sinnerschrader

QUARTERLY FINANCIAL REPORT 2010/2011

3

KEY FIGURES OF THE SINNERSCHRADER GROUP

		Q3 2010/2011	Q3 2009/2010	Change	**9M 2010/2011**	9M 2009/2010	Change
Gross revenues	□ 000s	9,121	7,063	+29 %	27,069	20,545	+32 %
Net revenues	□ 000s	7,779	5,865	+33 %	22,600	17,132	+32 %
EBITDA	□ 000s	420	384	+9 %	2,404	1,447	+66 %
EBITA	□ 000s	273	247	+11 %	1,983	1,050	+89 %
Relation of the EBITA to net revenues (EBITA margin)	%	3.5	4.2	-17 %	8.8	6.1	+43 %
EBIT	□ 000s	134	86	+56 %	1,597	566	+182 %
Net income	□ 000s	93	34	+174 %	1,094	448	+144 %
Net income per share[1)]	□	0.01	0.00	> 1,000 %	0.10	0.04	+145 %
Shares outstanding[1)]	number	11,203,757	11,265,606	-1 %	11,191,859	11,269,941	-1 %
Cash flows from operating activities	□ 000s	-1,789	-940	-90 %	171	1,339	-87 %
Employees, full-time equivalents	number	354	278	+27 %	324	268	+21 %
		31.05.2011	28.02.2011	Change	**31.05.2011**	31.08.2010	Change
Liquid funds and securities	□ 000s	5,785	8,546	-32 %	5,785	8,290	-30 %
Shareholders' equity	□ 000s	13,020	12,717	+2 %	13,020	12,576	+4 %
Balance sheet total	□ 000s	23,994	21,654	+11 %	23,994	20,981	+14 %
Shareholders' equity rate	%	54.3	58.7	-8 %	54.3	59.9	-9 %
Employees, end of period	number	396	369	+7 %	396	305	+30 %

[1)] Weighted average shares outstanding

01 GENERAL

This Interim Status Report of the SinnerSchrader Group (“SinnerSchrader” or “Group”) as of 31 May 2011 represents the development of the income, financial, and assets status of the group which is managed by SinnerSchrader Aktiengesellschaft (“SinnerSchrader AG” or “AG”) in the third quarter and the first nine months of the 2010/2011 financial year from 1 March 2011 and 1 September 2010, respectively, to 31 May 2011. It deals with the major risks and opportunities and the probable developments in the rest of the financial year.

The consolidated financial statements on which this status report is based were drawn up according to the International Financial Reporting Standards (“IFRS”). The Interim Status Report, particularly Section 7, contains statements and information aimed at the future. Such forward-looking statements are based on current knowledge, estimates, and assumptions and therefore entail a number of risks and uncertainties. A variety of factors, many of which are outside SinnerSchrader’s sphere of influence, have an impact on business development and results. These factors mean that the actual future business development of SinnerSchrader and the actual results achieved may differ significantly from the explicit or implicit information in the forward-looking statements.

This quarterly financial report should be read in conjunction with the Consolidated Financial Statements of SinnerSchrader AG for the 2009/2010 financial year.

02 GROUP BUSINESS ACTIVITY AND STRUCTURE

The SinnerSchrader Group is a digital agency group which offers companies a comprehensive range of services for the use of digital technologies to optimise and further develop their business. The emphasis is on the use of the Internet for the sale of goods and services (e-commerce), for marketing and communication, and for the acquisition and retention of customers.

With nearly 400 employees at the end of the first nine months of the 2010/2011 financial year, SinnerSchrader is one of the biggest digital agency groups in Germany and performs its services at locations in Hamburg and Frankfurt am Main, as well as Berlin and Hanover since January and February 2011, respectively. SinnerSchrader mainly works for companies based in Germany, but also has companies from Denmark, France, the UK, Italy, and Morocco among its customers.

In the third quarter of 2010/2011, SinnerSchrader AG strengthened its service portfolio in the field of mobile commerce and applications for mobile devices, such as smartphones and tablets, with the takeover of TIC-mobile GmbH (now SinnerSchrader Mobile GmbH). All of the shares in SinnerSchrader Mobile GmbH were transferred to SinnerSchrader AG on 16 May 2011, with the effect that the consolidation group of the AG expanded correspondingly as of this date.

In comparison to the second quarter of 2010/2011 and the status at the end of the previous year, the consolidation group was still made up of SinnerSchrader Deutschland GmbH, spot-media AG including its subsidiary spot-media consulting GmbH, mediaby GmbH, the newtention Group comprising newtention technologies GmbH and newtention services GmbH, as well as next commerce GmbH. The operatively inactive companies SinnerSchrader UK Ltd. in London and SinnerSchrader Benelux BV in Rotterdam are also still part of the consolidation group.

In the second quarter of 2010/2011, spot-media consulting GmbH acquired the business operations of Maris Consulting GmbH in Berlin as part of an asset transaction. One month later, as of 1 February 2011, next commerce GmbH took over the key components of the business operations of Visions new media GmbH in Hanover, also as part of an asset transaction. Both of these business units were integrated in the relevant subsidiaries of the SinnerSchrader Group. Since their respective takeover dates, they have contributed to the revenue and profits of the SinnerSchrader Group.

The SinnerSchrader Group structures its business activity in the Interactive Marketing, Interactive Media, and Interactive Commerce segments. Services in the Interactive Marketing segment are provided by SinnerSchrader Deutschland GmbH, the spot-media Group and, since 17 May 2011, SinnerSchrader Mobile GmbH. mediaby GmbH and the newtention Group are brought together in the Interactive Media segment. The Interactive Commerce segment is covered by next commerce GmbH.

03 MARKET AND COMPETITIVE ENVIRONMENT

In the third quarter of 2010/2011 SinnerSchrader was able to continue its development in a positive economic and market environment.

At the end of May 2011 the German Federal Statistical Office reported that the German economy grew at a rate of 5.2 % in the first calendar quarter of 2011 in terms of real gross domestic product. This is a higher rise than in any of the preceding four quarters of 2010; in fact, it is the highest rise since German Reunification. The Federal Statistical Office confirmed that the positive impetus in the first quarter mainly came from the domestic economy and that private consumer spending helped to spur the growth.

On the basis of the surprisingly good results of the first quarter, the forecasts for economic growth in 2011 as a whole have been corrected upwards – in some cases considerably so. For example, in June the Bundesbank raised its growth expectation from 2.5 % to 3.1 %, which is within the range of the forecasts but tends towards the bottom end of expectations. The national debt problems of some European countries as well as the USA do not appear to be having much of an impact on the economy.

It is therefore hardly surprising that the assessment of Germany's commercial economy, which is surveyed by ifo every month, was stable at a high level for the first six months of 2011 and even improved greatly in June. However, business expectations have not maintained the high index scores of the start of the year and in June 2011 fell back to the level of twelve months ago, but they are still within the range of high levels of confidence.

This pleasing economic background is also reflected in the news and forecasts from SinnerSchrader's more immediate market environment. For example, the German E-Commerce and Distance Selling Trade Association (bvh) raised its growth forecast for the online sale of goods from 15.5 % to 17.4 %. Additionally, market analyst Nielsen noted with regard to the development of the gross advertising market that with growth of 4.7 % in the market as a whole, the online advertising sector rose by 26.0 % in the first half of the 2011 calendar year.

The current attractiveness of the German market for advertising and marketing services has been underlined by the takeover of the biggest independent German agency group, Scholz & Friends, by the international agency network WPP, which was announced in mid-April. The Internet agency ranking published shortly afterwards on the basis of revenue figures for the 2010 calendar year rates SinnerSchrader number 4 in the German market and the fastest growing large German digital agency after plan.net.

04 BUSINESS DEVELOPMENT AND GROUP SITUATION

The third quarter emphasises SinnerSchrader's growth-oriented business strategy for the current 2010/2011 financial year. With net revenue of € 7.8 million, SinnerSchrader has achieved the highest quarterly value in its company history to date. The quarterly revenue was € 0.1 million or 1.2 % above the value of the first quarter and € 0.65 million or 9.0 % above that of the second quarter of 2010/2011. It surpassed the comparable value of the previous year, the third quarter of 2009/2010, by € 1.9 million or 32.6 %.

With the takeover of TIC-mobile GmbH at the end of the quarter covered by the report and its incorporation in the Group as SinnerSchrader Mobile GmbH, SinnerSchrader has also expanded its service portfolio with a view to the growing importance of mobile devices for digital marketing, thus creating a basis for further growth.

SinnerSchrader took the risk of weaker operating results (EBITA) to implement its growth strategy. At just under € 0.3 million, the EBITA was better than in the comparable quarter of the previous year, in which SinnerSchrader earned around € 0.25 million, but it was well below the operating results of the first and second quarters of 2010/2011. In the quarter of the report, the operating margin fell to 3.5 %.

