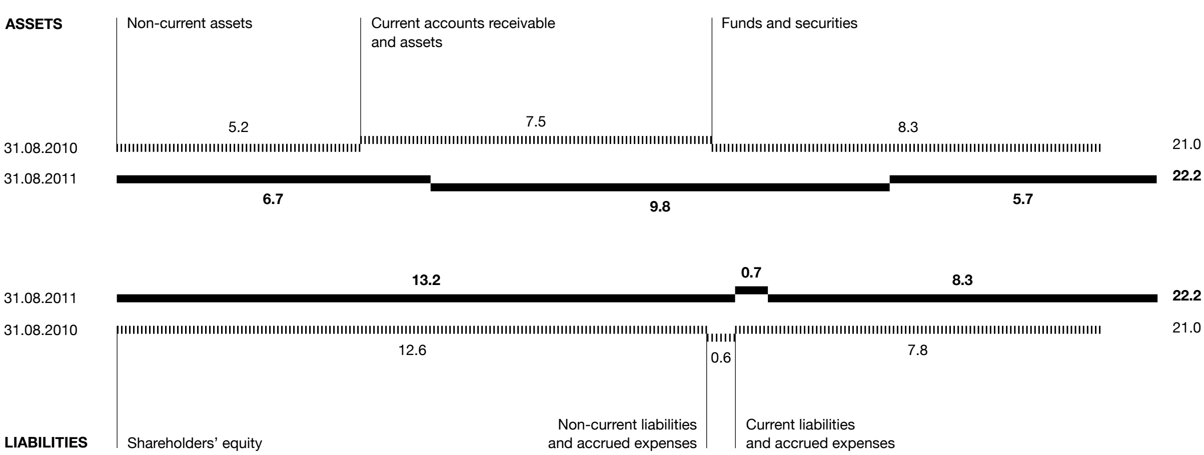
The outflow of funds is partly the result of the growth strategy pursued by SinnerSchrader in the 2010/2011 financial year. It resulted in a considerable increase in the accounts receivable, as a result of which funds balanced with the change in unbilled services in the amount of a good € 1.5 million were tied up. In addition, the investment expenditure (without additions and disposals of marketable securities) was at a high level of € 2.1 million. This was distributed as follows: € 0.8 million on investments in the replacement and expansion of tangible assets and software and € 1.3 million on the acquisition of companies and business operations, including the payment of earn-out instalments for takeovers implemented in previous years.

Secondly, tax payments and advance tax payments were due in the year of the report for the first time in many years. Balanced with the postings to tax liabilities, this resulted in an outflow of funds of € 1.3 million. Moreover, in the year of the report, SinnerSchrader paid € 0.9 million as a dividend to its shareholders.

A comparison with the cash flow statement of the previous year is characterised by the cash used for tax payments and investments. The resumption of tax payments explains a difference of around € 2.0 million, while in 2010/2011 just under € 1.2 million more was spent on investments than in 2009/2010.

Because of the tax payments and the rise in funds tied up in the working capital, the cash flows from operational activities totalled only € 0.45 million after € 2.34 million in the previous year.

DEVELOPMENT OF CONSOLIDATED BALANCE SHEET
in € million



4.5 Asset and Financial Situation

In the balance sheet, the growth of the SinnerSchrader Group across the entire 2010/2011 financial year can be seen in an increase in the balance sheet total in comparison to the situation on 31 August 2010 by almost € 1.3 million to € 22.25 million on 31 August 2011.

On the assets side, the non-current assets grew in the year of the report as a result of the acquisitions made. The rise amounted to € 1.53 million, with the vast majority, € 1.4 million, concerning goodwill.

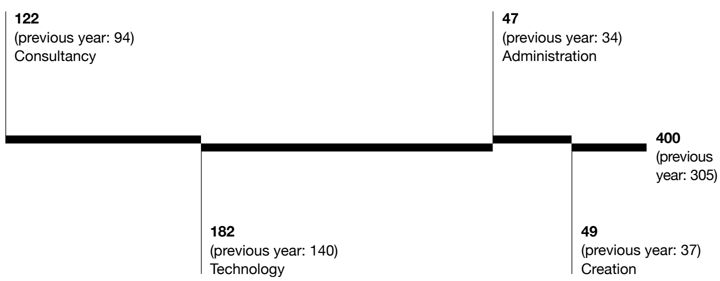
The current assets fell in comparison to the comparable value of the previous year by € 0.26 million. However, within the current assets there were considerable shifts to the detriment of the liquidity reserve, which fell by € 2.55 million, whereas the amount from accounts receivable and unbilled services above all rose by € 1.7 million or 23.7 % because of the growth in revenues.

On the liabilities side, the current liabilities rose by a total of € 0.5 million. The considerable reduction of tax liabilities of € 1.2 million was mainly contrasted with a rise in reserves of just under € 0.9 million, the increase in trade accounts payable of € 0.6 million and a rise in other liabilities, largely in the form of purchase price liabilities resulting from earn-out agreements in the amount of just under € 0.3 million.

The non-current liabilities rose by a good € 0.1 million; an increase in earn-out liabilities with due dates beyond the balance sheet date and higher deferred tax liabilities each contributed to around half of this.

Around € 0.6 million of the balance sheet expansion were covered by an increase in the shareholders' equity. The shareholders' equity rate therefore fell only slightly by 0.6 percentage points to 59.3 %. € 0.4 million of the shareholders' equity rise came from the annual result of the 2010/2011 financial year of € 1.3 million minus the dividend payment of € 0.9 million made in December 2010. The remaining € 0.2 million came from the use of 87,194 of the original 360,945 treasury stock shares for the purposes of employee options and to meet part of the purchase price for TIC-mobile GmbH (now SinnerSchrader Mobile GmbH).

EMPLOYEE STRUCTURE ACCORDING TO AREAS
as at 31 August 2011



4.6 Employees

The growth dynamism can be seen not least in the development of employee numbers in the SinnerSchrader Group in the 2010/2011 financial year: Whereas at the end of 2009/2010, on 31 August 2010, there were 305 employees (including apprentices, interns, students, students writing theses and management bodies) at SinnerSchrader, the staff as of 31 August 2011 numbered 400 employees. This is growth of 31.1 %, which is slightly higher than the revenue growth with a view to further growth steps.

315 employees belonged to the Interactive Marketing segment, which thus expanded its staff by 58 employees over the course of the financial year. 265 employees in the segment were working in Hamburg on the balance sheet date, 26 in Frankfurt am Main and 24 in the units in Berlin purchased in the year of the report.

On the balance sheet date, the Interactive Media segment had 29 employees, 9 more than at the end of the previous year, all of whom worked at the Hamburg site.

28 employees were working in the Interactive Commerce segment on the balance sheet date. In the course of the financial year, this segment gained 24 employees as a result of the takeover of the business operations of Visions new media GmbH in Hanover.

A further 28 employees worked for the managing holding company in Hamburg. This was 4 employees more than in the previous year.

Of the 400 employees, 343 were permanent employees, 13 were apprentices and 44 were interns, students and students writing theses.

The average number of full-time employees in the 2010/2011 financial year was 335. In comparison to the previous year, the personnel capacity rose by 64 full-time employees or 23.4 % and was thus slightly below the level of revenue growth. The capacity was spread as follows: There were 269, 24, 16.5, and 25.5 full-time employees in the three operating segments – Interactive Marketing, Interactive Media and Interactive Commerce – and the managing holding company, respectively.

Summarised according to functions, the capacity in the 2010/2011 financial year was 101 full-time employees for consulting including media planning, 151 full-time employees for technology, 46 employees for creation and 37 employees for administrative functions. The comparable figures for the previous year for the four functional areas were 80, 125, 35, and 31, respectively. With a growth rate of 31.4 %, creation thus expanded most in terms of percentages, followed by consulting at 26.2 %, technology at 20.8 % and administration at 19.4 %.

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 infrastructures used jointly by the Group companies, in particular the office premises, as well as rendering central administrative services.

Development of the Income Situation

With respect to the rendering of administrative services and the provision of infrastructure, the AG has a direct business relationship with its subsidiaries, charges for the services rendered and earns its own revenues from them. In the 2010/2011 financial year, the revenues totalled just under € 3.6 million and were thus € 0.4 million higher than the value of the previous year because of the expansion of the business portfolio and the growth of the units.

Other operating income in the amount of € 4.9 million was earned in the year of the report, almost € 2.6 million more than in the year before. As in the previous years, almost all of the income came from the reinstatement of values of the investment valuation for SinnerSchrader Deutschland GmbH. As the agency business under the SinnerSchrader brand performed much better than planned, there was a considerable increase in the earnings value with an unchanged discount rate in comparison to the valuation calculation of last year. The value was above the investment valuation of 31 August 2010 of € 15.0 million and also above the historic purchase price of € 19.8 million, which is posted in the AG's books for SinnerSchrader Deutschland GmbH. The value in the year of the report had to be reinstated up to the historic purchase price; there can be no further reinstatements of value in the years ahead. The increase of € 4.8 million (previous year: € 2.3 million) was posted with an effect on profits, as in previous years, and it was included in the other operating income.

The other participating interests of SinnerSchrader AG were valued at their acquisition costs and did not give rise to special write-offs as of 31 August 2011.

The remaining other operating income in the amount of € 0.1 million (previous year: € 0.05 million) mainly resulted from the dissolution of accrued expenses, in particular due to the successful conclusion of a court dispute with the administrator of a supplier that has lasted many years.

The third main source of income for SinnerSchrader AG is the transfer of profits from its subsidiaries on the basis of profit and loss transfer agreements. Such agreements are in place with SinnerSchrader Deutschland GmbH, spot-media AG and next commerce GmbH, whereby their results always appear as earnings from profit transfers or expenses from loss transfers in the individual result of the AG.

The profit and loss transfers resulted in income of € 2.8 million on balance in the 2010/2011 financial year compared to € 2.2 million in the previous year. This rise reflected the positive course of business in the SinnerSchrader agency and the spot-media agency on the one hand and the decreasing initial losses from building up business at next commerce GmbH on the other.

The AG generated further income in the amount of € 0.13 million (previous year: € 0.15 million) from interest, income from the sale of marketable securities and opposing depreciations on financial assets because of the Group's largely centrally administered liquidity reserve. Where the subsidiaries' liquidity had to be assigned, the AG incurs opposing interest and similar expenses, as it does from guarantee commissions, which amounted to € 0.09 million in the year of the report (previous year: € 0.08 million). On balance in the 2010/2011 financial year, the AG earned income of € 0.04 million from the financial sphere after € 0.07 million in the previous year.

These yields and balanced income from the profit and loss transfer agreements and from the financial sphere totalling € 11.2 million (previous year: € 7.8 million) were matched by expenditure of € 4.3 million (previous year: € 3.8 million). The rise in costs in comparison to the previous year of € 0.5 million is largely a consequence of the growth in the operating business which necessitated an enlargement of the central administrative structures.

€ 0.4 million of the rise in costs were attributed to personnel costs. The average number of full-time employees working in the AG rose by around 3 to just under 26 full-time employees in the financial year. In addition to the regular salary rises for the employees, an adjustment to the Management Board remuneration also took effect as of 1 January 2011.

The remaining cost rise over the previous year of € 0.1 million resulted from a rise in the other operating expenses of € 0.2 million and from a reduction in the scope of the services purchased by the AG, largely from the Group, for rendering administrative tasks by € 0.1 million.

On balance in the 2010/2011 financial year, the AG earned € 7.0 million from ordinary business activities following € 4.0 million in the 2009/2010 financial year. € 2.5 million of the rise in earnings were the consequence of the increased reinstatement of values, € 0.4 million are down to the operating success of the Group managed by the AG. As a consequence of the operating improvement, the tax burden rose by € 0.1 million to € 0.8 million in the year of the report. The net income thus reached € 6.2 million after € 3.3 million in the previous year.

The earnings from the reinstatement of values of € 4.8 million within the net income were posted in the other revenue reserves in accordance with Article 58 para. 2a of the Joint Stock Corporation Act ("AktG"). Half of the remaining profit of € 1.4 million was also posted in the other revenue reserves in accordance with Article 58 para. 2 AktG. The remaining € 0.7 million, together with the profit carry-forward from the 2009/2010 financial year in the amount of almost € 0.5 million remaining after the dividend payment of € 0.9 million of December 2010, resulted in a balance sheet profit for the 2010/2011 financial year of almost € 1.2 million.

