sinnerschrader

QUARTERLY FINANCIAL REPORT 2008 | 2009

2

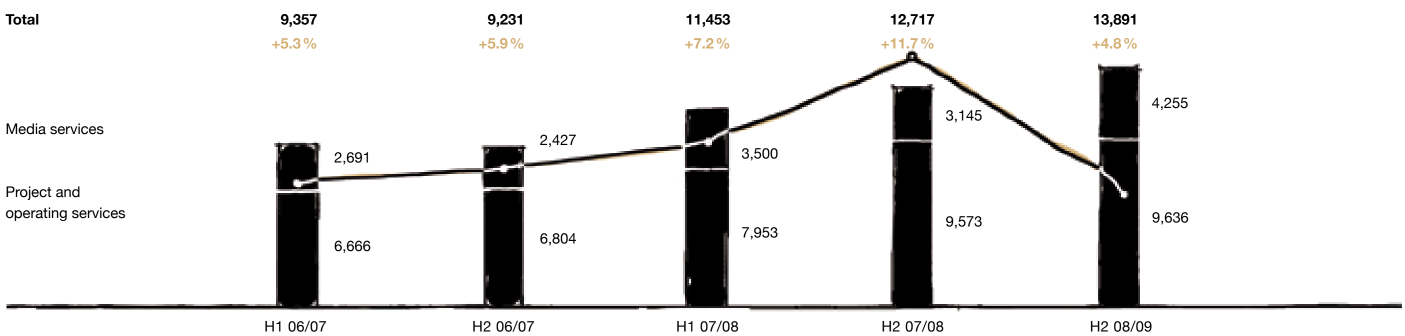
Key Figures

in € 000s, €, and number	Q2 2008/2009	Q2 2007/2008	Change	H1 2008/2009	H1 2007/2008	Change
Revenues	6,582	6,019	+9 %	13,891	11,453	+21 %
Gross profit	1,345	1,483	-9 %	3,112	2,917	+7 %
EBITDA	227	615	-63 %	926	1,070	-13 %
EBITA	100	485	-79 %	661	820	-19 %
Net income	71	413	-83 %	486	734	-34 %
Net income per share	0.01	0.04	-75 %	0.04	0.06	-33 %
Cash flows from operating activities	1,253	811	+55 %	1,035	1,565	-34 %
Employees, full-time equivalents	231	163	+42 %	223	153	+46 %
	28.02.2009	30.11.2008	Change	28.02.2009	31.08.2008	Change
Cash and cash equivalents	7,401	8,637	-14 %	7,401	9,075	-18 %
Employees, end of period	257	237	+8 %	257	241	+7 %

Contents

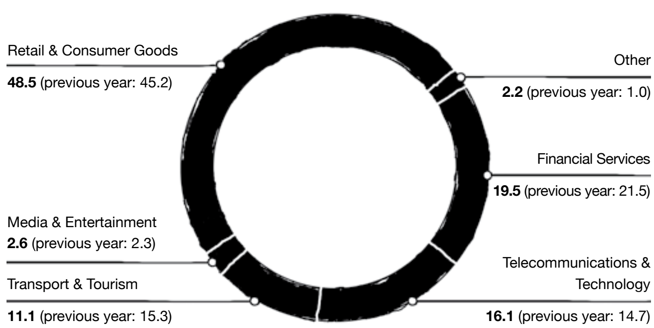
Development of Revenues and Margin by Half-years