Over the first nine months, SinnerSchrader's net revenue grew by 31.9 % to € 22.6 million. A good 4 percentage points of this growth are due to previous acquisitions, with SinnerSchrader Mobile GmbH not yet being able to make a significant contribution to the revenue. Organic growth in the 2010/2011 financial year so far has therefore been well above the target corridor of 15 % to 20 %. The EBITA in the first nine months totalled around € 2.0 million, just under twice as much as in the comparable period of the previous year. The operating margin was 8.8 % and was thus just slightly below the average margin level of the 2009/2010 financial year of 9.1 %.

As forecast, the good operative development in the 2010/2011 financial year is having a tangible effect on the consolidated income, which improved to almost two-and-a-half times that of the previous year, or € 1.1 million, in the first nine months. Consolidated income in the period of the report was € 0.10 per share, compared to € 0.04 in the same period of the previous year.

Investments by the SinnerSchrader Group, especially in expanding its business base, have totalled around € 2.1 million in the 2010/2011 financial year to date. In view of the considerable increase in funds tied up in the working capital again in the third quarter, only € 0.4 million of this could be financed from the operating cash flow. Together with the dividend payment of € 0.9 million, the amount of liquid funds thus fell from € 8.3 million on 31 August 2011 to € 5.8 million on 31 May 2011.

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

	Net revenues	EBITA	Net revenue margin
Q1 09/10	5.9	0.6	10.1 %
Q2 09/10	5.3	0.2	3.9 %
Q3 09/10	5.9	0.2	4.2 %
Q4 09/10	6.8	1.1	16.7 %
Q1 10/11	7.7	1.2	15.6 %
Q2 10/11	7.1	0.5	7.1 %
Q3 10/11	7.8	0.3	3.5 %

NET REVENUES, EBITA, AND NET REVENUE MARGIN BY NINE-MONTH PERIODS
in € million and %

	Net revenues	EBITA	Net revenue margin
9M 06/07	10.3	0.6	5.5 %
9M 07/08	13.2	1.4	10.3 %
9M 08/09	15.6	0.8	5.0 %
9M 09/10	17.1	1.1	6.1 %
9M 10/11	22.6	2.0	8.8 %

4.1 Revenue, Incoming Orders, and Price Development

In the third financial quarter of 2010/2011, SinnerSchrader earned net revenue of € 7.8 million. This corresponds to revenue growth in comparison to the previous quarter of € 1.9 million or 32.6 %. In the preceding two quarters of the current financial year, the comparable values of the same quarters in the previous year were exceeded by € 1.75 million and € 1.8 million respectively, or by 29.5 % and 33.8 %.

With a rise of € 1.5 million in net revenue to just under € 6.9 million, most of the growth compared to the third quarter of 2009/2010 was attributed to the **Interactive Marketing segment**. The growth rate in this segment was 27.8 %, after reaching 18.2 % and 32.8 % in the first and second quarters of 2010/2011.

In the quarter of the report, the segment earned revenue of € 1.2 million with customers with which it had not had a business relationship one year earlier. This corresponds to a new customer rate of 16.3 %. This means that in the third quarter of 2010/2011, business in customer relationships that were not older than twelve months was the key driver of growth in the segment. In the quarter of the report, one of the SinnerSchrader agency's new customers was Osram.

The acquisition of the business operations of Maris Consulting GmbH by the spot-media Group accounted for € 0.2 million of the revenue growth in the Interactive Marketing segment. The takeover took effect on 1 January 2011.

SinnerSchrader Mobile GmbH, which was taken over as TIC-mobile GmbH on 16 May 2011, has not yet had a significant impact on the revenue development in the segment.

The strong demand in the Interactive Marketing segment is emphasised by the development of the incoming orders. The agencies in the segment received orders worth a good € 7.7 million in the third quarter of 2010/2011, which was 40 % more than one year earlier.

In comparison to the previous year, the **Interactive Media segment** grew by € 0.1 million or 22.5 %. After the successful start of Travelzoo's performance media campaign, and thanks to the successive expansion of its customer base, mediaby achieved double-digit growth again in the third quarter of 2010/2011 in comparison to the previous year after a weak second quarter.

The newtention Group, which is also part of the segment and which began marketing a personalised retargeting network called "memento" developed on the basis of its adserving technology in the previous quarter, achieved growth of just under 30 % compared to the previous year.

Net revenue in the **Interactive Commerce segment** rose by just under € 0.3 million in terms of the previous quarter. Net revenue therefore almost trebled in comparison to the still low revenue from the initial phase of the first outsourcing project a year ago. The revenue growth in the segment is almost completely due to the takeover of the business operations of Visions new media GmbH in Hanover as of 1 February 2011. In addition to working on projects for the existing customer base at the time of the takeover, the business in Hanover developed a shop project for the second outsourcing partner in the segment in the course of the quarter; its launch has now been scheduled for mid-July because of the overlap with Fashion Week in Berlin.

Adjusted for the effects of the takeover of the business operations in Hanover and Berlin by the spot-media Group and next commerce GmbH and the acquisition of SinnerSchrader Mobile GmbH, revenue in the third quarter of 2010/2011 rose by a total of 24.1 % in comparison to the previous year.

With net revenue of € 7.8 million, the third quarter of 2010/2011 not only exceeded the second quarter, which is usually weaker due to seasonal factors, by just under € 0.65 million or 9.0 %, it also surpassed the frequently stronger first quarter by € 0.1 million or 1.2 %. The profits of the first quarter were surpassed solely due to the business operations in Hanover and Berlin that were taken over in the second quarter and the acquisition of SinnerSchrader Mobile GmbH, with which SinnerSchrader earned total revenue of € 0.5 million in the third quarter.

The revenue in the second quarter, in which these two businesses made contributions for only one or two months respectively and not for a whole quarter, totalled € 0.2 million. Adjusted for the consolidation effect, the rise in revenue in comparison to the second quarter of 2010/2011 was € 0.35 million or 5.3 %; two thirds were earned in the Interactive Marketing segment and one third in Interactive Media.

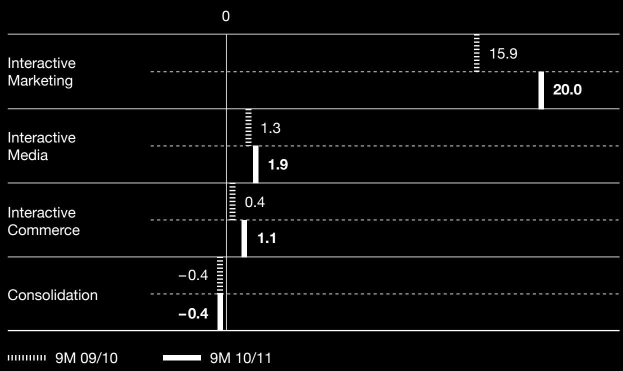
Over the first nine months of the reporting year, SinnerSchrader earned total net revenue in the amount of € 22.6 million. The comparable value of the previous year was thus surpassed by just under € 5.5 million, which corresponds to a growth rate of 31.9 %. The Interactive Marketing, Interactive Media and Interactive Commerce segments contributed just under € 4.15 million, € 0.65 million and just under € 0.7 million to the expansion of the business volume of the SinnerSchrader Group, which corresponds to segment growth rates of 26.0 %, 51.6 % and 169.6 %. The internal revenue between the segments changed only slightly in comparison to the previous year. The Interactive Marketing segment's share of the Group's total revenue fell by 4 percentage points to 88.7 % in comparison to the previous year. By contrast, the shares of the two other segments rose by 1.1 percentage points to 8.5 % for Interactive Media and 2.4 percentage points to 4.8 % for Interactive Commerce. The internal revenue accounted for 2 %, down from 2.6 % in the nine months of the previous year.

Viewing all segments together, business with customers with whom no revenue was earned in the comparable period of the previous year accounted for 13.4 % in the first nine months of 2010/2011, which corresponds to a revenue volume of € 3.0 million. The new customer rate for the nine-month period of the report was much lower than in the first quarter and first half of 2010/2011 because several important new customer relationships were established in the third quarter of the last financial year.

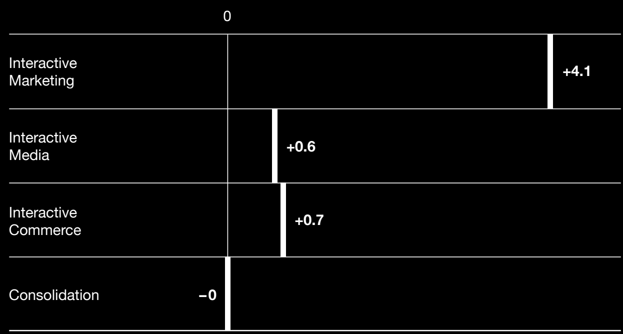
The pleasing expansion of the customer base has meant that dependency on a few large customers has continued to noticeably diminish. In the nine-month reporting period, the ten biggest customers of the SinnerSchrader Group still accounted for 65.5 % of total revenue. In the 2009/2010 financial year, the proportion in relation to the whole financial year was still 75.9 %. For the first quarter and the first half of 2010/2011, it had already fallen to 70.9 % and 68.0 % respectively. In the period of the report, the share accounted for by the biggest customer was still 13.7 % – after 18.9 % in the 2009/2010 financial year and 16.3 % and 14.9 % respectively in the first quarter and the first half of the current financial year.