Development of the Asset and Financial Situation

The development of the AG's asset and financial situation is characterised by the increase in shares in affiliated companies from € 22.8 million on 31 August 2010 to € 29.5 million on 31 August 2011. € 4.8 million of this increase is the consequence of the reinstatement of values in the investment valuation for SinnerSchrader Deutschland GmbH. Another € 1.65 million came from the takeover of TIC-mobile GmbH (now SinnerSchrader Mobile GmbH). The remaining € 0.25 million result firstly from a payment into the capital reserve of next commerce GmbH in the amount of € 0.4 million to finance the takeover of the business operations of Visions new media GmbH, and secondly from the assumptions for the earn-out volumes from the takeover of spot-media AG, which were downgraded by € 0.15 million in comparison to the estimates of 31 August 2010.

On the assets side of the balance sheet, the growth in fixed assets has been paid for partially by a fall in the liquid funds and marketable securities by a good € 2.2 million to just under € 5.3 million as of 31 August 2011. The other current assets, which mainly comprise receivables from affiliated companies resulting from the transfer of profits, rose by almost € 0.5 million to just under € 3.0 million.

In total, the value of the assets in the 2010/2011 financial year rose by € 5.0 million to € 38.2 million on 31 August 2011.

This rise was financed solely by shareholders' equity, which increased – largely due to the net income – by € 5.5 million to € 35.5 million. The shareholders' equity rate therefore rose again by more than two percentage points to 92.8 % as of the balance sheet date on 31 August 2011.

€ 0.2 million of the rise in shareholders' equity is due to the use of treasury stock to service employee options and to pay part of the purchase price for TIC-mobile GmbH. A total of 87,149 treasury stock shares were used for this, which had been bought back for an average price of € 1.65 per share. According to the new rules for entering treasury stock on balance sheets, the use resulted in a reduction of the relevant item in the subscribed capital in the amount of the arithmetic nominal value of the shares used, i.e. in the amount of € 87,149. The revenue reserves rose by the amount of the difference to the average procurement costs; in the 2010/2011 financial year this was € 56,817. Furthermore, the difference between the current value received for the use of the shares and the average procurement costs in the amount of € 70,530 had to be posted in the capital reserves.

The other accrued expenses and liabilities fell in the 2010/2011 financial year because of the resumption of (advance) tax payments totalling just under € 0.5 million.

06 CORPORATE GOVERNANCE

6.1 Declaration on Corporate Governance

Under Article 289a 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 Sinner-Schrader AG submitted the declaration on 28 October 2011 and published it on the SinnerSchrader Investor Relations website at www.sinnerschrader.ag under the heading "Corporate Governance".

6.2 Compensation Report

6.2.1 Compensation System for the Management Board

On 1 January 2011, the compensation system for the Management Board changed vis-a-vis the situation reported in the 2009/2010 Joint Status Report to the effect that the exception with regard to awarding variable compensation elements with respect to the CEO, Mr Schrader, was lifted and variable compensation with a medium-term period was introduced.

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.

In the wake of Mr Schrader's reappointment until 31 December 2015, his salary package, which was expanded to include the performance-related compensation components, 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 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 2010/2011 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

The compensation system for the Supervisory Board has not changed in comparison to the compensation system of 31 August 2010.

The compensation for the regular Supervisory Board members is composed of the following components in accordance with the Annual General Meeting resolution of 28 January 2004:

- basic compensation of € 4,000 per year
- variable compensation of a further € 4,000 per year maximum which is dependent on the increase in the consolidated income per share in comparison to the previous year, with a variable payment of € 400 being due for every € 0.01 positive change per share
- expenses
- D&O insurance without excess
- reimbursement of the turnover tax to be paid on the Supervisory Board compensation and the expenses

The Chairman of the Supervisory Board receives fixed and variable compensation that is double that of an ordinary member; his deputy receives compensation that is one-and-a-half times that of an ordinary member.

An individualised Supervisory Board compensation overview broken down according to its components for the 2010/2011 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 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 2011 SinnerSchrader held 273,751 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 2011. 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 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 2011, there were no major agreements of the AG that are subject to the condition of the 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 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 2011, 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 2009/2010 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.

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 13 % of its net revenues with one customer; the ten biggest customers together account for slightly under 63 % 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 ad serving, 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 ad-serving 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.

In spite of the relevance of the risks listed above and on the basis of the available information, no risks are currently apparent that would threaten the future existence of the SinnerSchrader Group or SinnerSchrader AG. Because of the sound business development in the 2010/2011 financial year, the Group's asset and financial situation is 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

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

09 FORECAST

In the 2010/2011 financial year SinnerSchrader succeeded in greatly expanding its market position by means of strong organic growth in its existing business areas and by completing its service portfolio.

After surpassing the 30-million mark in net revenues and with more than 400 employees, SinnerSchrader has strengthened its position as one of the top digital agencies in Germany. The aim for 2010/2011 – to make use of the opportunities for growth presented in a highly positive economic and sector environment – was exceeded with a growth rate of more than 29 %. The growth dynamics and sustainability of the business model also met with external recognition and SinnerSchrader was named one of the winners of the "Deloitte Technology Fast 50 Sustained Excellence Award".

By expanding its service spectrum, SinnerSchrader not only tapped into further growth fields, it also backed up its claim to be the leading agency for the digital age in Germany.

On the way towards this goal, a key focus for SinnerSchrader in the 2011/2012 financial year will be on making the new business units – SinnerSchrader Mobile, the Haasenstein creative agency, newtention with mementoo and next commerce with the Magento expertise cluster – into drivers of growth in revenues and profit. In this respect, SinnerSchrader did not progress as far as originally expected in the financial year just completed, partly because of the growth in the established sectors.

In connection with this, the development of the units relies on jointly developing innovative approaches to generate added value in existing customer relationships and on convincing new customers that SinnerSchrader is the right partner for the marketing tasks of the digital age.

For SinnerSchrader Mobile in the Interactive Marketing segment, the focus is on acquiring a broader customer base for the existing technical and strategic expertise in the field of developing mobile apps, as well as on developing SinnerSchrader Mobile into an agency for mobile marketing. In the same segment, the challenges for the Haasenstein agency in its first full financial year after the launch are to establish the idea of the creative agency in the digital agency by means of convincing work and to expand the business basis to a satisfactory level.

In the Interactive Marketing segment, a marked expansion of the customer base is planned for the ad-serving business managed by newtention. To this end, SinnerSchrader appointed a sales expert to the newtention management in July 2011. The rising demand in the field of performance-based online and display marketing and the growing importance of targeting and retargeting approaches to optimise advertising expenditure are leading to an increased need for high-performance and flexible ad-server systems, such as n7 from newtention. The high and changing demands from the regulatory environment also offer opportunities for relevant differentiation that newtention will use by further enhancing its ad server. This will also lead to growth prospects for the mementoo performance network, which was successfully introduced to the market in the 2010/2011 financial year. newtention had its own stand for the first time at dmexco, the trade fair for the media industry in Germany which is held every September; the interest expressed there confirmed expectations. The expansion of revenues and a marked improvement in the operating result to move closer to break-even are the goals for the new 2011/2012 financial year.

An operating break-even is also the immediate goal for the new financial year at next commerce. To this end, outsourcing offers for medium-sized accounts are to be processed on the basis of a direct-to-consumer platform developed by the Magento expertise team in Hanover, and the service business operated there is to be expanded in the area of implementing and maintaining online shops based on Magento.

Though the focus of one of the next steps in the further development of SinnerSchrader lies on the new business units, this does not mean that the further expansion of business in the existing units of the SinnerSchrader agency, the spot-media agency and the media agency business of mediaby will become less important to the further development of the Group.

Even if the economy as a whole does weaken noticeably in line with all predictions in the period of the SinnerSchrader 2011/2012 financial year, the order development in recent months and the number of new customer contacts, particularly in the established business of the SinnerSchrader Group, does not give rise to the impression of a weakening trend, let alone a regressive development. The drivers of growth specific to the sector are still strong according to all available indicators. Nevertheless, in view of the increased uncertainty about the future overall economic development, it would make sense to assume a slowdown in growth dynamism.

SinnerSchrader therefore predicts the following for the 2011/2012 financial year:

- net revenue growth on the order of 15 % to around € 35.5 million
- a rise in the operating result (EBITA) to more than € 3.25 million (+ 25 %)
- an improvement in the net income to over € 1.7 million (+ 33 %)

SinnerSchrader is not currently planning any further acquisitions for the 2011/2012 financial year.

Thanks to the integration of key operating subsidiaries by means of profit and loss transfer agreements, the expected developments for the Group will also have a positive impact on the development of the net income of SinnerSchrader AG (without taking account of the effects of the reinstatement of values), which will provide scope for an increase in the dividend.

Hamburg, 28 October 2011
The Management Board

Matthias Schrader | Thomas Dyckhoff

03

CONSOLIDATED FINANCIAL STATEMENTS OF SINNERSCHRADER AG

CONSOLIDATED BALANCE SHEETS AS OF 31 AUGUST 2011

Assets in €	Notes No.	**31.08.2011**	31.08.2010
Current assets:			
Liquid funds	2.11	3,710,941	2,246,227
Marketable securities	4.6	2,031,999	6,043,662
Cash and cash equivalents		**5,742,940**	**8,289,889**
Accounts receivable, net of allowances for doubtful accounts of € 227,607 and € 191,040 at 31.08.2011 and 31.08.2010, respectively	2.9	7,925,784	6,106,158
Unbilled revenues	4.3	1,127,337	1,212,833
Tax receivables	4.4	75,205	–
Other current assets and prepaid expenses	4.5	652,916	176,526
Total current assets		**15,524,182**	**15,785,406**
Non-current assets:			
Goodwill	4.1	4,362,056	2,965,047
Other intangible assets	4.1	1,087,263	1,166,992
Property and equipment	4.1	1,123,929	896,008
Tax receivables	4.4	149,470	167,951
Total non-current assets		**6,722,718**	**5,195,998**
Total assets		**22,246,900**	**20,981,404**

Liabilities and shareholders' equity in €	Notes No.	**31.08.2011**	31.08.2010
Current liabilities:			
Trade accounts payable	2.13	2,572,823	1,991,202
Advance payments received	4.3	766,543	727,595
Accrued expenses	4.10	3,055,633	2,196,367
Tax liabilities	4.9	620,208	1,845,589
Other current liabilities and deferred income	4.11	1,290,946	1,012,067
Total current liabilities		**8,306,153**	**7,772,820**
Non-current liabilities:			
Financial liabilities	4.12	363,866	289,029
Deferred tax liabilities	5.5	374,057	343,850
Total non-current liabilities		**737,923**	**632,879**
Shareholders' equity:			
Subscribed capital			
Common stock, stated value € 1, issued: 11,542,764 and 11,542,764, outstanding: 11,269,013 and 11,181,819 at 31.08.2011 and 31.08.2010, respectively	4.8	11,542,764	11,542,764
Treasury stock, 273,751 and 360,945 at 31.08.2011 and 31.08.2010, respectively	4.8	-452,131	-596,142
Additional paid-in capital	4.8	3,669,974	3,599,444
Reserves for share-based compensation	4.8	171,187	141,259
Accumulated deficit (incl. revenue reserves)		-1,749,646	-2,132,749
Changes in shareholders' equity not affecting net income	4.8	20,676	21,129
Total shareholders' equity		**13,202,824**	**12,575,705**
Total liabilities and shareholders' equity		**22,246,900**	**20,981,404**

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

CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE 2010/2011 AND 2009/2010 FINANCIAL YEARS

in €	Notes No.	2010/2011	2009/2010
Gross revenues	2.17	**36,714,050**	**28,718,061**
Media costs		-5,804,765	-4,783,236
Total revenues, net		**30,909,285**	**23,934,825**
Cost of revenues		-21,269,113	-19,197,787
Gross profit		**9,640,172**	**7,737,038**
Selling and marketing expenses		-3,125,725	-2,344,473
General and administrative expenses		-4,113,856	-3,467,610
Research and development expenses	2.19	-518,631	-410,895
Operating income		**1,881,960**	**1,514,060**
Other income	5.3	189,213	68,190
Other expenses	5.3	-17,134	-15,718
Financial income	5.4	113,201	144,024
Financial expenses	5.4	-29,088	-56,756
Income before provision for income tax		**2,138,152**	**1,653,800**
Income tax	5.5	-859,847	-550,554
Net income		**1,278,305**	**1,103,246**
Net income per share (basic)		0.11	0.10
Net income per share (diluted)		0.11	0.10
Weighted average shares outstanding (basic)		11,211,344	11,253,987
Weighted average shares outstanding (diluted)		11,235,238	11,253,987