Gross revenues in € 000s, gross revenue margin in %



Revenues by Sector

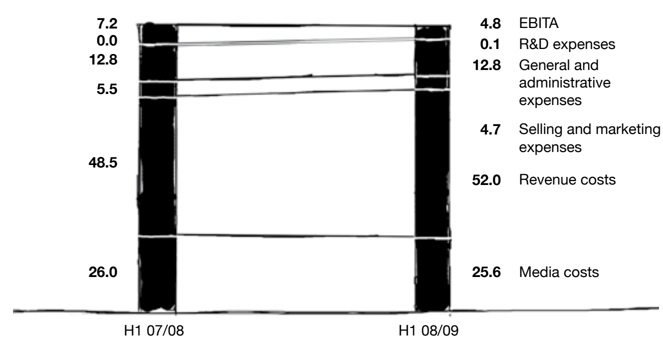
in % for H1 2008/2009



previous year = fiscal year 2007/2008

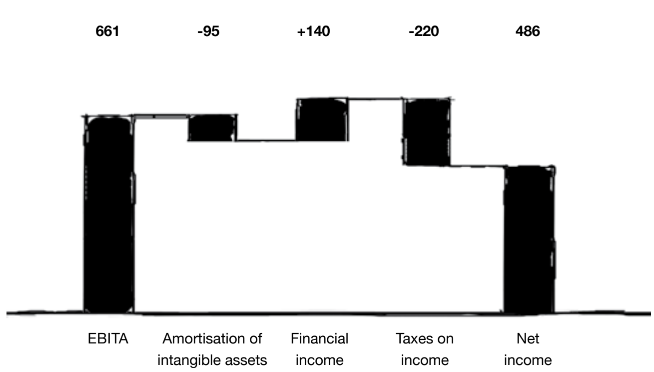
Development of Operating Costs and EBITA

in % of gross revenues



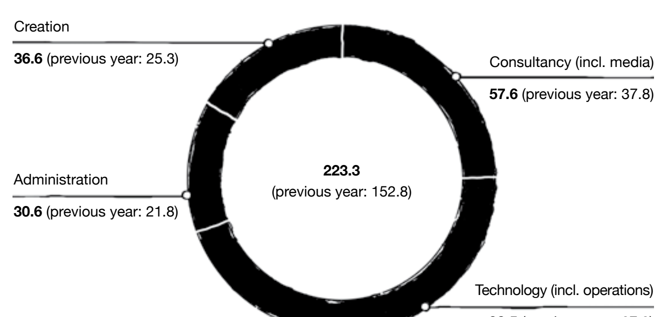
Reconciliation of EBITA to Net Income

in € 000s for H1 2008/2009



Employee Structure According to Areas

in average number of full-time employees for H1 2008/2009



previous year = H1 2007/2008

Interim Status Report as of 28 February 2009

1 General

This Interim Status Report as of 28 February 2009 represents the development of the income, financial, and assets status of the SinnerSchrader Group (“SinnerSchrader” or “Group”), which is managed by SinnerSchrader Aktiengesellschaft (“SinnerSchrader AG” or “AG”), in the second quarter and the first half of the 2008/2009 financial year from 1 December 2008 and 1 September 2008, respectively, to 28 February 2009. It deals with the major risks and opportunities and the probable future development of business in the rest of the financial year.

The Consolidated Financial Statements to which this Status Report refers were drawn up according to International Financial Reporting Standards (“IFRS”). The Interim Status Report, particularly Section 4, contains statements and information aimed at the future. 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.

2 Group Structure

As of the report date of 28 February 2009, the SinnerSchrader Group was made up of the AG which manages the Group consisting of its 100 % domestic subsidiaries SinnerSchrader Deutschland GmbH and spot-media AG, with its 100 % subsidiary spot-media consulting GmbH, along with the operatively inactive foreign subsidiaries SinnerSchrader Benelux BV and SinnerSchrader UK Ltd. The group of fully consolidated companies has therefore not changed as of the end of the last financial year or the comparable day of the previous year.

However, the spot-media group did not become a fully consolidated member of the SinnerSchrader Group until 1 February 2008 after SinnerSchrader AG took over all shares of spot-media AG at the start of February 2008. This means that in the comparable periods of the previous year – the second quarter and first half of 2007/2008 – the spot-media group contributed only its monthly result for February 2008.

In the second quarter of 2008/2009, both SinnerSchrader Deutschland GmbH and spot-media AG inorganically expanded their business through the takeover of parts of business operations or assets from other companies. In early December 2008, SinnerSchrader Deutschland GmbH took over the online media business of the newtention group for a purchase price of € 660,000 by means of an asset deal in order to strengthen its own media business in the field of performance marketing. Effective 1 January 2009, spot-media AG acquired a customer relationship and the associated team of employees from another Hamburg interactive agency for an estimated purchase price of around € 394,000 in order to expand its maintenance business.

In December 2008, SinnerSchrader AG divested itself of the 20 % share in activeGATE GmbH acquired in April 2008 after the valuation of this investment had been completely depreciated as of 31 August 2008. The stake was transferred to the co-owner in return for a share of probable future revenues.