In the sector split, the proportion of revenue earned with customers in the Retail & Consumer Goods sector continued to normalise

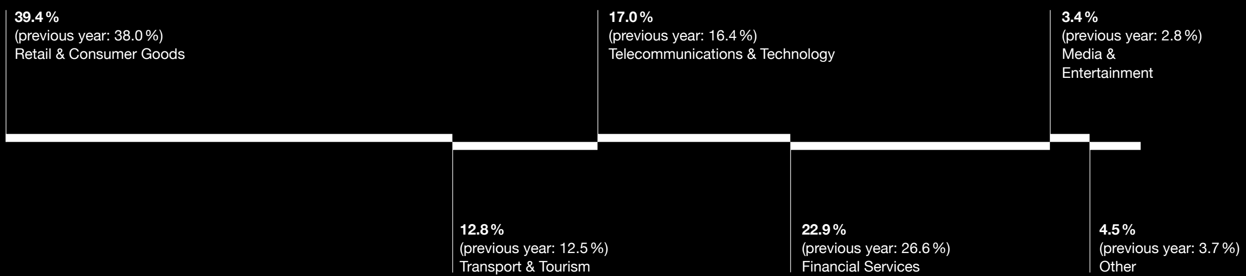
NET REVENUES BY SEGMENT
in € million for the first nine months of 2010/2011 compared to the first nine months of 2009/2010



DEVELOPMENT OF NET REVENUES BY SEGMENT
in € million for the first nine months of 2010/2011 compared to the first nine months of 2009/2010



NET REVENUES BY SECTOR
in % for the first nine months of 2010/2011



previous year = 2009/2010 financial year in the quarter of the report. Over the entire first nine months, it was 39.4 % – after 41.9 % for the first half-year and 45.4 % for the first quarter. In the 2009/2010 financial year, 38.0 % of total revenue was earned with customers from this sector.

Parallel to the normalisation of the revenue share of the Retail & Consumer Goods sector, the shares of the Telecommunications & Technology, Transport & Tourism and Media & Entertainment sectors rose again in comparison to the values in the first half-year and, in the first nine months of 2010/2011, surpassed the shares for the whole 2009/2010 financial year, amounting to 17.0 %, 12.8 % and 3.4 % (the equivalent figures for the previous year were 16.4 %, 12.5 % and 2.8 %). Only the share of the Financial Services sector fell in comparison to the first half-year to 22.9 %; in the 2009/2010 financial year it was as high as 26.6 %. The share of other unclustered customers fell slightly in comparison to the half-year value and amounted to 4.5 %. This share was 3.7 % in the 2009/2010 financial year.

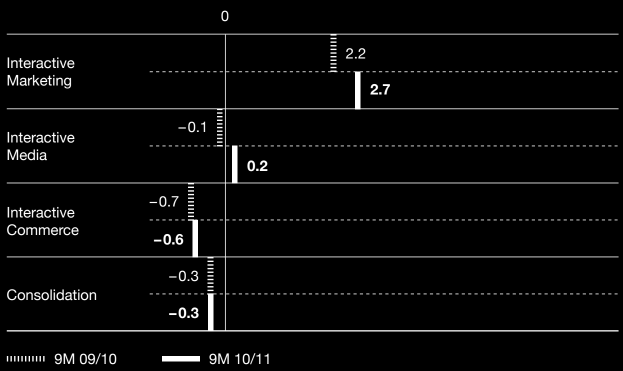
4.2 Operating Result

The positive revenue development was not reflected in the operating result (EBITA) in the third quarter of 2010/2011, which amounted to € 0.27 million and was thus only slightly higher than the comparable value from the third quarter of 2009/2010 (€ 0.25 million) and well below the operating results of the first two quarters of the current financial year of € 1.2 million and € 0.5 million. As assumed in the forecast for the year, implementation of the growth strategy resulted in losses in the operating margin due to one-off costs and temporary inefficiencies. Moreover, the results of the third SinnerSchrader quarter were encumbered, as usual, by the next conference organised every May by SinnerSchrader. The operating margin therefore fell to 3.5 % in the quarter of the report and was thus below the value for the third quarter of 2009/2010 (4.2 %).

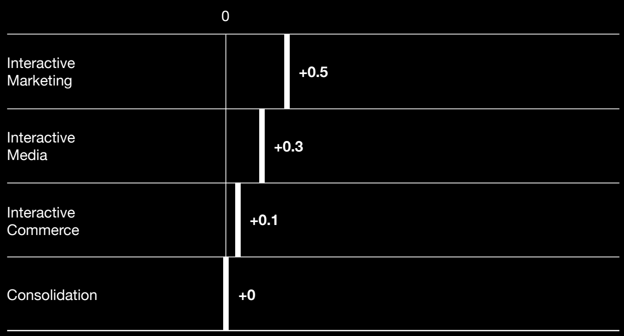
With regard to the business segments, the EBITA in the Interactive Marketing segment improved by a good € 0.1 million to € 0.65 million in comparison to the value of the previous year. The operating margin remained almost unchanged over the same quarter of the previous year at 9.5 %. However, the good returns from the two preceding quarters of 17.0 % in the first and 13.7 % in the second quarter could not be repeated. In spite of higher net revenue, the segment EBITA was € 0.5 million and € 0.25 million lower in the quarter of the report than in the first and second quarters of the current financial year. One-off costs encumbered the quarterly result by around € 0.3 million. They comprise the preparation and implementation of the takeover of SinnerSchrader Mobile GmbH, the changes in the management structures of the agencies triggered by the takeover decision, in particular Laurent Burdin's move from the management of the SinnerSchrader agency to the management of SinnerSchrader Mobile GmbH, as well as other individual personnel matters and the start-up costs for the establishment of the newly founded Haasenstein agency. Furthermore, the personnel capacity was expanded in the third quarter with a view to further growth above and beyond the requirements from the growth in revenue.

The slight growth over the previous year in the Interactive Marketing segment was largely counterbalanced by the deterioration of the results of the two other segments. The EBITA of the Interactive Media segment fell in comparison to the same quarter of the previous year by € 0.1 million (rounded up) and was negative overall. The growth in revenue was not yet enough to balance out the increased costs for the capacity and infrastructure that have expanded over the current financial year. The start-up losses from the adserving business were reduced by around 23 % in comparison to the same quarter of the previous year, but they still amounted to € 0.1 million. In comparison

EBITA BY SEGMENT
in € million for the first nine months of 2010/2011 compared to the first nine months of 2009/2010



EBITA DEVELOPMENT BY SEGMENT
in € million for the first nine months of 2010/2011 compared to the first nine months of 2009/2010



to the preceding two quarters, there was a slight improvement in the operating result of the Interactive Media segment because a gap caused by a campaign change has now been closed by the successful start of a follow-on campaign. Just as in the second quarter, however, the third quarter of 2010/2011 was just under € 0.5 million below the very successful first quarter of 2010/2011, which, as usual, profited greatly from the strong seasonal effect of Christmas business.

In the Interactive Commerce segment, the EBITA in the quarter of the report was a good € –0.23 million, which represented a worsening of the profit of € 0.04 million in comparison to the same quarter of the previous year. This was connected to the February 2011 takeover of the business operations of Visions new media GmbH in Hanover, which had filed for insolvency. Operating losses of around € 0.1 million were still incurred in the quarter of the report, although break-even was almost reached in the last month of the reporting quarter. Largely due to these losses, the third quarter EBITA in the Interactive Commerce segment was not better than either the preceding second quarter, in which the takeover of the Visions business operations occurred, or the first quarter of 2010/2011.

The Consolidated Statements of Operations based on the cost of sales method show a fall in the gross margin of 1.7 percentage points to 28.6 % for the quarter of the report in comparison to the same quarter of the previous year. In addition to the start-up losses from the newly launched Haasenstein creative agency and the Visions business operations in Hanover, the fall in the gross margin also resulted from the disproportionate capacity expansion in the Interactive Marketing and Interactive Media segments. In absolute terms, the gross profit grew by € 0.45 million to € 2.2 million.

The marketing and research & development costs rose disproportionately in comparison to the previous year. In relation to revenue in the reporting quarter, they were 12.8 % and 2.3 %, which represents an increase of 0.3 and 0.4 percentage points. Marketing costs in the quarter were € 1.0 million in absolute terms – just under € 0.3 million more than in the same quarter of the previous year. In addition to the expansion of the business base, an increase in the carried over costs from the next conference contributed to the rise.