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE 2010/2011 AND 2009/2010 FINANCIAL YEARS

in €	Notes No.	2010/2011	2009/2010
Net income		**1,278,305**	**1,103,246**
Other comprehensive income			
Foreign currency translation adjustment	2.5	21	-10
Change in fair value of available-for-sale financial instruments	4.6	-700	-30,906
Taxes on income recognised directly in shareholders' equity	4.6	226	9,975
Changes in shareholders' equity not affecting net income		**-453**	**-20,942**
Consolidated comprehensive income		**1,277,852**	**1,082,304**

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY FOR THE 2010/2011 AND 2009/2010 FINANCIAL YEARS

in €	Notes No.	Number of shares outstanding	Common stock
Balance at 31.08.2009		**11,272,108**	**11,542,764**
Comprehensive income		–	–
Disbursed dividend	4.8	–	–
Deferred compensation	4.8	–	–
Purchase of treasury stock	4.8	-90,289	–
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		**11,272,108**	**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
-418,027	**3,599,444**	**102,037**	**-2,334,226**	**42,071**	**12,534,063**
–	–	–	1,103,246	-20,942	1,082,304
–	–	–	-901,769	–	-901,769
–	–	39,222	–	–	39,222
-178,115	–	–	–	–	-178,115
-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
–	–	29,838	–	–	29,928
144,011	70,530	–	–	–	214,541
-452,131	**3,669,974**	**171,187**	**-1,749,646**	**20,676**	**13,202,824**

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE 2010/2011 AND 2009/2010 FINANCIAL YEARS

in €	Notes No.	**2010/2011**	2009/2010
Cash flows from operating activities:			
Net income		1,278,305	1,103,246
Adjustments to reconcile net income to net cash used in operating activities:			
Amortisation of intangible assets	4.1	558,098	618,592
Depreciation of property and equipment	4.1	580,949	531,615
Share-based compensation	6	29,928	39,222
Bad debt expenses	2.9	13,444	35,116
Gains/losses on the disposal of fixed assets	5.3	6,158	2,502
Deferred tax provision	5.5	-73,956	-234,773
Changes in assets and liabilities:			
Accounts receivable	2.9	-1,698,683	-939,018
Unbilled revenues	4.3	140,484	-324,017
Tax receivables	4.4	18,481	-64,182
Other current assets	4.5	-91,946	30,840
Accounts payable, deferred revenues and other liabilities	4.11	428,331	401,885
Tax liabilities	4.9	-1,288,637	647,133
Other accrued expenses	4.10	549,481	494,507
Net cash provided by (used in) operating activities		**450,437**	**2,342,668**

in €	Notes No.	**2010/2011**	2009/2010
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	-388,713	-553,505
Purchase of property and equipment	4.1	-804,117	-380,421
Proceeds from sale of equipment	4.1	1,619	2,396
Additions of marketable securities	4.6	-1,053,600	-3,800,000
Proceeds from the disposal of marketable securities	4.6	5,053,600	2,500,000
Net cash provided by (used in) investing activities		**1,892,402**	**-2,231,530**
Cash flows from financing activities:			
Payment to shareholders	4.8	-895,202	-901,769
Payment for treasury stock	4.8	–	-178,115
Incoming payment for treasury stock	4.8	17,056	–
Net cash provided by (used in) financing activities		**-878,146**	**-1,079,884**
Net effect of rate changes on cash and cash equivalents		21	-10
Net increase/decrease in cash and cash equivalents		**1,464,714**	**-968,756**
Cash and cash equivalents at beginning of period	2.11	2,246,227	3,214,983
Cash and cash equivalents at end of period	2.11	3,710,941	2,246,227
thereof back-up of bank guarantees	4.13	681,662	651,107
For information only, contained in cash flows from operating activities:			
Interest payment received	5.4	132,569	132,569
Paid interest	5.4	-3,526	-3,526

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

04

NOTES
OF THE SINNERSCHRADER GROUP

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 2010/2011 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 2011, taking account of the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and correspond to the supplementary requirements of Article 315 a of the German Commercial Code (“HGB”). The financial statements were prepared on a going concern basis.

The Consolidated Financial Statements as of 31 August 2011 were released by the Management Board for submission to the Supervisory Board on 28 October 2011. The Consolidated Financial Statements will probably be approved at the balance sheet meeting of the Supervisory Board on 7 November 2011; 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 2010 to 31 August 2011 ("2010/2011") and from 1 September 2009 to 31 August 2010 ("2009/2010") as well as the report dates 31 August 2011 and 31 August 2010, 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 2010/2011 financial year:

IAS/IFRS/IFRIC	New/Amendment	Content	To be applied for annual periods beginning on or after the following date
IFRS 1	Amendment	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	1 July 2010
IAS 32	Amendment	Financial Instruments: Classification of Rights Issues	1 February 2010
IAS 3, IAS 21, IAS 28, IAS 31	Amendment	Annual Improvement Project 2008–2010	1 July 2010
IFRIC 19	Amendment	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

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 2010/2011 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 2010/2011 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 2010/2011 financial year			
IAS 24	Amendment	Related party Disclosures	1 January 2011
IFRS 9	New	Financial Instruments: Classification and Measurement	1 January 2013
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
Published in the 2010/2011 financial year			
IFRS 10	New	Consolidated Financial Statements	1 January 2013
IFRS 11	New	Joint Arrangements	1 January 2013
IFRS 12	New	Disclosures of Interests in Other Entities	1 January 2013
IFRS 13	New	Fair-Value Measurement	1 January 2013
IAS 27	New	Separate Financial Statements	1 January 2013
IAS 28	New	Investments in Associates and Joint Ventures	1 January 2013
IFRS 7	Amendment	Financial Instruments: Disclosures	1 July 2011
IAS 1	Amendment	Presentation of Items of Other Comprehensive Income	1 July 2012
IAS 12	Amendment	Deferred Tax: Recovery of Underlying Assets	1 January 2012
IAS 19	Amendment	Employee Benefits	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. The first-time adoption of IAS 24 and the amended standards associated with the two Annual Improvement Projects will probably result in additional disclosures in the Notes.

2.3 Consolidation Group

The consolidation group as of 31 August 2011 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. 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, Netherlands

Compared to the balance sheet date of the previous year, the consolidation group changed through the takeover of TIC-mobile GmbH (now SinnerSchrader Mobile GmbH) in May 2011. Furthermore, spot-media consulting GmbH and next commerce GmbH each took over business operations by means of asset transactions in the course of the 2010/2011 financial year.

next commerce GmbH
On 1 February 2011, next commerce GmbH signed a contract for the transfer of movable and intangible assets and contractual relationships from Visions new media GmbH, Hanover. Visions new media GmbH, a service provider specialising in the implementation of shop systems based on the open-source Magento technology, had filed for insolvency in November 2010. The takeover was carried out in the context of the insolvency proceedings that began on 1 February 2011. The takeover of Visions new media GmbH qualified as the acquisition of business operations in accordance with IFRS 3. With effect from 1 February 2011, control of the business operations of Visions new media GmbH passed to next commerce GmbH. The business operations were included in the Consolidated Financial Statements for the first time as of this date in accordance with acquisition method.

The acquisition costs for the takeover of the business operations totalled € 270,000 and were paid in cash in February 2011. In the context of the purchase price allocation, assets and liabilities were identified and posted to the Consolidated Balance Sheets at their fair value at the time of acquisition as follows: property and equipment € 58,000, accrued expenses € 25,000. The remaining € 237,000 of the purchase price allocation were reported under goodwill in the Consolidated Balance Sheets. This comprises the value of expected synergies from the company merger and the expertise of the employees which could not be balanced separately due to a lack of verification. Nearly the entire amount of the goodwill arising in the tax balance sheet as a result of the asset transaction is tax deductible.

Since the time of the acquisition, the business operations of next commerce GmbH in Hanover have contributed € 806,000 to consolidated revenues and € –116,000 to pre-tax net income for the current SinnerSchrader financial year. Key figures for the period from 1 September 2010 to the time of acquisition could not be determined due to the insolvency of Visions new media GmbH.

spot-media-Group
On 23 December 2010, spot-media consulting GmbH signed a contract to take over the Berlin-based business operations of Maris Consulting GmbH, Hamburg, in the context of an asset transaction on 1 January 2011. Maris Consulting GmbH was a service provider specialising in the development, creation and maintenance of enterprise content management solutions and e-commerce applications. The takeover qualified as the acquisition of business operations in accordance with IFRS 3. Since control of the business operations passed to spot-media consulting GmbH with effect from 1 January 2011, the business was included for the first time in the Consolidated Financial Statements on the basis of the acquisition method as of this date.

Three purchase price instalments were agreed based on the achievement of certain revenue levels. On the basis of planned calculations relating to the achievement of the specified conditions with a likelihood of achievement of well over 50 %, the instalments discounted to the time of the acquisition amount to a total of € 207,000. Of this, € 41,000 were paid in February 2011 as the first purchase price instalment. The second and third instalments are due by February 2012. For these instalments, a purchase price liability of € 166,000 after discounting was posted to current liabilities in the Consolidated Balance Sheet on 31 August 2011.

In the context of the purchase price allocation, assets and liabilities were identified and posted to the Consolidated Balance Sheet at their fair value at the time of acquisition as follows: customer relationship € 100,000, property and equipment € 15,000, accrued expenses € 8,000. The remaining € 100,000 of the estimated purchase not allocated to identifiable assets and liabilities was posted as goodwill in the balance sheet. This comprises the value of expected synergies from the company merger and the expertise of the employees which could not be balanced separately due to a lack of verification. Nearly the entire amount of the goodwill arising in the tax balance sheet as a result of the asset deal is tax deductible.

A usage period of three years has been assumed for the identified customer relationship, the value of which will depreciate linearly over this period. This resulted in a charge in the amount of € 22,000 in the 2010/2011 financial year that was assigned to sales costs. The remaining usage period of the customer relationship amounted to 28 months on 31 August 2011.

Since the time of the acquisition, the business operations of spot-media consulting GmbH in Berlin have contributed € 560,000 to consolidated revenues and € 6,000 to pre-tax net income for the current SinnerSchrader financial year. Assuming that the purchase had taken place at the start of the reporting period, the company would have contributed gross revenues of € 961,000 and a pre-tax profit of € –11,000 in the period from 1 September 2010 to 31 August 2011.

SinnerSchrader Mobile GmbH (formerly TIC-mobile GmbH)
With the purchase and transfer agreement of 11 May 2011, SinnerSchrader AG took over all shares of TIC-mobile GmbH, a Berlin-based service provider specialising in the technical development of applications for mobile devices such as smart phones and tablets. In the course of the takeover, the company was renamed SinnerSchrader Mobile GmbH. This company is also based in Berlin.

The takeover qualified as the acquisition of a company in accordance with IFRS 3. The transfer of shares and control took place with the payment of the first purchase price instalment of € 640,000 in cash and 78,994 shares in SinnerSchrader AG with a fair value at the time of transfer of € 197,000 on 16 May 2011. The company was included in the Consolidated Financial Statements for the first time as of this date based on the acquisition method.

In addition to the first fixed instalment of the purchase price, an agreement was also reached on a net liquidity equalisation on the basis of an interim statement still to be specified at the time of transfer and three earn-out instalments in 2012, 2013 and 2014 depending on the company's business development (revenues and EBIT) in 2011, 2012 and 2013. On the basis of the provisional, as yet unspecified interim statement of 16 May 2011 and planned calculations with a likelihood of achievement of well over 50 % for 2011 to 2013, the outstanding purchase price payments discounted to the time of acquisition are estimated to total € 386,000. Conditional purchase price liabilities in this amount were posted in the Consolidated Balance Sheet of 31 August 2011, with € 24,000 being assigned to current and € 362,000 to non-current liabilities.

In accordance with the interim financial statements, which have not yet been conclusively established, Sinner-Schrader took over assets in the amount of € 406,000, including accounts receivable and commenced orders balanced with deposits received for them in the amount of € 189,000, intangible assets and tangible assets of € 40,000, other assets of € 142,000 and liquid funds in the amount of € 35,000. The gross amounts of the accounts receivable taken over amounted to € 213,000; these were matched by value corrections in the amount of € 79,000. The fair value therefore amounted to € 134,000. This was matched by acquired debts in the amount of € 854,000, of which € 360,000 arose due to change of control agreements resulting from the takeover. Moreover, intangible assets not posted to the balance sheet at the TIC-Mobile GmbH level were identified in the allocation of the purchase price. These consist of software with an estimated value of € 301,000 and orders on hand with an estimated value of € 22,000. Additionally, an asset in the amount of the accrued expenses reported in the acquired balance sheet had to be formed for guarantees from the purchase agreement. This other asset, like the accrued expenses themselves, amounted to € 252,000.