3 Business Development and Group Situation

The business development of the SinnerSchrader Group in the second quarter of 2008/2009 was characterised by organic growth in revenues and earnings which generally fell short of expectations and by advance payments for the establishment of new fields of business and the inorganic expansion of existing fields of business. While the difficult economic environment led to restraint in new business dealings with existing and new customers, SinnerSchrader held to its strategy of making targeted advance payments and/or investments in order to expand its own position in the market.

Revenue growth slowed down in comparison to the second quarter of the previous year to a good 9 % gross and 8 % net, including the contributions from the business activities acquired by SinnerSchrader Deutschland GmbH and spot-media AG. With advance payments for organic and inorganic business expansion in the amount of around € 0.2 million, the operating result (EBITA) reached just € 0.1 million in the second quarter of 2008/2009.

For the first half of the year, both gross and net revenue growth, including the consolidation effects, amounted to between 21 % and 22 %. At nearly € 0.7 million, the EBITA was around 20 % lower than in the previous year.

The operating cash flows of the first half-year of around € 1.0 million were entirely invested in business expansion in the second quarter. The payment of the dividend in December 2008 and the share buy-back programme were therefore initially financed from the liquidity reserve which still amounted to € 7.4 million at the end of the quarter of the report.

3.1 Revenues, Incoming Orders, and Price Development

SinnerSchrader earned gross revenues of € 6.6 million in the second quarter of 2008/2009. This was 9.4 % more than in the second quarter of 2007/2008. However, compared to the first quarter of the current financial year, revenues fell by 9.9 %.

Of the nearly € 0.6 million total increase in gross revenues in comparison to the same quarter of the previous year, € 0.3 million were incurred in business with project and operating services, which thus grew by 7.7 % in comparison to the previous year. The revenue growth achieved in what has often been the weakest quarter of the year for project services on account of the change of the financial year can be attributed solely to the fact that spot-media contributed to revenues and earnings for the entire quarter in the current year. Business with media services rose by nearly € 0.3 million or 13.1 % gross in comparison to the previous year.

The € 0.7 million decrease in revenues in comparison to the first quarter of the 2008/2009 financial year was larger than expected and arose despite the fact that in the quarter of the report, investments were made in the expansion of SinnerSchrader's project business and media business which led to a direct inflow of revenues. The key factor here was the overall economic environment which resulted in a noticeable reticence to commission larger volumes of projects while maintenance budgets remained stable, particularly among SinnerSchrader's larger corporate customers. This reticence could not be compensated for by the acquisition of noteworthy new customers. In its media business segment, which is based primarily on calendar year contracts, SinnerSchrader had to make price concessions at the turn of 2009, which fell during the quarter of the report.

In the first half of 2008/2009, SinnerSchrader's gross revenues increased by a good € 2.4 million or 21.3 %; € 1.7 million of this increase was from project and operating services (+21.2 %) and € 0.7 million was from media business (+21.5 %). Net revenues – which do not take account of the volume of the media budget managed by SinnerSchrader – grew by 21.9 %.

The distribution of gross revenues according to sectors shifted noticeably in favour of the Retail & Consumer Goods and Telecommunications & Technology sectors in the first half of 2008/2009 in comparison to the distribution in the whole of 2007/2008. The shares of both sectors rose by 3.3 and 1.4 percentage points, respectively, although the share of the Retail & Consumer Goods sector was positively influenced by the seasonally strong media business in the first half of the year. Customers from the Retail & Consumer Goods sector accounted for 48.5 % or nearly half of the gross revenues, while the Telecommunications & Technology sector was responsible for 16.1 % of revenues. The Financial Services, Transport & Tourism, and Media & Entertainment sectors accounted for 19.5 %, 11.1 %, and 2.6 %, respectively, of gross revenues in the first half of 2008/2009.

The gross revenue share of the ten biggest customers in the first half of 2008/2009 was 90.5 %, while the net revenue share was 87.2 %. Customers with whom SinnerSchrader was not yet achieving revenues in the first half of last year accounted for 5.4 % of gross revenues and 7.3 % of net revenues.

Incoming orders in project and operating services in the second quarter of 2008/2009, including the effect of the spot-media acquisition, were around 12 % above the level of the previous year. It was around 6.1 % lower than in the first quarter. This means that dynamic order growth continued to slow down in the second quarter on account of the economic situation. However, the development of orders in March 2009 supports the assessment that there will be no dramatic drop in orders in the field of infrastructure-oriented interactive services. The same applies to the sales-oriented online media business which SinnerSchrader primarily carries out for customers from the Retail & Consumer Goods sector. Nonetheless, the negative outlook for the economy as a whole is reflected in the larger number of price negotiations held in the second quarter of 2008/2009.