The increase in research & development expenditure by € 0.1 million to € 0.2 million is largely associated with innovation projects in the SinnerSchrader agency and the establishment of an e-commerce platform based on Magento after the takeover of the Visions business operations in the Interactive Commerce segment. The majority of the research & development expenditure continued to be incurred in the maintenance and further development of adserving technology in the newtention Group.

Administrative costs also rose in absolute terms from € 0.85 million in the third quarter of 2009/2010 to € 1.05 million in the quarter of the report. However, this rise, which also comprises the transaction costs for the takeover of SinnerSchrader Mobile GmbH (just under € 0.1 million), was disproportionately low, with the result that administrative costs fell in relation to revenue by 1 percentage point to 13.4 %.

The other income made a positive contribution of around € 0.1 million to the quarterly result. A long-standing reserve for legal costs was completely dissolved after the case was decided in

SinnerSchrader's favour. There were no comparable earnings from the same quarter in the previous year.

In total over the first nine months of the financial year, SinnerSchrader earned an EBITA of around € 2.0 million, which corresponds to an operating margin of 8.8 %. The Interactive Marketing, Interactive Media and Interactive Commerce segments contributed € 2.7 million, € 0.2 million and € –0.6 million respectively to the total EBITA. Expenditure in the amount of € 0.3 million in the central holding company was not allocated to the business segments.

In the first nine months of the previous year, the EBITA was only € 1.05 million and the operating margin was 6.1 %. All segments helped the operating profit almost double, with € 0.5 million of the profit improvement being earned by the Interactive Marketing segment, € 0.3 million by the Interactive Media segment and € 0.1 million by the Interactive Commerce segment. The profit increased even though in the first nine months start-up losses in the amount of € 1.0 million were incurred for the business of the newtention Group that is still being set up, for next commerce GmbH (which has included the business operations of Visions since February 2011) and, since the current financial year, for the Haasenstein creative agency.

The nine-month Statements of Operations illustrate that the EBITA development in comparison to the previous year was borne by a marked increase in the gross profit of € 1.9 million to

Development of costs by cost type	**9M 2010/2011**		9M 2009/2010	
	in € 000s	**in %[1]**	in € 000s	in %[1]
Personnel expenses	14,224	62.9 %	11,356	66.3 %
Costs of materials	176	0.8 %	152	0.9 %
Costs of services	2,676	11.9 %	1,549	9.0 %
Depreciation of property and equipment, as far as not from first consolidation	3,258	14.4 %	2,634	15.4 %
Other operating expenses	421	2.0 %	397	2.3 %
Amortisation of intangible assets from first consolidation	387	1.7 %	484	2.8 %

1) As a percentage of net revenues

Development of costs by function	**9M 2010/2011**		9M 2009/2010	
	in € 000s	**in %[1]**	in € 000s	in %[1]
Costs of sales	15,455	68.4 %	11,853	69.2 %
thereof amortisation expenditure	263		263	
Costs of marketing	2,346	10.4 %	1,803	10.5 %
thereof amortisation expenditure	124		221	
General and administrative costs	2,964	13.1 %	2,597	15.2 %
Research and development costs	377	1.7 %	318	1.9 %

1) As a percentage of net revenues

€ 7.15 million, which went hand in hand with an improvement of the gross margin by 0.8 percentage points to 31.6 %. All cost items have developed disproportionately, resulting in an improvement in the operating margin of 2.7 percentage points in the nine-month reporting period.

4.3 Net Income

The net income of € 0.1 million in the third quarter of 2010/2011 surpassed the value of the same quarter in the previous year by more than two and a half times. The rise in comparison to the previous year was much greater in the net income, both in absolute and percentage terms, because in addition to the EBITA, the other components of the net income – amortisation costs, the financial result and the taxes on income – underwent a positive development.

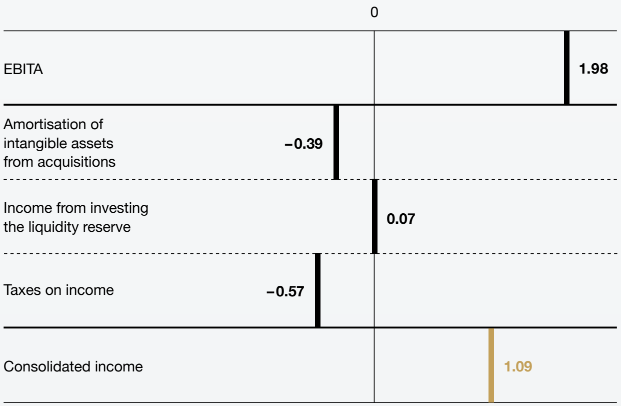
The amortisation costs, which are allocated to the revenue and marketing costs in the Statements of Operations, accounted for € 0.14 million in the quarter of the report after € 0.16 million in the previous year. The fall in the amortisation costs is due to the fact that some of the intangible assets purchased in the acquisitions of recent years had already been completely amortised or depreciated. The disappearance of these encumbrances was partially compensated for by new depreciations on intangible assets which were part of the acquisitions made in the second quarter of 2010/2011.

The positive effect from the amortisation costs has been supplemented by a slight improvement in the financial result and a slightly lower tax burden.

In view of the low operating result, however, the net income in the third quarter was also below the comparable values of the two preceding quarters of the current financial year. In the third quarter of 2010/2011, just under € 0.01 was earned per share. Accumulated over the first nine months of 2010/2011, the net income totalled € 1.1 million – more than twice as much as in the comparable period of the previous year. The overall result of the previous 2009/2010 financial year has thus already been reached after nine months.

The positive operative development in this nine-month period was also strengthened by a reduction of € 0.1 million in the amortisation costs in comparison to the previous year. The financial result and, in particular, the taxes on income resulted in encumbrances for the net income in the nine-month period in contrast to the third quarter.

RECONCILIATION OF EBITA TO CONSOLIDATED INCOME
in € million for the first nine months of 2010/2011



The financial result fell slightly. The reason for this, in addition to the not greatly improved situation on the interest markets and the investment policy aimed at reliability in the short term, was a volume of surplus liquidity available for investment that was lower in the nine-month period than in the previous year.

Taxes on income rose disproportionately in the nine-month period. In the first nine months of 2010/2011, the burden of taxes on income amounted to € 0.6 million. Because of the inclusion of losses from next commerce GmbH in the incorporated companies for taxation for the first time, the burden in the previous year of € 0.2 million was much lower.
Per share, an income of just under € 0.10 was earned in the first

4.4 Cash Flows

In the third quarter of 2010/2011, the development in the operating cash flows from the second quarter turned around again. Whereas the cash flow in the previous quarter was at € 2.25 million, mainly because of funds released by customer payments, in the third quarter funds in the amount of € 2.2 million were tied up again due to an increase in outstanding amounts and unbilled services to customers. This resulted in an operating cash flow for the quarter that was clearly negative at € –1.8 million.

Together with the payment of the first purchase price instalment for the acquisition of all shares in TIC-mobile GmbH minus liquid funds taken over in the amount of € 0.6 million, an earn-out payment from an earlier transaction in the amount of € 0.2 million and replacement investments and investments in the expansion of tangible assets and software of a good € 0.1 million, the negative operating cash flow in the quarter resulted in a fall in liquid funds. In comparison to the status on 28 February 2011, liquid funds fell by € 2.7 million to € 5.8 million on 31 May 2011.

Accumulated over the first nine months of 2010/2011, the operating cash flow of € 0.2 million was only just in the positive range because of developments in the third quarter. In the previous year, incoming funds from operating business in the amount of a good € 1.3 million were earned.

In the period of the report, cash used for investment was well above the comparable values for the first nine months of 2009/2010. A total of € 0.9 million had to be paid for the first purchase price instalments for buying the business operations of Maris Consulting GmbH and Visions new media GmbH in Berlin and Hanover respectively and for the takeover of TIC-mobile GmbH. In the same period of the previous year, by contrast, SinnerSchrader did not make any purchases. Just under € 0.4 million were used to pay earn-out payments which had become due from earlier transactions. In the previous year, € 0.55 million were due in the nine-month period.

In the current financial year up to 31 May 2011, SinnerSchrader has spent € 0.5 million on replacement investments and investments in the expansion of tangible assets and software, which is € 0.2 million more than one year earlier. In addition to the growth-related increase in the need for investment in workplace and central infrastructure, the higher expenditure was mainly needed to expand and move into new office premises at the Frankfurt site. This means that the cash used for investments in the nine-month period totalled € 1.8 million, which is € 1.0 million more than in the previous year.

In the field of financing activities, the dividend payment in December 2010 led to cash utilisation in the amount of € 0.9 million.

In summary, for the financial year to date up to 31 May 2011 there has been a reduction in liquid funds of € 2.5 million in comparison to the status at the beginning of the financial year. This is an expression of the growth strategy pursued by SinnerSchrader and the willingness to pay high dividends in view of an overall adequate liquidity position.