The remainder of € 1,201,000 of the estimated total purchase price not allocated to identifiable assets and liabilities was posted as goodwill in the balance sheet. This comprises the value of expected synergies from the company merger and the expertise of the employees which could not be balanced separately due to a lack of verification.

A usage period of three years was assumed for the software. As of 31 August 2011, the remaining period was 32.5 months. In the 2010/2011 financial year, the depreciation of the software and the orders on hand resulted in a charge of € 52,000 that was attributed to revenue costs.

Since 17 May 2011, SinnerSchrader Mobile GmbH has contributed to the revenues and results of the Sinner-Schrader Group in the Interactive Marketing segment. As of 31 August 2011, the revenues amounted to € 326,000 and the pre-tax profit was € –51,000. Assuming that the purchase had taken place at the start of the reporting period, the company would have contributed gross revenues of € 977,000 and a pre-tax profit of € –369,000 in the period from 1 September 2010 to 31 August 2011, whereby costs in the amount of € 360,000 would have arisen from the change of control obligations that were taken over.

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 next commerce GmbH, SinnerSchrader Benelux BV, and SinnerSchrader Mobile GmbH, interim financial statements were drawn up as of the reporting date of the parent company because they have different financial years from their 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 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 2010/2011 and 2009/2010 financial years, there were no signs of a reduction in value of goodwill or of the other intangible or tangible assets.

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.

On 5 March 2009, the IASB published amendments to IFRS 7 “Financial Instruments: Disclosures”. The changes to IFRS 7 affect disclosure requirements relating to fair value measurements and liquidity risk. The disclosure requirements for fair value measurement have been made more specific and expanded so 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 and has paid 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. 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 newtention technologies, 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 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 2010/2011 and 2009/2010 financial years, these expenses amounted to € 434,083 and € 235,476, 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 2010/2011, research and development costs in the amount of € 518,631 were recorded as an expense, in comparison to € 410,895 in 2009/2010. The criteria for activating the research and development costs in accordance with IAS 38 were not met in the two years because research and development activities 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 2011, there were two stock option plans at SinnerSchrader; their structure will be 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 of 2000 and 2007, SinnerSchrader issued options to employees to buy common stock. The outstanding options in the 2010/2011 and 2009/2010 financial years were considered accordingly in the calculation of the dilution effect.

03 SEGMENT REPORTING

In the Annual Financial Statements for the 2010/2011 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 (ad serving).
- 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 2010/2011 financial year, SinnerSchrader combined mediaby GmbH and newtention technologies GmbH in the Interactive Media segment. next commerce GmbH forms the Interactive Commerce segment, and spotmedia AG and SinnerSchrader Mobile GmbH comprise the Interactive Marketing segment along with SinnerSchrader Deutschland GmbH.

All of SinnerSchrader's revenues were earned by Group companies based in Germany. In the Interactive Marketing segment, net revenues in the amount of € 4,048,000 and € 3,152,000, respectively, were achieved with two groups of companies; this surpassed the consolidated net revenues by 10 % in each case. In the previous year, three groups of companies accounted for more than 10 % of the consolidated net revenues with € 4,533,000, € 3,307,000, and € 2,401,000.

Tables 1a and 1b show the segment figures for the 2010/2011 and 2009/2010 financial years.

Table 1a | 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**	**3,220,102**	**-607,965**	**2,612,137**
Employees, end of period	315	29	28	372	28	400

Table 1b | Segment information for the 2009/2010 financial year in € and number

01.09.2009–31.08.2010	Interactive Marketing	Interactive Media	Interactive Commerce	Sum Segments	Holding/consolidation	Group
External revenues	21,470,245	6,575,260	672,556	28,718,061	–	28,718,061
Internal revenues	343,586	258,751	–	602,337	-602,337	–
Gross revenues	21,813,831	6,834,011	672,556	29,320,398	-602,337	28,718,061
Media Costs	–	-4,783,236	–	-4,783,236	–	-4,783,236
Total revenues, net	21,813,831	2,050,775	672,556	24,537,162	-602,337	23,934,825
Segment income (EBITA)	**3,422,325**	**172,323**	**-791,336**	**2,803,312**	**-618,188**	**2,185,124**
Employees, end of period	257	20	4	281	24	305

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 2010 to 31 August 2011 and for the comparable period in the previous year:

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

	2010/2011	2009/2010
Segment income (EBITA) all reporting segments	3,220,102	2,803,312
Central costs not passed on to segments	-607,965	-618,188
EBITA of the Group	2,612,137	2,185,124
Amortisation of intangible assets from first consolidation	-558,098	-618,592
Financial income of the Group	84,113	87,268
Income before taxes of the Group	2,138,152	1,653,800

04 INFORMATION ON THE BALANCE SHEET

4.1 Goodwill, other Intangible Assets, Property and Equipment, Participations, and Loans

The development of goodwill, other intangible assets, and property and equipment in the 2010/2011 and 2009/2011 financial year is shown in Table 2a and 2b, respectively:

Table 2a | Development of goodwill, other intangible assets, and property and equipment in the 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	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**	**5,756,121**
Net book value:	31.08.2010				31.08.2011
Goodwill	2,965,047				4,362,056
Other intangible assets	1,166,992				1,087,263
Computer hardware	410,858				561,705
Furniture and fixtures	409,538				484,380
Leasehold improvements	75,612				77,844
Total fixed assets	**5,028,047**				**6,573,248**

Table 2b | Development of goodwill, other intangible assets, and property and equipment in the 2009/2010 financial year in €

Acquisition costs:	01.09.2009	Addition from first consolidation	Additions	Disposals	31.08.2010
Goodwill	3,134,986	–	9,300	179,239	2,965,047
Other intangible assets	2,930,023	–	160,263	1,343	3,088,943
Computer hardware	1,822,950	–	218,448	24,802	2,016,596
Furniture and fixtures	1,096,108	–	102,130	25,195	1,173,043
Leasehold improvements	425,571	–	5,201	–	430,772
Total fixed assets	**9,409,638**	**–**	**495,342**	**230,579**	**9,674,401**
Accumulated depreciation, amortisation, and writedowns:	01.09.2009		Additions	Disposals	**31.08.2010**
Goodwill	–	–	–	–	–
Other intangible assets	1,226,440	–	696,852	1,341	1,921,951
Computer hardware	1,362,502	–	267,747	24,511	1,605,738
Furniture and fixtures	672,695	–	111,400	20,590	763,505
Leasehold improvements	280,952	–	74,208	–	355,160
Total fixed assets	**3,542,589**	**–**	**1,150,207**	**46,442**	**4,646,354**
Net book value:	31.08.2009				**31.08.2010**
Goodwill	3,134,986				2,965,047
Other intangible assets	1,703,583				1,166,992
Computer hardware	460,448				410,858
Furniture and fixtures	423,413				409,538
Leasehold improvements	144,619				75,612
Total fixed assets	**5,867,049**				**5,028,047**

4.1.1 Goodwill

The balance sheets of 31 August 2011 and 31 August 2010 include goodwill in the amounts of € 4,362,000 and € 2,965,000. In the 2010/2011 financial year, SinnerSchrader took over the Berlin-based business operations of Maris Consulting GmbH and the business operations of Visions new media GmbH and acquired all shares in TIC-mobile GmbH (now SinnerSchrader Mobile GmbH). In previous years, the spot-media Group (2007/2008) and the newtention Group (2008/2009) were acquired.

For the purposes of impairment tests, the goodwill arising from these transactions was assigned to the CGU consisting of the company (or company group) that was taken over in the case of share acquisitions, and of the company (or company group) that made the acquisition in the case of asset acquisitions. The takeover of the business operations of Maris Consulting GmbH was therefore assigned to the spot-media Group, while the takeover of Visions new media GmbH was assigned to next-commerce GmbH.

Table 3 provides an overview of the goodwill, its assignment to CGUs, and the valuation methods and key valuation parameters used for impairment tests:

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

Cash generating unit (CGU)	Goodwill (€ 000s)		Evaluation concept		Growth rate		Discount factor	
	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010
spot-media group	2,572	2,613	Fair Value less Cost to Sell	Fair Value less Cost to Sell	0.5 %	0.5 %	8.8 %	8.8 %
newtention group	352	352	Value in Use	Value in Use	0.5 %	0.5 %	12.5 %	12.5 %
next commerce GmbH	237	–	Fair Value less Cost to Sell	Fair Value less Cost to Sell	0.5 %	–	8.8 %	–
SinnerSchrader Mobile GmbH	1,201	–	Fair Value less Cost to Sell	Fair Value less Cost to Sell	0.5 %	–	8.8 %	–
SinnerSchrader Group	**4,362**	**2,965**						

The goodwill assigned to the spot-media Group was reduced by € 141,000 due to a changed estimate of outstanding earn-out payments, but it rose, in turn, by € 100,000 through the takeover of the business operations of Maris Consulting GmbH.

For the purposes of testing the impairment of goodwill, “recoverable amounts” were determined for the CGUs on 31 August 2011. The amounts were determined for the spot-media Group, next commerce GmbH and Sinner-Schrader Mobile GmbH on the basis of the fair value less costs to sell and for the newtention Group on the basis of the value in use. The foundation for both valuation concepts consists of the cash flow forecasts as of 31 August of a financial year that are based on three-year business plans approved by the management. The corporate plans are based on historical data and take into account the expectations for the future development of relevant markets. Revenues and earnings are forecast on a customer basis wherever possible.

Impairment Test in the spot-media Group

The financial plan for the spot-media Group foresees average revenue growth of around 9 % over a three-year period, which is considerably below the growth rate of the past three financial years. The EBITA margin in the same period is predicted to grow slightly compared to the 2010/2011 financial year. 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 8.8 % and was determined on the basis of the weighted average cost of capital concept.

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 of 31 August 2011. 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.

Impairment Test in the newtention Group

The financial plan for the newtention Group is based primarily on the assumption that revenues will increase by an average of 46 % in the next three financial years and that EBITA margins in the upper single-digit range will be achieved by the 2012/2013 financial year. The planned positive development of the company also depends on the synergies generated within the Interactive Media segment through cooperation with mediaby GmbH.

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 before taxes used for discounting the forecasted cash flows was 12.5 % and was determined on the basis of the weighted average cost of capital concept.

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 of 31 August 2011. If revenues in the next three financial years do not grow by at least 16 % annually with an unchanged margin, or if the margin does not reach at least 4 % each year with unchanged revenue growth, there would be a need to reduce the value.

Impairment Test in next-commerce GmbH

The financial plan for next commerce GmbH foresees average revenue growth of 34 % in the next three years and a gradual increase in the EBITA margin to a low double-digit value. The assumed growth rate is significantly lower than the growth of the past two 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 weighted average cost of capital concept.

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 of 31 August 2011. 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.

Impairment Test in SinnerSchrader Mobile GmbH
The financial plan for SinnerSchrader Mobile GmbH assumes an average revenue growth of around 57 % and a gradually rising EBITA margin. 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 8.8 % and was determined on the basis of the weighted average cost of capital concept.

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 of 31 August 2011. If the EBITA margin does not reach at least 6 % with unchanged revenues, or if revenue growth remained at an average of just 20 % in the first three years of the plan and the EBITA margin did not rise by much more than 10 %, there would be a need to reduce the value.

4.1.2 Other Intangible Assets
As of 31 August 2011, the balance sheet of the SinnerSchrader Group reported intangible assets with a book value of € 1,087,000 compared to a book value of € 1,167,000 at the end of the previous financial year.

In the course of the financial year, intangible assets in the amount of € 425,000 were acquired through the takeover of companies or business operations, of which € 2,000 comprised assets that were entered in the balance sheet of the acquired units and € 423,000 comprised assets that were to be posted in the context of the purchase price allocation.

There was an addition of € 26,000 from an increase in the last purchase price estimation for a customer relationship acquired in 2008/2009.

Of the depreciation of other intangible assets in the amount of € 625,000 (previous year: € 697,000), € 559,000 was attributed to the scheduled depreciation of the assets of acquired units to be posted in the context of purchase price allocations.