3.2 Operating Result

The revenue increase compared to the same quarter of the previous year could not be transformed into positive development of the operating result (EBITA) in the second quarter of 2008/2009. The EBITA in the quarter of the report was just € 100,000 and therefore € 385,000 less than in the comparable quarter of the previous year. This decline was primarily a result of advance payments and initial losses of around € 200,000 from the establishment of new fields of business as well as operating difficulties in two fixed-price projects which could not be balanced out in the quarter. Furthermore, SinnerSchrader strengthened its sales efforts in the quarter covered by the report. These factors also affect the comparison with the first quarter of 2008/2009, which additionally suffered from the decline in revenues.

The advance payments for the establishment of new fields of business applied to the expansion of SinnerSchrader's media business to include performance-oriented online media services. To this end, SinnerSchrader Deutschland GmbH took over the online media business of the newtention group at the start of December, which resulted in a decline in the gross margin achieved in the media business.

SinnerSchrader also invested in the establishment of a full-service e-commerce offer which offers customers the development and operation of an online shop for a limited number of years in return for a share of revenues. There is growing demand for such offers in the German market, but the supply of these services is still very limited, so just a few months after this business was established, negotiations began for the first concrete project. The corresponding advance payments essentially led to higher general and administrative expenses.

The advance payments in media services and the individual projects resulted in a reduction in the gross profit margin with respect to gross revenues in the second quarter to 20.4 % in comparison to 24.6 % in the previous year and 24.2 % in the previous quarter. The marketing expenses in the quarter covered by the report made up nearly 5.7 % of gross revenues in comparison to 4.4 % and 3.8 % in the previous year and previous quarter, respectively. The general and administrative expenses amounted to 13.1 % of gross revenues, in comparison to 12.2 % in the previous year and 12.5 % in the previous quarter.

Research and development activities remained at a low level in the second quarter of 2008/2009. As in the previous year, € 11,000, or nearly 0.2 % of gross revenues, were invested in research and development, primarily for the further development of existing component libraries.

SinnerSchrader achieved an EBITA of € 661,000 in the entire first half of 2008/2009 in comparison to € 820,000 in the first half of 2007/2008. The operating margin in relation to gross revenues therefore fell from 7.2 % in the first half of the previous year to 4.8 % in the half-year covered by the report.

The comparison between the two half-years reveals growth in all cost types because of the consolidation of spot-media. The 38 % rise in personnel costs from € 4.7 million in the previous year to € 6.4 million in the half-year of the report was disproportionate because SinnerSchrader is providing a greater proportion of its overall output with its own employees thanks to the takeover of spot-media AG and the expansion of its personnel capacity in the 2008/2009 financial year. Personnel capacity measured in the average number of full-time employees amounted to around 223 employees in the first half of 2008/2009, which is 70 employees more than in the same period of the previous year.

3.3 Consolidated Income

Like the EBITA, the consolidated income of the second quarter of 2008/2009 was considerably lower than in the previous year and previous quarter. It amounted to € 71,000 or nearly € 0.01 per share.

The negative effects of the operative development were amplified by the decline in earnings from the investment of the liquidity reserve and an increase in burdens from the amortisation of intangible assets which were activated in the course of acquiring companies and parts of companies.

The financial income reached € 55,000 in the second quarter and was thus € 40,000 lower than in the previous year and € 31,000 lower than in the previous quarter. The significant decrease in short-term interest in particular and the reduction in the average liquidity available for investment after the dividend payment and investments in December 2008 led to this decline.

€ 56,000 were applied to the amortisation of intangible assets due to acquisitions in the second quarter of 2008/2009. No amortisation of this type was incurred in the previous year after the preliminary purchase price allocation of the spot-media acquisition. In the first quarter of the current financial year, amortisation due to acquisitions amounted to € 39,000. The additional amortisation amount from the second quarter can be attributed to the takeover of a customer relationship by spot-media AG with effect from 1 January 2009.

Due to the lower pre-tax result, the tax liability fell in the second quarter to € 28,000.