4.5 Balance Sheet

The development of the balance sheet from 31 August 2010 to the current reporting date, 31 May 2011, has been clearly affected by the growth strategy that SinnerSchrader has pursued in the 2010/2011 financial year.

On the one hand, the initial consolidation of SinnerSchrader Mobile GmbH on the share transfer date of 16 May 2011 mainly had an impact on fixed assets, non-current and current liabilities and liquid funds. On the basis of a preliminary estimate of the total purchase price and a preliminary purchase price allocation, in the third quarter of 2010/2011 the other intangible assets rose by around € 0.3 million and goodwill by € 1.9 million.

As of 31 May 2011 the transaction had resulted in outflows of liquid funds in the amount of the first purchase price instalment plus payments to the company’s employees on the basis of change of control clauses totalling € 0.85 million. Due to the agreements made, in the three years ahead further purchase price instalments in the form of earn-out payments will be due. The purchase price liabilities, the levels of which were estimated and discounted on the basis of planning calculations, increased the other (current) liabilities and the non-current financial liabilities by a total of € 1.0 million depending on their due date.

The two smaller takeovers in early 2011 by the spot-media Group and by next commerce GmbH had already resulted in asset additions of € 0.35 million in goodwill and € 0.2 million in other intangible assets as well as cash outflows of € 0.35 million in the second quarter of 2010/2011.

On the other hand, the considerable revenue growth has led to a marked increase in accounts receivable and unbilled services by a total of € 2.2 million, which are countered on the liabilities side by deposit payments which were € 0.5 million higher and trade accounts payable which were € 0.7 million higher.

The rise in other financial assets was due largely to the fact that the next conference had not yet been accounted for by the reporting date, with the result that deposit payments that are countered by reserves had to be posted.

The shareholders' equity rose by € 0.4 million. Half of this comes from the net income of the first nine months minus the dividend payment in December 2010. The other half came about from the payment of a portion of the purchase price for TIC-mobile GmbH by issuing 78,994 shares of treasury stock, which has the effect of a capital increase in the balance sheet.

Since the balance sheet total rose by € 3.0 million as a result of the great expansion of the SinnerSchrader Group within the first nine months of the current financial year, the shareholders' equity rate as of 31 May 2011 fell to 54.3 % compared to 59.9 % on 31 August 2010.

4.6 Employees

The number of employees continued to rise from 305 on 31 August 2010 to 322 on 30 November 2010 and 369 on 28 February 2011 to 396 employees on 31 May 2011, meaning that SinnerSchrader's growth has been clearly expressed in the development of the employment figures. On 31 May 2010 the number of employees was still 299. With a growth rate of 32.4 %, the rise in employee numbers roughly corresponded to the growth rate of net revenue in the period of the report.

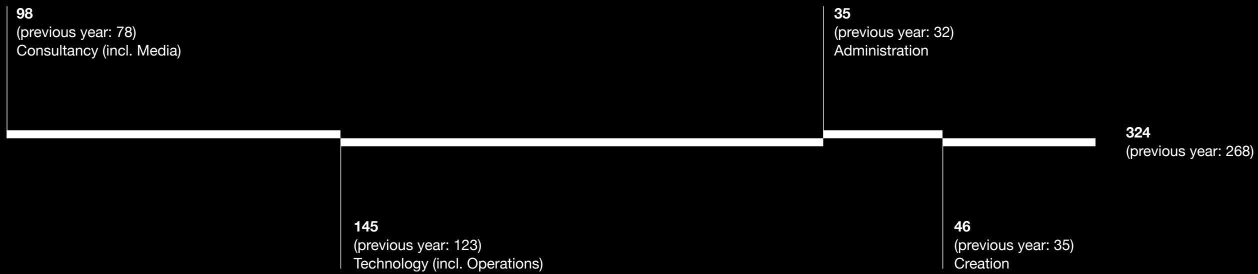
47 of the employees on 31 May 2011 worked in one of the three units that SinnerSchrader has acquired since January 2011, 25 of them at the new Berlin site and 22 at the new Hanover site. On 31 May 2011, 22 employees worked at SinnerSchrader's Frankfurt am Main site, which has been operating for many years. The remaining 325 employees worked in Hamburg.

As of 31 May 2011, the 396 employees were divided across the reporting segments as follows: there were 312 employees in the Interactive Marketing segment, to which SinnerSchrader Mobile GmbH is assigned, 26 in the Interactive Media segment and 25 in the Interactive Commerce segment. On the reporting date, there were 33 employees in the holding company. Of the 396 employees, 14 were in training and 46 were working as students or were completing an internship at SinnerSchrader.

After standardising part-time employment relationships, and calculated as an average over the relevant period, in the third quarter of 2010/2011 SinnerSchrader had a personnel capacity

EMPLOYEE STRUCTURE ACCORDING TO AREAS

in number of full-time employees for the first nine months of 2010/2011



previous year = 9M 2009/2010

of 354 full-time employees, which is 36 full-time employees more than in the second quarter of 2010/2011 and 76 full-time employees or 27.3 % more than in the comparable quarter of the previous year. The rise in capacity was slightly below the revenue growth rate of the previous year.

For the first nine months of 2010/2011, the capacity was 324 full-time employees, 56 more than in the comparable period of the previous year. The capacity was distributed as 263, 23, 13 and 25 full-time employees in the Interactive Marketing, Interactive Media and Interactive Commerce segments and the holding company respectively.

Clustered according to areas of expertise, 98 full-time employees were assigned to consulting (including media planning), 145 to technology, 46 to creation and 35 to administrative tasks. In comparison to the previous year, capacity rose by 20, 22, 11 and 3 full-time employees in consulting, technology, creation and administration.

nine months of 2010/2011, after □ 0.04 in the previous year.

05 RISKS AND OPPORTUNITIES

With respect to risk management at SinnerSchrader and the main risks and opportunities in particular, there were no major changes in the second quarter of 2010/2011 in comparison to the situation outlined in the 2009/2010 Annual Report. There are still no identifiable risks that could endanger the existence of the SinnerSchrader Group or SinnerSchrader AG.

06 MAJOR EVENTS AFTER THE BALANCE SHEET DATE

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

07 FORECAST

In the third quarter of 2010/2011 SinnerSchrader continued its growth-oriented strategy for the financial year and – as foreseen in the forecast in the half-year report – implemented another initiative to expand its portfolio of services and tap into more growth fields by taking over TIC-mobile GmbH.

In expanding its business, SinnerSchrader is guided by the ambition to become one of the leading agencies in the German market in the digital marketing age. SinnerSchrader is convinced that it needs a comprehensive range of services as well as economic substance and size to do this.

As expected, implementation of the growth initiatives temporarily encumbered the operating margin in the third quarter. SinnerSchrader assumes that this effect will continue in the current fourth quarter of 2010/2011. Even with revenue figures continuing to rise, the operating results of the fourth quarter of 2009/2010 will therefore probably not be reached.

SinnerSchrader therefore confirms the forecasts recently made for the year as a whole:

_that net revenue for the year as a whole will be over € 30 million and thus more than 25 % higher than in the previous year,
_that the operating result (EBITA) will rise by 15 % to 20 % over the previous year and
_that the resultant improvement in net income will create scope for increasing the dividend in comparison to the dividend of € 0.09 per share paid in the 2009/2010 financial year.

CONSOLIDATED BALANCE SHEETS AS OF 31 MAY 2011 AND 31 AUGUST 2010

Assets in €	**31.05.2011**	31.08.2010
Current assets:		
Liquid funds	1,530,395	2,246,227
Marketable securities	4,254,141	6,043,662
Cash and cash equivalents	**5,784,536**	**8,289,889**
Accounts receivable, net of allowances for doubtful accounts of € 176,040 and € 191,040 at 31.05.2011 and 31.08.2010, respectively	6,709,456	6,106,158
Unbilled revenues	2,847,134	1,212,833
Other current assets and prepaid expenses	848,126	176,526
Total current assets	**16,189,252**	**15,785,406**
Non-current assets:		
Goodwill	5,240,459	2,965,047
Other intangible assets	1,426,388	1,166,992
Property and equipment	984,405	896,008
Tax receivables	153,616	167,951
Total non-current assets	**7,804,868**	**5,195,998**
Total assets	**23,994,120**	**20,981,404**