4.2 Deferred Taxes

Both in the 2010/2011 and the 2009/2010 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 2011 and 31 August 2010, receivables from POC for ongoing fixed-price projects in the amount of € 445,585 and € 725,935, respectively, were posted as unbilled services. In connection with this, deposits received for the projects in the amount of € 1,214,097 and € 944,617, respectively, were deducted from the total amounts of € 768,512 and € 218,682, respectively, for the POC evaluation of the projects.

4.4 Tax Reimbursement Claims

As of 31 August 2011 and 31. August 2010, the tax reimbursement claims to be reported on the asset side amounted to € 224,675 and € 167,951.

Of these, € 149,470 (previous year: € 167,951) 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 € 75,205 come from the first-time consolidation of SinnerSchrader Mobile GmbH in the year of the report.

Creditable taxes collected at source on capital and interest earnings in the amount of € 58,044 (previous year: € 107,361) 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 Securities

The securities as of 31 August 2011 and 31 August 2010 comprised corporate loans and bearer bonds of solvent companies with remaining terms to the balance sheet date of 4 to 11 and 8 to 23 months, respectively. 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 (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 and the unrealised profits and losses accounted for by them due to the market valuation as of 31 August 2011 and the distribution of the time to maturity:

Table 4 | Marketable securities in €

	Remaining term as of 31.08.2011	Acquisition cost	Amortisation of acquisition cost	Unrealised gains	Unrealised losses	Book value as of 31.08.2011	Book value as of 31.08.2010
Marketable securities	Less than 1 year	1,000,000	36,014	–	-19,544	1,016,470	5,042,481
Marketable securities	1 to 5 years	1,000,000	2,516	13,014	–	1,015,529	1,001,181
Marketable securities, total		**2,000,000**	**38,529**	**13,014**	**-19,544**	**2,031,999**	**6,043,662**

As of 31 August 2010, unrealised profits in the amount of € 2,316 and unrealised losses in the amount of € 8,147 were posted. No profits or losses were realised with the sale of securities in the 2010/2011 financial year because they were held until the end of their term.

4.7 Funds

Cash flows and bank balances resulted in liquid funds of € 3,710,941 as of 31 August 2011 (previous year: € 2,246,227). As of 31 August 2011, funds in the amount of € 681,662 were used as cash deposits for bank guarantees (see Section 4.13).

4.8 Shareholders' Equity

Subscribed Capital
As of 31 August 2011 and 31 August 2010, 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 2011 and 31 August 2010, 11,269,013 and 11,181,819 shares, respectively, of all issued outstanding shares were in circulation. The remaining 273,751 and 360,945 shares, respectively, were held as SinnerSchrader AG treasury stock.

Authorised 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 ("Authorised Capital 2008"). This became legally effective upon entry of the decision in the Commercial Register on 16 February 2009. In the 2010/2011 and 2009/2010 financial years, no capital increases were carried out using the authorised capital.

Conditional Capital
As of 31 August 2011, 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 can 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 2010/2011 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 2011 treasury stock amounted to 273,751 shares. The average acquisition cost on 31 August 2011 was € 1.65 per share. 273,751 treasury stock shares represent 2.37 % 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 2010, there were 360,945 treasury stock shares with average acquisition costs of € 1.65 per share. In the 2010/2011 financial year, 8,200 of these shares were issued within the scope of exercising employee options: in May 2011, 78,994 treasury stock shares were used as part of the purchase price for the takeover of TIC-mobile GmbH. There were no other buybacks in the year of the report.

Capital Reserve

As of 31 August 2011 and 31 August 2010 the tax reimbursement claims to be posted as assets amounted to € 3,669,974 and € 3,599,444, respectively. 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. The € 70,530 increase in the capital reserve resulted from the use of treasury stock for the acquisition of subsidiaries and to service employee options, if exercised.

Reserve for Share-based Compensation

The reserve comprises the accumulated costs from issuing share-based compensation. As of 31 August 2011 and 31 August 2009, they reached a value of € 171,187 and € 141,259, respectively.

Accumulated Deficit (incl. Revenue Reserves)

In the 2010/2011 financial year the balance sheet loss fell by the balance from the net income of € 1,278,305 and the dividend payment of € 0.08 per share totalling € 895,202 made in December 2010 upon the resolution of the Annual General Meeting. As of 31 August 2011 it was € 1,749,646, after € 2,132,749 on 31 August 2010.

Changes in Shareholders' Equity not Affecting Net Income

The changes in shareholders' equity with neutral effect on income as of 31 August 2011 and 31 August 2010 amounted to € 20,676 and € 21,129, respectively, and originated in the amount of € 25,099 and € 25,078, respectively, from currency conversion within the context of the consolidation of the companies in the consolidation group reporting in foreign currency and in the amount of € –4,423 and € –3,949, respectively, from the evaluation of securities available for sale on the report date with no effect on net income. The changes to these items are shown in the Consolidated Financial Statements of Comprehensive Income.

4.9 Tax Liabilities

As of 31 August 2011 the reserves for corporation tax and commercial tax were € 620,208 (previous year: € 1,845,589).

In the 2010/2011 financial year, € 42,399 were paid in investment income tax and € 49,018 were reimbursed. Corporation tax and commercial tax were paid in the amount of € 1,125,181 for the 2007/2008 and 2008/2009 financial years (2008 and 2009 tax years). Corporation tax and commercial tax payments on account were made in the amount of € 783,517 for the current financial year and in the amount of € 360,776 for the last financial year. Tax payments and payments on account for previous financial years were offset against the reserves formed for these years.

In the 2009/2010 financial year, € 58,267 were paid in investment income tax and € 50,547 in advance payments were made for corporation and commercial tax.

4.10 Accrued Expenses

Table 5 shows the composition of the accrued expenses as of 31 August 2011 and the development in the 2010/2011 financial year:

Table 5 | Accrued expenses in €

	31.08.2010	Utilised	Addition from first consolidation	Allocated	Dissolved	**31.08.2011**
Accrued compensation	1,526,326	-1,521,277	–	2,085,786	-5,049	2,085,786
Accrued project-oriented expenses for warranties and allowances	260,747	-24,472	–	53,817	-5,888	284,204
Accrued rent and related expenses	247,532	-43,741	–	35,335	-103,826	135,300
Reporting and auditing expenses	73,884	-68,098	7,625	89,497	-786	102,122
Other accruals	87,878	-72,309	302,160	130,492	–	448,221
Total	**2,196,367**	**-1,729,897**	**309,785**	**2,394,927**	**-115,549**	**3,055,633**

4.11 Current Financial Liabilities and other Liabilities

As of 31 August 2011 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 6:

Table 6 | Financial liabilities and other liabilities in €

	31.08.2011	31.08.2010
Liabilities from income tax	285,942	208,286
Liabilities from value-added tax	533,642	319,390
Other current liabilities	450,364	455,010
Deferred revenues and deferred income	20,998	29,381
Total	**1,290,946**	**1,012,067**

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 € 374,781 and € 166,340.

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 and 2014.

4.13 Financial Liabilities and Contingent Liabilities

SinnerSchrader rents its office premises at the Hamburg, Frankfurt am Main, Berlin, and Hanover 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 60 months as of 31 August 2011. The leasing contracts for the company vehicles had a remaining term of between 3 and 35 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 7:

Table 7 | Financial liabilities in €

	Leasing		Renting	
	31.08.2011	31.08.2010	**31.08.2011**	31.08.2010
01.09.2010–31.08.2011	–	32,390	–	979,113
01.09.2011–31.08.2012	71,273	18,540	1,333,468	903,263
01.09.2012–31.08.2013	58,610	7,922	1,516,719	756,428
01.09.2013–31.08.2014	23,974	–	1,215,419	441,588
01.09.2014–31.08.2015	–	–	746,820	–
01.09.2015–31.08.2016	–	–	714,931	–
After 31.08.2016	–	–	340,627	–
Total	**153,857**	**58,852**	**5,867,984**	**3,080,392**

All of these expenses from rents including the operating costs amounted to € 1,285,735 and € 1,113,248, respectively, in the 2010/2011 and 2009/2010 financial years. The expenses arising from leasing agreements amounted to € 98,652 and € 93,939 in the 2010/2011 and 2009/2010 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 be 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, and Hanover locations, the landlords each demanded securities, which were provided in the form of bank guarantees. Further securities in the form of bank guarantees were provided to the vendors of spot-media AG to secure future purchase price instalments. As of 31 August 2011, the volume of this guarantee was € 681,662 (previous year: € 651,107). 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 € 13,445. The book value of the financial assets as of 31 August 2011 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, the picture presented in Table 8a results for the financial instruments reported in the SinnerSchrader AG Consolidated Financial Statements as of 31 August 2011:

Table 8a | Financial instruments acc. to IFRS 7 in € 000s

		31.08.2011		31.08.2010	
	Category of measurement acc. to IAS 39	**Book value**	**Fair value**	Book value	Fair value
Funds	LaR	3,711	3,711	2,246	2,246
Marketable securities	AfS	2,032	2,032	6,044	6,044
Accounts receivable, net	LaR	7,480	7,480	5,380	5,380
Receivables from production orders (POC)	LaR	446	446	726	726
Other current assets	LaR	421	421	24	24
Funds and current assets		**14,090**	**14,090**	**14,420**	**14,420**
Trade accounts payable	FLaC	2,573	2,573	1,991	1,991
Accrued expenses for reporting and auditing	FLaC	99	99	74	74
Other current liabilities	FLaC	736	736	663	663
Other non-current liabilities	FLaC	364	364	289	289
Financial liabilities		**3,772**	**3,772**	**3,017**	**3,017**

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 8b:

Table 8b | 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		**2010/2011**	2009/2010
LaR	–	12,084	–	–	–	12,084	11,836
FLaC	–	-6,997	–	–	–	-6,997	-53,230
AfS	101,117	–	-6,530	–	–	94,587	126,358
Total	**101,117**	**5,087**	**-6,530**	**–**	**–**	**99,674**	**84,964**

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

Table 8c shows the age structure of the trade accounts receivable after value adjustments:

Table 8c | Maturity of accounts receivable after adjustments in € 000s

Accounts receivable	Not due	Days overdue more than			
		1–90 days	91–180 days	181–360 days	360 days
as of 31. August 2011	6,549	1,120	122	69	66
as of 31. August 2010	4,252	1,778	14	23	39

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 8d:

Table 8d | Development of allowances for doubtful accounts receivable in € 000s

	31.08.2010	Utilised	Addition from first consolidation	Allocated	Dissolved	**31.08.2011**
Allowances for doubtful accounts receivable	191,040	–	88,123	13,444	15,000	277,607

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 € 36,714,050 (previous year: € 28,718,061) include order income of € 1,214,017 (previous year: € 944,617) from incomplete projects as of 31 August 2011 identified with the POC method. The accumulated costs of the revenues for these orders were € 1,056,635 (previous year: € 597,759).

5.2 Breakdown of Expenses According to the Total Cost Method

The total revenues, marketing, administrative, and research and development costs of the 2010/2011 and 2009/2010 financial years was broken down according to cost types, as shown in Table 9:

Table 9 | Operating costs by cost type in €

	2010/2011	2009/2010
Personnel expense	19,516,141	15,329,697
Costs of materials	414,429	426,268
Costs of services	3,487,962	2,023,657
Depreciation of property and equipment, as far as not from first consolidation	580,950	531,615
Other operating expenses	4,469,745	3,490,936
Amortisation of intangible assets from first consolidation	558,098	618,592
Total	**29,027,325**	**22,420,765**

The personnel expenditure refers to an average personnel capacity of 335 full-time employees in the 2010/2011 financial year and 271 full-time employees in the 2009/2010 financial year.

The Group paid contributions to statutory pension insurers. In 2010/2011 these expenses in connection with contribution-based pension plans were € 1,378,859 (previous year: € 1,079,248).

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, € 1,285,735 and € 1,113,248 were incurred for renting and operating the office space in the 2010/2011 and 2009/2010 financial years, respectively.

Additionally, within the other operating expenses, € 8,687 was apportionable to bad debt losses in the 2010/2011 financial year. In the comparable period of the previous year, bad debt losses arose in the amount of € 9,522.

In the 2010/2011 financial year SinnerSchrader received a grant for hosting the next11 Congress in Berlin in May 2011. The grant total of € 35,000 was posted on the balance sheet in the full amount with other operating expenses.