Liabilities and shareholders' equity in €	**31.05.2011**	31.08.2010
Current liabilities:		
Trade accounts payable	2,676,708	1,991,202
Advance payments received	1,252,744	727,595
Accrued expenses	2,737,939	2,196,367
Tax liabilities	1,329,769	1,845,589
Other current liabilities and deferred income	1,504,683	1,012,067
Total current liabilities	**9,501,843**	**7,772,820**
Non-current liabilities:		
Financial liabilities	821,453	289,029
Deferred tax liabilities	650,822	343,850
Total non-current liabilities	**1,472,275**	**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 31.05.2011 and 31.08.2010, respectively	11,542,764	11,542,764
Treasury stock, 273,751 and 360,945 at 31.05.2011 and 31.08.2010, respectively	-452,131	-596,142
Additional paid-in capital	3,669,974	3,599,444
Reserves for share-based compensation	162,389	141,259
Accumulated deficit (incl. revenue reserves)	-1,933,640	-2,132,749
Changes in shareholders' equity not affecting net income	30,646	21,129
Total shareholders' equity	**13,020,002**	**12,575,705**
Total liabilities and shareholders' equity	**23,994,120**	**20,981,404**

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

CONSOLIDATED STATEMENTS OF OPERATIONS FROM 1 SEPTEMBER 2010 TO 31 MAY 2011

in €	Q3 2010/2011	Q3 2009/2010[1]	9M 2010/2011	9M 2009/2010[1]
Gross revenues	**9,121,460**	**7,063,219**	**27,069,035**	**20,544,502**
Media costs	-1,342,193	-1,197,877	-4,469,071	-3,412,493
Total revenues, net	**7,779,267**	**5,865,342**	**22,599,964**	**17,132,009**
Cost of revenues	-5,555,486	-4,086,813	-15,454,772	-11,852,423
Gross profit	**2,223,781**	**1,778,529**	**7,145,192**	**5,279,586**
Selling and marketing expenses	-992,246	-731,093	-2,346,052	-1,803,256
General and administrative expenses	-1,041,329	-843,260	-2,964,368	-2,597,468
Research and development expenses	-175,728	-111,613	-376,402	-318,096
Operating income	**14,478**	**92,563**	**1,458,370**	**560,766**
Other income	126,619	33	147,263	18,364
Other expenses	-6,979	-6,452	-9,074	-13,120
Financial income	31,861	46,538	91,525	134,569
Financial expenses	-938	-20,980	-23,060	-57,466
Income before provision for income tax	**165,041**	**111,702**	**1,665,024**	**643,113**
Income tax	-72,384	-77,801	-570,713	-195,268
Net income	**92,657**	**33,901**	**1,094,311**	**447,845**
Net income per share (basic)	0.01	0.00	0.10	0.04
Net income per share (diluted)	0.01	0.00	0.10	0.04
Weighted average shares outstanding (basic)	11,203,757	11,265,606	11,191,859	11,269,941
Weighted average shares outstanding (diluted)	11,244,523	11,265,606	11,216,847	11,269,941

[1] Adjusted due to change in reporting for amortisation of intangible assets from initial consolidation in amount of € 483,702 within the function costs of the Consolidated Financial Statements for 2009/2010; € 262,500 (9M) and € 87,500 (Q3), respectively, of the amortisation were assigned to revenue costs, € 221,202 (9M) and € 73,734 (Q3), respectively, were assigned to marketing costs.

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FROM 1 SEPTEMBER 2010 TO 31 MAY 2011

in □	**Q3 2010/2011**	Q3 2009/2010	**9M 2010/2011**	9M 2009/2010
Net income	**92,657**	**33,901**	**1,094,311**	**447,845**
Other comprehensive income				
Foreign currency translation adjustment	3	-8	16	-2
Change in fair value of available-for-sale financial instruments	8,519	-15,811	14,028	-20,159
thereof taxes on income recognised directly in shareholders' equity	-2,749	5,103	-4,527	6,506
Changes in shareholders' equity not affecting net income	**5,772**	**-10,716**	**9,517**	**-13,655**
Consolidated comprehensive income	**98,429**	**23,185**	**1,103,828**	**434,190**

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY FROM 1 SEPTEMBER 2010 TO 31 MAY 2011

in €	Number of shares outstanding	Common stock	Treasury stock
Balance at 31.08.2009	**11,272,108**	**11,542,764**	**-418,027**
Comprehensive income	**–**	**–**	**–**
Disbursed dividend	–	–	–
Changes in reserves for share-based compensation	–	–	–
Purchase of treasury stock	-31,489	–	-60,823
Balance at 31.05.2010	**11,240,619**	**11,542,764**	**-478,850**
Balance at 31.08.2010	**11,181,819**	**11,542,764**	**-596,142**
Comprehensive income	**–**	**–**	**–**
Disbursed dividend	–	–	–
Changes in reserves for share-based compensation	–	–	–
Re-issuance of treasury stock	87,194	–	144,011
Balance at 31.05.2011	**11,269,013**	**11,542,764**	**-452,131**

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

	Additional paid-in capital	Reserves for share-based compensation	Retained earnings/ losses	Changes in shareholders' equity not affecting net income	Total shareholders' equity
	3,599,444	**102,037**	**-2,334,226**	**42,071**	**12,534,063**
	–	**–**	**447,845**	**-13,655**	**434,190**
	–	–	-901,769	–	-901,769
	–	29,739	–	–	29,739
	–	–	–	–	-60,823
	3,599,444	**131,776**	**-2,788,150**	**28,416**	**12,035,400**
	3,599,444	**141,259**	**-2,132,749**	**21,129**	**12,575,705**
	–	**–**	**1,094,311**	**9,517**	**1,103,828**
	–	–	-895,202	–	-895,202
	–	21,130	–	–	21,130
	70,530	–	–	–	214,541
	3,669,974	**162,389**	**-1,933,640**	**30,646**	**13,020,002**

CONSOLIDATED STATEMENTS OF CASH FLOWS FROM 1 SEPTEMBER 2010 TO 31 MAY 2011

in €	**9M 2010/2011**	9M 2009/2010
Cash flows from operating activities:		
Net income	1,094,311	447,845
Adjustments to reconcile net income to net cash used in operating activities:		
Amortisation of intangible assets from first consolidation	386,512	483,702
Depreciation of other intangible assets, property and equipment	421,113	396,828
Share-based compensation	21,130	29,739
Gains/losses on the disposal of fixed assets	-118	2,286
Deferred tax provision	113,304	-75,347
Changes in assets and liabilities:		
Accounts receivable	-430,351	567,611
Unbilled revenues	-1,540,763	-988,744
Tax receivables	20,204	-4,428
Other current assets	-627,582	-66,262
Accounts payable, deferred revenues and other liabilities	670,752	-230,011
Tax liabilities	-447,126	130,859
Other accrued expenses	489,527	644,675
Net cash provided by (used in) operating activities	**170,912**	**1,338,753**

in □	**9M 2010/2011**	9M 2009/2010
Cash flows from investing activities:		
Acquisition of subsidiary companies less acquired liquid funds	-916,388	–
Purchase price payments for acquisition of subsidiary companies in previous years	-388,713	-553,505
Purchase of property and equipment	-504,823	-293,508
Proceeds from sale of intangible assets, property and equipment	1,309	2,396
Additions of marketable securities	-1,000,000	-2,800,000
Proceeds from the disposal of marketable securities	2,800,000	1,500,00
Net cash provided by (used in) investing activities	**-8,615**	**-2,144,617**
Cash flows from financing activities:		
Payment to shareholders	-895,202	-901,769
Payment for treasury stock	–	-60,823
Incoming payment for treasury stock	**17,056**	**–**
Net cash provided by (used in) financing activities	-878,146	-962,592
Net effect of rate changes on cash and cash equivalents	16	-2
Net increase/decrease in cash and cash equivalents	**-715,832**	**-1,768,458**
Cash and cash equivalents at beginning of period	2,246,227	3,214,983
Cash and cash equivalents at end of period	1,530,395	1,446,525
thereof back-up of bank guarantees	716,857	662,880
For information only, contained in cash flows from operating activities:		
Interest payment received	87,578	130,141
Paid interest	-15,025	-30,087

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

01 GENERAL FOUNDATIONS

The Consolidated Interim Financial Statements as of 31 May 2011 of SinnerSchrader Aktiengesellschaft (“SinnerSchrader AG” or “AG”) and its subsidiaries (“SinnerSchrader Group”, “SinnerSchrader”, or “Group”) for the first nine months and the third quarter of the 2010/2011 financial year from 1 September 2010 and 1 March 2011, respectively, to 31 May 2011 were prepared according to the International Financial Reporting Standards (“IFRS”) of the International Accounting Standards Board (“IASB”) in force on the report date, taking account of the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and in compliance with the standard for interim financial reports specified by DRS 16 of the German Accounting Standards. They were not subject to auditing and should be read in conjunction with the Consolidated Financial Statements of SinnerSchrader AG as of 31 August 2010.

The accounting, valuation, and consolidation principles of the Quarterly Report at hand are unchanged from the Group’s Consolidated Financial Statements as of 31 August 2010. They are disclosed and explained in the Group’s Consolidated Financial Statements as of 31 August 2010, which are published in the 2009/2010 Annual Report.

02 CONSOLIDATION GROUP

In comparison to 31 August 2010, the consolidation group as of 31 May 2011 consisted of SinnerSchrader AG as well as the following direct and indirect subsidiaries of the AG, each of which is fully consolidated:

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

spot-media Group

The spot-media Group was acquired in the 2007/2008 financial year and incorporated in the Consolidated Financial Statements for the first time on 1 February 2008. The purchase price for the takeover of spot-media AG contained earn-out components which are to be paid out in the years 2009 to 2012 on the basis of the operating performance of spot-media AG in 2008 to 2011. As of 31 May 2011 the estimated value of the outstanding earn-out payments after discounting amounted to € 325,000, which were posted to current liabilities.

With effect on 1 January 2009, spot-media AG had taken over one customer relationship and the staff deployed exclusively for this customer relationship from another agency. This takeover was qualified as the takeover of an intangible asset according to the IFRS rules and was thus posted in the balance sheet according to IAS 38. The purchase price is due in three annual instalments, starting from March 2009, and the amount is largely based on the business volume transacted with this customer. The outstanding third purchase price instalment was set at € 193,000 and paid on 31 March 2011. This amount was € 25,000 more than the liability already posted in the balance sheet on the basis of estimates. The value of the acquired customer relationship also rose correspondingly by € 25,000. The linear depreciation of the customer relationship over the usage period of four years resulted in a charge of € 99,000 in the first nine months of 2010/2011 which is posted in the sales costs. The remaining usage period was 19 months as at 31 May 2011.

On 23 December 2010, spot-media consulting GmbH signed a contract to take over the Berlin business operations of Maris Consulting GmbH, Hamburg, as of 1 January 2011. Maris Consulting GmbH is a service provider that specialises in the development, creation, and maintenance of enterprise content management solutions and e-commerce applications. According to the rules of IFRS 3, the takeover qualifies as the takeover of business operations. Since control of the business operations was transferred to spot-media consulting GmbH on 1 January 2011, these operations were included in the Consolidated Financial Statements for the first time on this date on the basis of the acquisition method.

It was agreed that the purchase price would be paid in three instalments depending on specified conditions entering into effect. On the basis of planning calculations with respect to the entry into effect of the specified conditions, the instalments with interest charged at the time of purchase amount to € 290,000. € 42,000 of this were paid in February 2011 as a first instalment of the purchase price. The second and third instalments are due in August 2011 and February 2012. A purchase price liability in the amount of € 250,000 after discounting was thus posted in the current liabilities in the Consolidated Balance Sheets as of 31 May 2011.

Within the context of a provisional purchase price allocation, assets and liabilities were identified as follows and posted in the Consolidated Balance Sheets with their current values at the time of purchase: existing customers (€ 182,000), fixed assets (€ 15,000), accrued expenses (€ 8,000), deferred taxes (€ 59,000). The remaining amount of the estimated total purchase price of € 160,000 not allocated to identifiable assets and liabilities has been provisionally posted in the balance sheet as goodwill. A usage period of four years is assumed for the existing customers identified; the value will be depreciated in a linear fashion over this time. In the first nine months of the 2010/2011 financial year, depreciation resulted in a charge of € 19,000 which has been assigned to the marketing costs. The remaining usage period of the existing customers was 43 months as of 31 May 2011.

newtention Group

In the 2008/2009 financial year, SinnerSchrader AG took over the newtention Group in two stages. Initial consolidation with the transfer of control according to IFRS took effect on 1 December 2008. Within the scope of the initial consolidation, the software developed by newtention technologies GmbH was identified as an intangible asset and valued at € 1.4 million. The probable usage period of the software was defined as four years. The linear depreciation of the intangible asset resulted in a charge in the amount of € 263,000 for the first nine months of the 2010/2011 financial year, which is posted in the revenue costs. The remaining usage period of the asset was 18 months as at 31 May 2011.

next commerce GmbH

On 1 February 2011 next commerce GmbH signed a contract to transfer movable and intangible assets and contractual relationships from Visions new media GmbH, Hanover. Visions new media GmbH, a service provider which implements shop systems on the basis of the Magento open source technology, filed for insolvency in November 2010. The takeover took place within the context of the insolvency proceedings which began on 1 February 2011. According to the rules of IFRS 3, the takeover qualifies as the takeover of business operations. With effect from 1 February 2011, control of the business operations of Visions new media GmbH was transferred to next commerce GmbH. The company was thus included in the Consolidated Financial Statements for the first time on this date using the acquisition method.

The acquisition costs for the takeover of the business operations amounted to € 270,000 and were paid in cash in February 2011. Within the context of a provisional purchase price allocation, assets and liabilities were identified as follows and posted in the Consolidated Balance Sheets with their current values at the time of purchase: existing customers (€ 74,000), fixed assets (€ 58,000), accrued expenses (€ 25,000), deferred taxes (€ 24,000). The remaining amount from the provisional purchase price allocation of € 187,000 has been posted in the balance sheet under goodwill. A usage period of four years has been assumed for the existing customers identified. Due to the linear depreciation, there was a charge in the amount of € 6,000 in the first nine months of the 2010/2011 financial year. The remaining usage period of the asset was 44 months as of 31 May 2011.

SinnerSchrader Mobile GmbH (formerly TIC-mobile GmbH)

With the purchase and assignment agreement of 11 May 2011, SinnerSchrader AG took over all shares in TIC-mobile GmbH, a renowned service provider for the technical development of apps for mobile equipment, such as smartphones and tablets, based in Berlin. With this takeover, SinnerSchrader is continuing to expand its portfolio of services. As part of the takeover, the company was renamed SinnerSchrader Mobile GmbH. The company also has its headquarters in Berlin.

According to the rules of IFRS 3, the takeover qualifies as the takeover of business operations. The shares and control were transferred with payment of the first instalment of the purchase price in the amount of € 640,000 in cash and 78,994 shares in SinnerSchrader AG on 16 May 2011. The company was included in the Consolidated Financial Statements for the first time on this date using the acquisition method.

In addition to the first fixed instalment of the purchase price, an agreement was also reached on a net liquidity balance 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 in 2011, 2012 and 2013. On the basis of the provisional, as yet unspecified interim statement of 16 May 2011 and of the planned accounts for 2011 to 2013, the outstanding purchase price payments discounted to the time of acquisition are estimated to total € 1,148,000. Purchase price liabilities in this amount were posted in the Consolidated Balance Sheets of 31 May 2011, with € 327,000 being assigned to the current and € 821,000 to the non-current liabilities.

In accordance with the as yet unspecified interim statement, SinnerSchrader is taking over assets in the amount of € 431,000, including accounts receivable and commenced orders balanced with deposits received for them in the amount of € 267,000 and liquid funds in the amount of € 35,000. These are contrasted with acquired debts and contingent liabilities in the amount of € 597,000, of which € 360,000 arose because of change of control agreements resulting from the takeover. Moreover, intangible assets not posted in the balance sheet at the TIC-Mobile GmbH level were identified in the provisional allocation of the purchase price. These consist of software with an estimated value of € 300,000 and orders on hand with an estimated value of € 30,000. A usage period of three years was assumed for the software. As of 31 May 2011 the remaining term was 35.5 months.

Since 17 May 2011, SinnerSchrader Mobile GmbH has been contributing to the revenue and results of the SinnerSchrader Group in the Interactive Marketing segment. The contribution as of the reporting date, 31 May 2011, was negligible.

03 SEGMENT REPORTING

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

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

Table 1a shows the segment information for the first nine months of the 2010/2011 financial year, whereas the comparative data of the previous year can be seen in Table 1b:

Tab. 1a

Segment information for the first nine months of 2010/2011 in € and number

01.09.2010–31.05.2011	Interactive Marketing	Interactive Media	Interactive Commerce	Sum segments	Holding / consolidation	Group
External revenues	19,700,245	6,275,330	1,093,460	27,069,035	–	27,069,035
Internal revenues	336,989	106,908	–	443,897	-443,897	–
Gross revenues	20,037,234	6,382,238	1,093,460	27,512,932	-443,897	27,069,035
Media costs	–	-4,469,071	–	-4,469,071	–	-4,469,071
Total revenues, net	**20,037,234**	**1,913,167**	**1,093,460**	**23,043,861**	**-443,897**	**22,599,964**
Segment income (EBITA)	**2,671,932**	**182,804**	**-570,024**	**2,284,712**	**-301,641**	**1,983,071**
Employees, end of period	312	26	25	363	33	396