5.3 Other Operating Expenses

Table 10 shows the composition of the other income/expenses:

Table 10 | Other income and expenses in €

	2010/2011	2009/2010
Income from dissolving of accrued expenses	124,683	39,120
Compensation for damages	23,342	2,090
Other income	41,188	26,980
Total	**189,213**	**68,190**
Expenses from disposal of fixed assets	-6,158	-2,502
Other expenses	-10,976	-13,216
Total	**-17,134**	**-15,718**

5.4 Financial Result

The financial result is made up as shown in Table 11:

Table 11 | Financial income in €

	2010/2011	2009/2010
Interest income	113,201	138,473
Realised gains/losses on the sale of marketable securities	–	5,551
Interest expenses	-29,088	-56,756
Total	**84,113**	**87,268**

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.

5.5 Taxes from Income and from Earnings

The taxes from income and earnings posted in the 2010/2011 and 2009/2010 financial years are made up of current and deferred components, as shown in Table 12a:

Table 12a | Income tax in €

	2010/2011	2009/2010
Current	933,803	785,327
Deferred	-73,956	-234,773
Total	**859,847**	**550,554**

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 12b shows the composition of the deferred tax items as of 31 August 2011 and 31 August 2010, broken down according to the items where there was an evaluation difference:

Table 12b | Deferred tax items in €

	31.08.2011	31.08.2010
Deferred tax assets:		
Loss carry-forwards	828,101	610,499
Valuation of accrued expenses	31,033	-194
Valuation allowance	-775,436	-553,229
Total deferred tax assets	**83,698**	**57,076**
Deferred tax liabilities:		
Valuation of unfinished/unbilled services	324,859	194,334
Valuation of unrealised gains or losses on marketable securities available for sale	561	748
Valuation of intangible assets	127,889	197,412
Valuation of fixed assets	1,330	2,429
Valuation of current assets	8,649	6,003
Total deferred tax liabilities	**463,288**	**400,926**
Total deferred tax assets/liabilities, net	**-379,590**	**-343,850**
thereof:		
deferred tax assets/liabilities formed with an effect on net income	-271,777	-345,732
deferred tax from the identification of intangible assets	-109,921	–
deferred tax from the valuation change of AfS financial instruments	2,108	1,882

As of 31 August 2011 and 31 August 2010, the calculation of deferrals was based on tax loss carry-forwards in Germany, the UK, and the Netherlands. In the three countries, the relevant loss carry-forwards could be brought forward without limitation. The extents of the loss carry-forwards and the tax rates used to calculate them are listed in Table 12c.

Table 12c | Loss carry-forwards and statutory income tax rates in € and %

	31.08.2011		31.08.2010	
For corporate tax	**Loss carry-forwards**	**Tax rate**	Loss carry-forwards	Tax rate
Germany	-942,030	15.8 %[1]	-129,898	15.8 %[1]
Great Britain	-1,203,305	30.0 %	-1,170,647	30.0 %
Netherlands	-230,408	34.5 %	-220,199	34.5 %
	31.08.2011		31.08.2010	
For municipal trade tax	**Loss carry-forwards**	**Tax rate**	Loss carry-forwards	Tax rate
Germany	-1,450,105	16.5 %	-641,398	16.5 %
Great Britain	–	–	–	–
Netherlands	–	–	–	–

[1] 15 % corporate tax plus 5.5 % solidarity surcharge

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 2011 and 31 August 2010, 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 2011 and 31 August 2010. 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 12d 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 2010/2011 and 2009/2010 financial years:

Table 12d | Tax reconciliation in €

	2010/2011	2009/2010
Income before income taxes	2,138,152	1,653,800
Statutory tax rate in Germany	32.28 %	32.28 %
Tax provision (+), tax credit (–)	690,088	533,764
Non-deductible expenses for share-based compensation	9,659	12,659
Other non-deductible expenses/non-taxable income	21,814	22,700
Transfer of losses from different financial year of subsidiaries with effect on taxes	–	-80,901
Deferred tax assets, not recognised	153,770	63,125
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	124	184
Taxes for previous years	-15,608	-977
Income tax corresponding to income statement	**859,847**	**550,554**

5.6 Earnings per Share

The derivation of the undiluted and diluted earnings per share for the 2010/2011 and 2009/2010 financial years is shown in Table 13:

Table 13 | Earnings per share in € and number

	2010/2011	2009/2010
Net income	**1,278,305**	**1,103,246**
Net income attributable to external shareholders	–	–
Net income attributable to the shareholders of SinnerSchrader AG	1,278,305	1,103,246
Basis weighted average shares of common stock outstanding	11,211,344	11,253,987
Basic earnings per share	**0.11**	**0.10**
Weighted average shares of common stock outstanding	11,211,344	11,253,987
add: stock option grant	23,893	–
Diluted average share of common stock outstanding	11,235,238	11,253,987
Diluted earnings per share	**0.11**	**0.10**

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 Sinner-Schrader share on the Frankfurt Stock Exchange during the ten trading days prior to the allocation date. The options of the 2000 Plan can be exercised in equal instalments of one-third each two, three, and four years, respectively, after allocation at the earliest. They have to be exercised within six years of the allocation date. In the 2010/2011 financial year, no options were allocated. As of 31 August 2011, 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 (200,000 options) and to the members of the management of the affiliated companies (200,000 options) as well as to selected employees performing managerial tasks within SinnerSchrader AG and affiliated companies (200,000 options).

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 2010/2011 financial year, 135,000 options at an average exercise price of € 2.32 were allocated to members of the management of subsidiaries. In previous financial years, 250,000 options with an average exercise price of € 1.63 were allocated to members of the SinnerSchrader AG Management Board and to members of the management of subsidiary companies.

The total expenditure for share-based compensation where the return is recorded immediately with an effect on expenditure is € 29,928 (previous year: € 39,222) and results entirely from compensation with shareholders' equity instruments.

Table 14a shows the parameters used to assess the newly allocated options in the 2010/2011 financial year on the basis of a binomial model according to Cox/Ross/Rubenstein:

Table 14a | Parameters for valuation of stock options at the date of issue

	2010/2011
Expected life of option	3.5 – 5.5 years
Risk-free interest rate	1.65 %
Expected dividend yield	5 %
Expected volatility	34 % – 35 %
Exercise price	€ 2.32
Share price at valuation date	€ 2.25

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 14b summarises the changes in the number of options outstanding from the 2000 Plan and the 2007 Plan in the 2010/2011 and 2009/2010 financial years:

Table 14b | Outstanding stock options in € and number

	Number of options	Weighted average exercise price	Weighted average grant date fair value
Outstanding at 31 August 2009	**288,367**	**1.69**	**0.61**
Granted	25,000	1.69	0.61
Exercised	–	–	–
Cancelled	–	–	–
Expired	–	–	–
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**

Additional information on all options outstanding on 31 August 2011 is listed in Table 14c:

Table 14c | Outstanding stock options according to exercise price in €, number, and years

31.08.2011	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 €
0.00 – 5.00	440,167	3.21	1.87	138,501	1.74
Total	**440,167**	**3.21**	**1.87**	**138,501**	**1.74**

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 2010/2011 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. On 31 August 2011 SinnerSchrader held interest-bearing securities with a nominal volume of € 2 million.

A rise in the market interest level of 0.5 percentage points would lead to a € 25,000 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 2010/2011 financial year because re-investment of liquidity that became available was only possible at lower interest rates.

Exchange Risks
As of 31 August 2011, 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 2011, the SinnerSchrader shareholders' equity rate was 59.3 % (previous year: 59.9 %). The shareholders' equity return – the ratio of the net profit to shareholders' equity on the balance sheet date – was 9.9 % and 8.8 % for the 2010/2011 and 2009/2010 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 2010/2011 and 2009/2010 financial years, subsidiaries of SinnerSchrader AG earned revenue in the amount of € 7,755,359 and € 7,809,719, respectively, with companies of a group of companies in which members of the Supervisory Board of SinnerSchrader also held Supervisory Board positions or, since the date of the Annual General Meeting on 16 December 2009, held other positions relevant to decision-making. The total of unbilled services and accounts receivable vis-a-vis these companies was € 1,642,640 and€ 978,023, respectively, on 31 August 2011 and 31 August 2010.

In April 2011 SinnerSchrader Aktiengesellschaft granted its Management Board Chairman, Matthias Schrader, a short-term loan in the amount of € 100,000. The loan must be repaid, incl. interest, by 31 December 2011. Interest is 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. SinnerSchrader AG is entitled to offset its claims for repayment and interest on the loan against the claims from the security.

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

8.1 Management Board

In the 2010/2011 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 15a shows the compensation for the members of the Management Board in the 2010/2011 financial year; the comparative data of the previous year can be seen in Table 15b:

Table 15a | 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**

Table 15b | Compensation of the Management Board members 2009/2010 in €

	Fixed salary	Other benefits	Variable components	Share-based compensation
Matthias Schrader	180,000	16,982	–	–
Thomas Dyckhoff	130,000	12,751	64,921	–
Total	**310,000**	**29,733**	**64,921**	**–**

The total compensation of the Management Board in the 2010/2011 financial year was € 465,441 (previous year: € 404,654). Unlike the information in previous years, the expenditure for the D&O insurance is no longer posted under other benefits in line with the new rules of German Accountancy Standard (“DRS”) 17. Premiums in the 2010/2011 financial year were € 16,669, unchanged from the previous year.

In the 2010/2011 financial year, reserves in the amount of € 16,667 and € 10,000, 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 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 16a shows the compensation of the Supervisory Board members in the 2010/2011 financial year; the comparative data of the previous year can be seen in Table 16b:

Table 16a | 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**

Table 16b | Compensation of the Supervisory Board members 2009/2010 in €

	Fixed salary	Other benefits	Variable components
Prof. Dr Reinhard Pöllath	2,345	81	–
Dieter Heyde	7,414	278	–
Prof. Cyrus D. Khazaeli	5,414	278	–
Philip W. Seitz	2,827	196	–
Total	**18,000**	**833**	**–**

In line with the new rules of DRS 17, the premium for the D&O insurance is no longer to be posted as compensation for the Supervisory Board either. In the 2010/2011 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

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

10 SUPPLEMENTARY INFORMATION REQUIRED BY THE GERMAN COMMERCIAL CODE

10.1 Participations

See Annual Financial Statements of SinnerSchrader Aktiengesellschaft, Section 5.5, page 130.

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 Report of next commerce GmbH of 30 April 2011.

10.3 Employees

In the 2010/2011 financial year, the SinnerSchrader Group had an average 335 employees, 11 of which were members of the Management Board or managing directors of Group companies and 41 were apprentices, students or interns.

In the previous year, there was an average of 291 employees in the Group.

10.4 Auditors' Fees

€ 80,000 were spent on the auditing of the Annual Report and Consolidated Financial Statements as of 31 August 2011. BDO AG Wirtschaftsprüfungsgesellschaft received a further € 5,665 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, page 134.

10.6 Declaration of Conformity on the Acceptance of Recommendation of the "Government Commission on the German Corporate Governance Code"

On 27 December 2010 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, 28 October 2011
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, 2010 to August 31, 2011, 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 7, 2011
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 and 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 Group and 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 Group and the AG, together with a description of the principal opportunities and risks associated with the expected development of the Group and the AG.