Tab. 1b

Segment information for the first nine months of 2009/2010 in □ and number

01.09.2009–31.05.2010	Interactive Marketing	Interactive Media	Interactive Commerce	Sum segments	Holding / consolidation	Group
External revenues	15,664,580	4,474,406	405,516	20,544,502	–	20,544,502
Internal revenues	239,557	200,313	–	439,870	-439,870	–
Gross revenues	15,904,137	4,674,719	405,516	20,984,372	-439,870	20,544,502
Media costs	–	-3,412,493	–	-3,412,493	–	-3,412,493
Total revenues, net	**15,904,137**	**1,262,226**	**405,516**	**17,571,879**	**-439,870**	**17,132,009**
Segment income (EBITA)	**2,164,260**	**-139,572**	**-656,567**	**1,368,121**	**-318,409**	**1,049,712**
Employees, end of period	249	20	4	273	26	299

Table 1c explains the transfer of the total of the segment earnings to the pre-tax earnings of the Group for the period from 1 September 2010 to 31 May 2011 and for the comparative period of the previous year:

Tab. 1c

Reconciliation of segment income to income before taxes of the Group in □

	9M 2010/2011	9M 2009/2010
Segment income (EBITA) all reporting segments	2,284,712	1,368,121
Central costs not passed on to segments	-301,641	-318,409
EBITA of the Group	1,983,071	1,049,712
Amortisation of intangible assets from first consolidation	-386,512	-483,702
Financial income of the Group	68,465	77,103
Income before taxes of the Group	1,665,024	643,113

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

04 BREAKDOWN OF EXPENSES ACCORDING TO THE TOTAL COST METHOD

The total revenues, marketing, administrative, and research and development costs in the first nine months of the 2010/2011 and 2009/2010 financial years were broken down according to cost types, as shown in Table 2:

Tab. 2 **Operating costs by cost type** in □

	9M 2010/2011	9M 2009/2010
Personnel expenses	14,223,349	11,356,370
Costs of materials	176,246	151,846
Costs of services	2,676,117	1,548,603
Depreciation of intangible assets, property and equipment, as far as not from first consolidation	421,113	396,828
Amortisation of intangible assets from first consolidation	386,512	483,702
Other operating expenses	3,258,257	2,633,894
Total	**21,141,594**	**16,571,243**

05 TAXES FROM INCOME AND FROM EARNINGS

The taxes reported in the Statements of Operations from income and from earnings are made up of current and deferred components, as shown in Table 3:

Tab. 3

Income tax in €	**9M 2010/2011**	9M 2009/2010
Current	-457,409	270,615
Deferred	-113,304	-75,347
Total	**-570,713**	**195,268**

In the first nine months of the 2010/2011 financial year, current taxes in the amount of around € 385,000 were incurred (previous year: € 218,000). Deferred taxes were formed in accordance with IAS 12 on temporary differences between the book values in the Consolidated Balance Sheets and the tax assumptions.

06 FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

The contingencies and other financial obligations as of 31 May 2011 were largely unchanged compared to the Consolidated Financial Statements as of 31 August 2010.

07 SECURITIES

As of 31 May 2011, the total of securities had fallen by € 1,790,000 in comparison to 31 August 2010. It was still made up of corporate loans and bearer bonds of solvent companies and banks with good credit ratings (investment grade) with remaining terms to the balance sheet date of 2 to 14 months.

The securities can be sold at any time and are used to cover the short-term finance needs. In agreement with IAS 39, SinnerSchrader has qualified these securities as “available for sale” and thus evaluated them at their market value. Provided that they are not to be qualified as permanent, the unrealised profits or losses accounted for by these securities as of the balance sheet date are directly recorded 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 May 2011 and the distribution of the time to maturity:

Tab. 4 **Marketable securities** in €

	Remaining term as of 31.05.2011	Acquisition cost	Amortisation of acquisition cost	Unrealised gains	Unrealised losses	Book value as of 31.05.2011	Book value as of 31.08.2010
Marketable securities	Less than 1 year	3,200,000	44,311	6,882	-2,180	3,249,013	5,042,481
Marketable securities	1 to 5 years	1,000,000	1,633	3,495	–	1,005,129	1,001,181
Marketable securities, total		**4,200,000**	**45,944**	**10,377**	**-2,180**	**4,254,141**	**6,043,662**

08 TREASURY STOCK

As of 31 May 2011, the treasury stock of SinnerSchrader AG amounted to 273,751 shares with a calculated face value of € 273,751, representing 2.37 % of the share capital. As of 31 August 2010, SinnerSchrader AG held 360,945 shares of treasury stock representing 3.13 % of the share capital. In the first nine months of the 2010/2011 financial year, 8,200 shares of the treasury stock were issued in the context of the exercising of employee options and 78,994 were issued in the context of the acquisition of SinnerSchrader Mobile GmbH. No other share purchases or sales were made.

The purchase price of the 273,751 shares of treasury stock held by SinnerSchrader as of 31 May 2011 was € 452,131, or an average of € 1.65 per share.

09 STOCK OPTION PLANS

With resolutions of the Annual General Meetings of October 1999, December 2000, and January 2007, SinnerSchrader AG created the SinnerSchrader Stock Option Plan 1999, the SinnerSchrader Stock Option Plan 2000, and the SinnerSchrader Stock Option Plan 2007, along with the necessary conditional capital of € 375,000 (Stock Option Plans 1999 and 2000) and € 600,000 (Stock Option Plan 2007). Detailed information on these stock option plans can be found in the Notes to the Consolidated Financial Statements as of 31 August 2010.

In the first nine months of the 2010/2011 financial year, 8,200 share options from the Stock Option Plan 2000 were exercised at an exercise price of € 2.08. As of 31 May 2011, 30,167 options from the 2000 plan were still outstanding with an average exercise price of € 2.08.

In the previous financial years, 275,000 options from the Stock Option Plan 2007 had been assigned at an average exercise price of € 1.63 to members of the Management Board of the parent company and to members of the management of subsidiaries.

Tab. 5 **Outstanding stock options** in number and €

	Number of options	Weighted average exercise price
Outstanding at 31 August 2010	**313,367**	**1.69**
Granted	–	–
Exercised	-8,200	2.08
Cancelled	–	–
Expired	–	–
Outstanding at 31 May 2011	**305,167**	**1.69**

IFRS 2 prescribes income-affecting entry in the balance sheet of costs resulting from the issue of employee options on the basis of the current value. The market value of the option on the issue date should be distributed over the waiting period for exercising the option and then proportionately entered in the Statements of Operations as personnel costs for the relevant period. The costs are recorded against the shareholders' equity in the reserve for share-based compensation. In the first nine months of the 2010/2011 financial year, the costs to be taken into account amounted to € 21,125, compared to € 29,739 in the comparable period of 2009/2010.

10 DIVIDEND

On 16 December 2010, the Annual General Meeting of SinnerSchrader AG decided, on the proposal of the Management Board and the Supervisory Board, to pay a dividend in the amount of € 0.08 per share from the balance sheet profit of the Annual Report as of 31 August 2010. Accordingly, on 17 December 2010 a sum in the amount of € 895,201.52 was paid out to the shareholders; the liquid funds and the shareholders' equity were reduced by this amount.

11 RELATED PARTY TRANSACTIONS

In the first nine months of the 2010/2011 and 2009/2010 financial years, SinnerSchrader earned revenues in the amount of € 5,939,802 and € 5,755,691, respectively, with companies in which members of the SinnerSchrader Supervisory Board held positions relevant to decision-making.

In April 2011 SinnerSchrader Aktiengesellschaft granted CEO Matthias Schrader a short-term loan in the amount of € 100,000. The loan must be paid back by 31 December 2011 at the latest and bears interest in line with the standard market conditions.

12 MAJOR EVENTS AFTER THE BALANCE SHEET DATE

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

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

The following Table 6 shows the number of shares and subscription rights to shares of SinnerSchrader AG held by Board members of SinnerSchrader AG as of 31 August 2010 and their changes in the first nine months of the 2010/2011 financial year:

Shares and options of the Board members in number of shares

Tab. 6

Shares	31.08.2010	Additions	Disposals	**31.05.2011**
Management Board member:				
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 member:				
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	**31.05.2011**
Management Board member:				
Matthias Schrader	–	–	–	–
Thomas Dyckhoff	75,000	–	–	75,000
Total options of the Management Board	**75,000**	**–**	**–**	**75,000**
Supervisory Board member:				
Dieter Heyde	–	–	–	–
Prof. Cyrus D. Khazaeli	–	–	–	–
Philip W. Seitz	–	–	–	–
Total options of the Supervisory Board	**–**	**–**	**–**	**–**
Total options of the Board members	**75,000**	**–**	**–**	**75,000**

14 RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the quarterly financial report of the Sinner-Schrader Group gives a true and fair view of the asset, financial, and income situation of the Group, and the Interim Status Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principle opportunities and risks associated with the expected development of the Group.

Hamburg, 14 July 2011
The Management Board

Matthias Schrader   Thomas Dyckhoff

EVENTS & CONTACT INFORMATION

Financial Calendar 2010/2011

Annual Report 2010/2011	November 2011
Annual General Meeting 2010/2011	December 2011

Our previous reports are available online and for download in the “Investors” section of the www.sinnerschrader.de website.

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