Hamburg, 28 October 2011
The Management Board

Matthias Schrader | Thomas Dyckhoff

05

ANNUAL FINANCIAL STATEMENTS OF SINNERSCHRADER AG

BALANCE SHEETS OF SINNERSCHRADER AG AS OF 31 AUGUST 2011

Assets in €	**31.08.2011**	31.08.2010
Fixed assets		
Intangible assets:		
Concessions, industrial property rights and similar rights, and assets, as well as licences in such rights and assets	28,323	29,956
Tangible assets:		
Other equipment, plant, and office equipment	319,581	240,143
Leasehold improvements	67,554	70,859
Total tangible assets	**387,135**	**311,002**
Financial assets:		
Shares in affiliated companies	29,511,534	22,833,928
Total financial assets	**29,511,534**	**22,833,928**
Total fixed assets	**29,926,992**	**23,174,886**
Current assets		
Receivables and other assets:		
Trade receivables	13,304	4,233
Receivables from affiliated companies	2,724,086	2,250,643
Other assets	303,576	228,788
Total receivables and other assets	**3,040,966**	**2,483,664**
Securities:		
Other securities	1,991,730	5,991,853
Total securities	**1,991,730**	**5,991,853**
Cash on hand and in banks	3,268,196	1,502,196
Total current assets	**8,300,892**	**9,977,713**
Prepaid expenses	60,988	57,729
Total assets	**38,288,872**	**33,210,328**

Liabilities and shareholders' equity in €	**31.08.2011**	31.08.2010
Shareholders' equity		
Subscribed capital (conditional capital: € 896,538; previous year: € 896,538)	11,542,764	11,542,764
Treasury stock	-273,751	-360,945
Issued share capital	**11,269,013**	**11,181,819**
Capital surplus	2,674,203	2,603,673
Reserves:		
Other reserves	20,395,330	14,868,020
Retained earnings/accumulated deficit	1,186,526	1,369,892
Total shareholders' equity	**35,525,072**	**30,023,404**
Accruals		
Accrued taxes	379,035	1,690,040
Other accrued liabilities	1,280,025	1,274,715
Total accrued liabilities	**1,659,060**	**2,964,755**
Liabilities		
Trade payables	177,802	136,936
thereof with a remaining term up to one year: € 177,802 (previous year: € 136,936)		
Liabilities to affiliated companies	912,062	–
thereof with a remaining term up to one year: € 912,062 (previous year: € 0)		
Other liabilities	14,876	84,296
thereof with a remaining term up to one year: € 14,876 (previous year: € 84,296)		
thereof taxes: € 9,607 (previous year: € 71,753)		
thereof relating to social security and similar obligations: € 246 (previous year: € 56)		
Total liabilities	**1,104,740**	**221,232**
Prepaid expenses	–	937
Total liabilities and shareholders' equity	**38,288,872**	**33,210,328**

STATEMENTS OF OPERATIONS OF SINNERSCHRADER AG FOR THE 2010/2011 AND 2009/2010 FINANCIAL YEARS

in €	2010/2011	2009/2010
Revenues	3,578,795	3,159,095
Other operating income	4,898,995	2,308,473
Material expenses:		
Expenses for purchased services	-151,322	-232,281
Total material expenses	**-151,322**	**-232,281**
Personnel expenses:		
Wages and salaries	-1,619,445	-1,285,287
Social security	-294,021	-212,791
Total personnel expenses	**-1,913,466**	**-1,498,078**
Depreciation of intangible assets, property, and equipment	-190,097	-200,352
Other operating expenses	-2,050,243	-1,846,395
Income from profit/loss transfer agreement	3,456,389	3,226,390
Other interest and similar income	199,948	156,006
thereof from affiliated companies: € 20,910 (previous year: € 23,230)		
Writedowns on investments	-63,873	-8,146
Expense from profit/loss transfer agreement	-689,033	-989,687
Interest and similar expenses	-92,974	-76,636
thereof from affiliated companies: € 73,067 (previous year: € 75,462)		
Income from ordinary activities	**6,983,119**	**3,998,389**

in €	2010/2011	2009/2010
Income tax	-799,985	-672,068
Other taxes	-805	-4,585
Net income	**6,182,329**	**3,321,736**
Profit brought forward from previous year	474,690	845,024
Additions to reserves:		
to other reserves	-5,470,493	-2,796,868
Net income for the year	**1,186,526**	**1,369,892**

06

NOTES
OF SINNERSCHRADER AG

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 provisions of the German Accounting Law Modernisation Act (“BilMoG”) were considered for the first time from 1 September 2010 onwards. In line with Article 67 para. 8 of the Introductory Act to the German Commercial Code (“EGHGB”), the previous year’s figures – with the exception of the representation of treasury stock – have not been adjusted.

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

02 ACCOUNTING AND VALUATION PRINCIPLES

The use of the provisions of the BilMoG for the first time resulted in changes in the accounting and valuation principles used to date, which will not be dealt with in more detail pursuant to Article 67 para. 8 EGHGB.

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 either at acquisition costs or at the value to be ascribed on the balance sheet date, whichever is lower.

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. 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 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 “Taxes on Income and Profit”.

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 and manufacturing costs in €	01.09.2010	Additions	Disposals	**31.08.2011**
Intangible assets:				
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	507,353	24,271	–	531,624
Tangible assets:				
Other equipment, plant and office equipment	945,785	169,512	–	1,115,297
Leasehold improvements	356,388	70,814	–	427,202
Financial assets:				
Shares in affiliated companies	27,592,586	2,060,689	141,741	29,511,534
Total	**29,402,112**	**2,325,286**	**141,741**	**31,585,657**
Accumulated depreciation in €	01.09.2010	Additions	Disposals/ write-ups	**31.08.2011**
Intangible assets:				
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	477,397	25,904	–	503,301
Tangible assets:				
Other equipment, plant and office equipment	705,642	90,074	–	795,716
Leasehold improvements	285,529	74,119	–	359,648
Financial assets:				
Shares in affiliated companies	4,758,658	–	4,758,658	–
Total	**6,227,226**	**190,097**	**4,758,658**	**1,658,665**
Net book values in €	31.08.2010			**31.08.2011**
Intangible assets:				
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	29,956			28,323
Tangible assets:				
Other equipment, plant and office equipment	240,143			319,581
Leasehold improvements	70,859			67,554
Financial assets:				
Shares in affiliated companies	22,833,928			29,511,534
Total	**23,174,886**			**29,926,992**

3.2 Receivables and Other Assets

As of 31 August 2011 receivables and other assets amounted to € 3,040,966 (previous year: € 2,483,664); of these, receivables in the amount of € 144,065 (previous year: € 161,877) had a remaining term of more than one year. All other receivables and other assets in the amount of € 2,896,900 (previous year: € 2,321,787) had a remaining term of up to one year.

Accounts receivable from affiliated companies in the amount of € 2,724,086 (previous year: € 2,250,643) are balanced against liabilities to affiliated companies in the amount of € 2,431,165 (previous year: € 2,014,599). The gross item comprises receivables from profit and loss transfer agreements in the amount of € 3,456,389 (previous year: € 3,226,390), trade accounts receivable in the amount of € 675,575 (previous year: € 736,352), current loan receivables in the amount of € 1,018,178 (previous year: € 300,000) and interest receivables in the amount of € 5,109 (previous year: € 2,500).

Other assets as of 31 August 2011 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 € 144,065 (previous year: € 161,877), a current loan to Management Board members including accumulated interest in the amount of € 101,694 (previous year: € 0) as well as accrued interest income from the investment of securities in the amount of € 38,529 (previous year: € 49,493).

3.3 Prepaid Expenses

The prepaid expenses in the amount of € 60,988 (previous year: € 57,729) largely consist of payments for investor relations services, insurance policies, maintenance contracts, contributions, a contingency for job advertisements.

3.4 Shareholders' Equity

The development of shareholders' equity in the 2010/2011 financial year including the changes resulting from the application of the provisions of the BilMoG is summarised in the table below.

Table 2 | Shareholders' equity in €	31.08.2010	Adjustment due to the BilMoG	31.08.2010 after adjustment	Re-issuance of treasury stock	Dividend 2009/2010	Net income 2010/2011	**31.08.2011**
Subscribed capital	11,542,764	–	11,542,764	–	–	–	11,542,764
Treasury stock	–	-360,945	-360,945	87,194	–	–	-273,751
Capital surplus	2,603,673	–	2,603,673	70,530	–	–	2,674,203
Reserves:							
Reserve for treasury stock	596,142	-596,142	–	–	–	–	–
Other reserves	14,507,075	360,945	14,868,020	56,817		5,470,493	20,395,330
Retained earnings	1,369,892	–	1,369,892	–	-895,202	711,836	1,186,526
Total shareholders' equity	**30,619,546**	**-596,142**	**30,023,404**	**214,541**	**-895,202**	**6,182,329**	**35,525,072**

3.4.1 Amendment to the Balance Sheet Posting for Treasury Stock

As part of the first application of the rules of the BilMoG, the posting of treasury stock also had to be amended as of 31 August 2011. Under the new rules to be applied, treasury stock no longer has to be posted on the assets side under acquisition costs with parallel provision of a reserve for treasury stock in the same amount; instead it is deducted at its acquisition costs directly within the shareholders' equity. The deduction is to be made in the amount of the nominal value of the treasury stock from subscribed capital on the face of the balance sheet. The difference to the acquisition costs is offset against the freely available reserves.

To ensure the comparability of the effective date balances, the balance sheet of 31 August 2010 has been adapted from the original postings under the new rules. As of 31 August 2010, the treasury stock of Sinner-Schrader AG amounted to 360,945 shares with a calculated nominal value of € 360,945, which had been acquired at acquisition costs of € 596,142. The adjustments to comply with the BilMoG rules resulted in the following changes to the balance sheet of 31 August 2010:

- Cancellation of the item "Treasury stock" in the assets in the amount of € 596,142 with discounting of treasury stock at its calculated nominal value of € 360,945 from the item "Subscribed capital" on the face of the balance sheet and offsetting the difference of € 235,197 at the acquisitions costs against other revenue reserves
- Release of the reserve for treasury stock in the amount of € 596,142 in favour of other revenue reserves
- Increase in other reserves by means of the two adjustments on balance by € 360,945

3.4.2 Subscribed Capital

As of 31 August 2011, 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.

As part of the first application of the provisions of the BilMoG, the calculated face value of the treasury stock as of 31 August 2011 was shown for the first time as a deduction entry within the item "Subscribed capital" on the face of the balance sheet. To ensure comparability, the previous year's balance sheet has been adjusted accordingly.

As of 31 August 2011 the shares of treasury stock amounted to 273,751 with a calculated face value of € 273,751. They represent 2.37 % 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 2010 the treasury stock still totalled 360,945 shares. In the 2010/2011 financial year, 8,200 shares of the treasury stock were issued for exercising employee options and 78,994 for the acquisition of TIC-Mobile GmbH (now SinnerSchrader Mobile GmbH). No share purchases were made.

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 ("2008 Approved Capital"). Neither the Management Board nor the Supervisory Board have made use of the approved capital. As of 31 August 2011, 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.

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 can be allocated until 31 December 2011. In the 2010/2011 financial year, 135,000 options at an average exercise price of € 2.32 were allocated to members of the Management Board and management of subsidiaries. In the preceding financial years, 275,000 options at an average exercise price of € 1.63 were allocated to members of the Management Board and management of the subsidiaries. As of 31 August 2011, there were therefore 410,000 options with an average exercise price of € 1.86 in circulation.

3.4.3 Treasury Stock

Of the total treasury stock as of 31 August 2010 of 360,945 shares, in the 2010/2011 financial year 8,200 shares were issued to serve the exercise of employee options and 78,994 shares as part of the acquisition of TIC-mobile GmbH (now SinnerSchrader Mobile GmbH).

No other shares were bought back in the 2010/2011 financial year. As of 31 August the shares of the treasury stock therefore totalled 273,751 shares with a calculated face value of € 273,751. They represent 2.37 % of the share capital and are held with respect to use for the purposes named in the relevant Annual General Meeting resolutions.

The shares were acquired on the market for an average acquisition price of € 1.65. The difference between the acquisition costs and the calculated face value in the amount of € 178,380 is offset against the other revenue reserves.

3.4.4 Capital Reserve

The capital reserve rose in the 2010/2011 financial year after the issuing of treasury stock because of the exercising of employee options and the acquisition of TIC-mobile GmbH (now SinnerSchrader Mobile GmbH) by the difference between the current value received for the issue of the shares and the acquisition costs in the total amount of € 70,530. As of 31 August 2011 it was € 2,674,203 (previous year: € 2,603,673).

3.4.5 Other Revenue Reserves

Table 3 | Other reserves in €

As at 31.08.2010	**14,507,075**
Adjustment by reason of BilMoG	360,945
As at 31.08.2010 after adjustment	**14,868,020**
Re-issuance of treasury stock	56,817
Allocation to other reserves acc. to Art. 58 para. 2 a AktG	4,758,658
Allocation to other reserves acc. to Art. 58 para. 2 AktG	711,836
As at 31.08.2011	**20,395,330**
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	5,543,052
difference between nominal value and acquisition costs of treasury stock	-178,380

In the 2010/2011 financial year, the other revenue reserves rose by € 5,888,255 to a value of € 20,395,330 as of 31 August 2011.

€ 360,945 of the change is due to the adjustment of the status as of 31 August 2010 to the new provisions of the BilMoG on the posting of treasury stock. As a result of the issuing of treasury stock throughout the 2010/2011 financial year, the difference between the calculated face value and the acquisition costs of treasury stock to be offset in other revenue reserves under the new rules fell by € 56,817, which led to an increase in the other revenue reserves.

The allocation of € 4,758,658 in the reserves according to Article 58 para. 2a AktG accounts for a major proportion of the rise in the other revenue reserves; the annual profit for the 2010/2011 financial year in this amount originates from the reinstatement in value of the investment valuation for shares in an affiliated company. Moreover, the Management Board and Supervisory Board allocated 50 % of the remaining annual profit or € 711,836 to other revenue reserves according to Article 58 para. 2 AktG.

3.5 Accrued Expenses

Other accrued expenses in the amount of € 1,280,025 (previous year: € 1,274,715) were formed for future earn-out payments from the acquisition of spot-media AG and TIC-mobile GmbH (now SinnerSchrader Mobile GmbH), for the assumption of the losses of next commerce GmbH accrued since the end of the company's last financial year on 30 April 2011, for outstanding invoices, financial report and auditing costs and for personnel costs (holiday, fees, variable and overtime pay).

The amount of future earn-out payments from the acquisition of spot-media AG and TIC-mobile GmbH depends on the future operating results of these companies and, in the case of spot-media AG, on possible tax disadvantages from the delayed payment.

3.6 Liabilities

All liabilities in the amount of € 1,104,740 (previous year: € 221,232) have a remaining term of less than one year.

The liabilities to affiliated companies in the amount of € 912,062 (previous year: € 0) included receivables from affiliated companies balanced in the amount of € 329,980 (previous year: € 0). The gross position is made up of the obligation to assume losses from a profit and loss transfer agreement and from subsidiaries investing liquid funds in SinnerSchrader AG within the context of central liquidity management.

Trade accounts payable, turnover tax liabilities and any income tax and church tax levies that are not yet due make up the other current liabilities as of 31 August 2011.

04 EXPLANATIONS OF STATEMENTS OF OPERATIONS ITEMS

4.1 Revenues

SinnerSchrader AG earned revenues in the amount of € 3,578,795 solely by providing services for subsidiary companies.

4.2 Other Income

€ 4,758,658 of other income in the amount of € 4,898,995 resulted from the reinstatement in value of shares in the 100% subsidiary SinnerSchrader Deutschland GmbH according to Article 253 para. 5 HGB. Furthermore, it includes income from the release of reserves and insurance indemnification as well as from the granting of non-cash benefits to employees. Other operating income comprises out-of-period income in the amount of € 110,140.

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 € 2,907,543 was earned from the profit and loss transfer agreement in the 2010/2011 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 the Annual General Meeting of SinnerSchrader AG approved on 18 December 2008. Income of € 548,846 was earned from the profit and loss transfer agreement in the 2010/2011 financial year.

On 3 November 2009, SinnerSchrader AG concluded a Control and Profit and Loss Transfer Agreement with next commerce GmbH, which the Company's Annual General Meeting of 16 December 2009 approved. Sinner-Schrader AG has taken on losses of € 721,605 for the next commerce GmbH 2010/2011 financial year from 1 May 2010 to 30 April 2011. Reserves of € 177,780 had been formed for this in the last financial year. As of the balance sheet date, the Company formed a reserve to take over the losses incurred by next commerce GmbH from 1 May 2011 to 31 August 2011 in the amount of € 145,208.

4.4 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"). Interest expenses mainly arose from the central liquidity management that the Company operates for the domestic group.

4.5 Other Operating Expenses

The other operating expenses in the amount of € 2,050,243 mainly consist of office space costs, communication costs, advertising costs, and legal and consulting costs.

4.6 Extraordinary Result from Adjustments Due to the BilMoG

No extraordinary expenditure or income arose from the adjustments due to the application of the BilMoG.

05 OTHER INFORMATION

Calculations of deferred taxes resulted in deferred taxes from valuation differences, particularly in the reserves and the marketable securities. 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 2011. 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, Frankfurt am Main and Hanover, with minimum remaining terms of between one and fifty-six months.

Table 4 | Obligations from rent and lease contracts in €

01.09.2011 – 31.08.2012	818,376
01.09.2012 – 31.08.2013	808,507
01.09.2013 – 31.08.2014	359,588
01.09.2014 – 31.08.2015	355,000
After 31.08.2015	131,000
Total	**2,472,471**

To secure the claims of a client from the longer-term contractual relationship with a subsidiary, SinnerSchrader AG has concluded a guarantee agreement with the client along the lines of similar legal conditions.

Furthermore, SinnerSchrader AG has taken over a limited joint and several guarantee for another subsidiary to secure the claims of a service provider from a service contract in the amount of € 27,000.

Taking account of what it has learned up to the time of compilation, SinnerSchrader AG 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 any of these contingencies being used as improbable.

5.2 Employees

On average over the 2010/2011 financial year, there were 29 (previous year: 24) employees in the Company.

5.3 Management Board

In the 2010/2011 financial year, the following people were appointed to the Management Board:

Matthias Schrader, Chairman
- Businessman, Hamburg
- Member of the Supervisory Board of spot-media AG, Hamburg
- Managing Director of newtention technologies GmbH and newtention services GmbH, Hamburg, until 7 October 2010
- Managing Director of mediaby GmbH, Hamburg, until 7 October 2010

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

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 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**	**101,063**	**–**	**27,979**

The total compensation of the Management Board in the 2010/2011 financial year was € 465,441. Unlike the information in previous years, the expenditure for the D&O insurance is no longer posted under other benefits in line with the new rules of German Accountancy Standard (“DRS”) 17. Premiums in the 2010/2011 financial year were € 16,669, unchanged from the previous year.

In the 2010/2011 financial year, reserves in the amount of € 16,667 and € 10,000, 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 Mr Matthias Schrader a short-term loan in the amount of € 100,000, which is subject to interest of 5 % and must be paid back by 31 December 2011 at the latest. 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. SinnerSchrader AG is entitled to offset its claims for repayment and interest on the loan against the claims from the security.

5.4 Supervisory Board

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

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

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

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

The compensation for Supervisory Board members in the total amount of € 19,800 was made up as follows in the 2010/2011 financial year:

Table 6 | 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 new rules of DRS 17, the premium for the D&O insurance is no longer to be posted as compensation for the Supervisory Board either. In the 2010/2011 financial year, the share of the premium accounted for by the Supervisory Board was unchanged over the previous year at € 833.

5.5 Participations

The list of participating interests as of 31 August 2011 has grown by one company, SinnerSchrader Mobile GmbH, in comparison to the status on 31 August 2010. In a purchase and assignment contract of 11 May 2011, SinnerSchrader AG took over all the TIC-mobile GmbH shares. TIC-mobile GmbH is a service provider for the technical development of apps for mobile equipment, such as smartphones and tablets, based in Berlin. As part of the takeover, the company was renamed SinnerSchrader Mobile GmbH, Berlin.

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	2,907,543[1]	yes	01.09.10 –31.08.11
mediaby GmbH, Hamburg, Germany	100.00	EUR	25,000	732,870	-31,123	no	01.05.11 –31.08.11[2]
spot-media AG, Hamburg, Germany	100.00	EUR	76,051	865,652	548,846[1]	yes	01.09.10 –31.08.11
spot-media consulting GmbH, Hamburg, Germany[3]	100.00	EUR	25,000	-19,239	-28,001[1]	yes	01.09.10 –31.08.11
SinnerSchrader UK Ltd., London, Great Britain[4]	100.00	GBP	100,000	-686,529	-28,339	no	01.09.10 –31.08.11
SinnerSchrader Benelux BV, Rotterdam, Netherlands[4]	100.00	EUR	18,000	-205,596	-10,017	no	01.01.10 –31.12.10
newtention technologies GmbH, Hamburg, Germany	100.00	EUR	740,400	-634,229	-200,228	no	01.05.11 –31.08.11[2]
newtention services GmbH, Hamburg, Germany[5]	100.00	EUR	25,000	-64,723	-583	no	01.05.11 –31.08.11[2]
next commerce GmbH, Hamburg, Germany	100.00	EUR	25,000	625,000	-721,605[1]	yes	01.05.10 –30.04.11
SinnerSchrader Mobile GmbH, Berlin, Germany	100.00	EUR	25,000	222,669	120,087	no	01.01.10 –31.12.10

[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 newtention technologies GmbH.

5.6 Declaration of Compliance under Article 161 of the German Stock Corporation Act

On 16 December 2010, the Management Board and 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 2011, the participating interests in the Company, which have been notified according to Article 21 para. 1 WpHG and published below according to Article 26 para. 1 WpHG, were as follows:

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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 16 December 2010 elected BDO AG, Wirtschaftsprüfungsgesellschaft, Hamburg as the auditor for the 2010/2011 financial year. With respect to the fees, we refer to the Consolidated Financial Statements in accordance with Article 285 sentence 1 indent 17 HGB.

06 ADDITIONAL INFORMATION

6.1 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 2010 and any changes in the 2010/2011 financial year:

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

Shares	31.08.2010	Additions	Disposals	**31.08.2011**
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	31.08.2010	Additions	Disposals	**31.08.2011**
Management Board:				
Matthias Schrader	–	–	–	–
Thomas Dyckhoff	75,000	45,000	–	120,000
Total options of the Management Board	**75,000**	**45,000**	**–**	**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	**75,000**	**45,000**	**–**	**120,000**

Hamburg, 28 October 2011
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 Sinner-Schrader Aktiengesellschaft, Hamburg, for the business year from September 1, 2010 to August 31, 2011, 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 7, 2011
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 and 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 Group and 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 Group and the AG, together with a description of the principal opportunities and risks associated with the expected development of the Group and the AG.

Hamburg, 28 October 2011
The Management Board

Matthias Schrader | Thomas Dyckhoff

EVENTS & CONTACT INFORMATION

Financial Calendar 2011/2012

Annual General Meeting 2010/2011	15 December 2011
1st Quarterly Report 2011/2012 (September 2011–November 2011)	12 January 2012
2nd Quarterly Report 2011/2012 (December 2011–February 2012)	12 April 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 in the “Investors” section of the www.sinnerschrader.ag website.

Editorial Information

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Key figures of the SinnerSchrader Group, four quarters 2010/2011 acc. to IFRS

		Q4	Q3	Q2	Q1
Gross revenues	€ 000s	9,645	9,121	8,753	9,194
Net revenues	€ 000s	8,309	7,779	7,136	7,685
EBITDA	€ 000s	789	420	646	1,338
EBITA	€ 000s	629	273	507	1,203
EBIT	€ 000s	457	134	379	1,084
Net income	€ 000s	183	93	240	762
Net income per share1)	€	0.02	0.01	0.02	0.07
Cash flows from operating activities	€ 000s	280	-1,789	2,252	-292
Employees, full-time equivalents	number	365	354	318	300

Key figures of the SinnerSchrader Group, five years

		IFRS 01.09.2010 31.08.2011	IFRS 01.09.2009 31.08.2010	IFRS 01.09.2008 31.08.2009	IFRS 01.09.2007 31.08.2008	IFRS 01.09.2006 31.08.2007
Gross revenues	€ 000s	36,714	28,718	27,664	24,170	18,588
Net revenues	€ 000s	30,909	23,935	20,936	18,347	14,161
EBITDA	€ 000s	3,193	2,717	1,974	2,824	1,455
EBITA	€ 000s	2,612	2,185	1,441	2,305	1,043
Relation of the EBITA to net revenues (Operating margin)	%	8.5	9.1	6.9	12.6	7.4
EBIT	€ 000s	2,054	1,567	954	2,213	1,043
Net income	€ 000s	1,278	1,103	939	1,608	1,018
Net income attributable to the shareholders of SinnerSchrader AG	€ 000s	1,278	1,103	1,231	1,608	1,018
Net income per share[1]	€	0.11	0.10	0.11	0.14	0.09
Shares outstanding[1]	number	11,211	11,254	11,356	11,471	11,417
Cash flows from operating activities	€ 000s	450	2,343	2,229	2,744	893
Employees, full-time equivalents	number	335	271	244	179	145
		31.08.2011	31.08.2010	31.08.2009	31.08.2008	31.08.2007
Liquid funds and securities	€ 000s	5,743	8,290	7,988	9,075	10,450
Shareholders' equity	€ 000s	13,202	12,576	12,534	12,971	12,548
Balance sheet total	€ 000s	22,247	20,981	20,342	19,934	16,770
Shareholders' equity rate	%	59.3	59.9	61.6	65.1	74.8
Employees, end of period	number	400	305	279	241	152

[1] Weighted average shares outstanding

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