The net profit in the entire first half of 2008/2009 amounted to € 486,000. The effects described for the second quarter led to an overall decline in consolidated income of € 248,000 in the first half of 2008/2009 in comparison to the previous year. This results in an average consolidated income of € 0.04 per outstanding share for the half-year covered by the report, compared to € 0.06 per share in the previous year.

3.4 Cash Flows

While the operating cash flows in the first quarter of 2008/2009 were negative because many customers withheld payments prior to the turn of the year, payment behaviour normalised again in the new year. For the first half-year, SinnerSchrader's cash flows from operating activities were positive overall, reaching around € 1 million.

The generation of funds from operating activities was countered by the application of funds in the amount of € 1.1 million for investments and of € 1.6 million for financing activities. The bulk of the outflow of funds for investments went to the acquisition of the online media business of the newtention group and the payment of the first earn-out instalment for the spot-media acquisition. Nearly € 0.2 million were used for the purchase of necessary assets consisting primarily of equipment for IT workstations and software.

The funds used for financing activities comprised € 1.4 for the dividend payment of € 0.12 per share in December 2008 and around € 0.25 million for buying back shares of treasury stock.

This reduced the liquidity reserve – the reserve of liquid funds and cash equivalents – in the half-year of the report by nearly € 1.7 million to € 7.4 million as of 28 February 2009.

In the first half of 2007/2008, the cash flows had the same structure as the half-year covered by the report. Due to a better result and higher release of funds from receivables due from customers, the operating cash flows in the same period of the previous year were a good € 500,000 above the value of the half-year of the report. However, the funds for the acquisition of companies and other business units were also about that much higher than the corresponding value in the first half of 2008/2009, so the change to the liquidity reserve also amounted to € 1.7 million.

3.5 Balance Sheets

The expansion of business activities through the takeover of business units led to an increase in fixed assets in the area of goodwill and other intangible assets of € 1.05 million in the first half of the year. Furthermore, in the course of paying the first earn-out instalment, SinnerSchrader raised its estimate for the total earn-out payments due for the spot-media acquisition, which led to an increase in the goodwill resulting from this transaction of nearly € 0.2 million. After the addition of the operating investments and deduction of the depreciation due, fixed assets rose by € 1 million between 31 August 2008 and the report date of 28 February 2009.

In the same period of time, this was countered on the assets side first and foremost by the € 1.7 million decline in liquid funds and cash equivalents. Current receivables and assets, particularly from business transactions with customers, decreased by a good € 0.5 million in comparison to the level of 31 August 2008. The balance sheet total therefore declined on balance by € 1.2 million as of 28 February 2009.

On the liabilities side, the decline in the balance sheet total arose primarily from the dividend payment of nearly € 1.4 million and the buy-back of treasury stock with a value of € 0.25 million which, when balanced with the consolidated income from the first half-year, lowered the shareholders' equity by around € 1.1 million. Current liabilities fell by a good € 0.2 million as of 28 February 2009 compared to 31 August 2008 primarily on account of the reduction of trade accounts payable. In contrast, non-current liabilities rose by a good € 0.1 million due to the transactions completed in the second quarter.

The expansion of business in combination with a high dividend payment rate and the continuation of the share buy-back programme led to a further decrease in the high equity rate, which amounted to 63.4 % on 28 February 2009. This is a decline of 1.7 percentage points compared to 31 August 2008.

3.6 Employees

In the first half of 2008/2009, the average number of full-time employees was 223, 57 of whom worked in consultancy (including online media), 98 in technology (including operations), 37 in creation, and 31 in administration. In the comparable six months of the previous year, the average personnel capacity at SinnerSchrader was nearly 153 full-time employees.

On 28 February 2009, there were 257 employees at SinnerSchrader. At the start of the half-year covered by the report, there were 241 employees. Of the 16 new employees, 7 came from the parts of companies taken over by SinnerSchrader Deutschland GmbH and spot-media AG. On 29 February 2008, there were 222 employees in the SinnerSchrader Group.

4 Risks and Opportunities

As regards risk management at SinnerSchrader and the major risks and opportunities in particular, there have been no major changes in the first half of 2008/2009 in comparison to the situation in the 2007/2008 Annual Report.

Because of the intensification of the worldwide financial crisis in the course of the quarter of the report, the economic prospects have darkened considerably. The effects on SinnerSchrader's business development can also not be clearly estimated. This is why it will be especially important to observe the economic risks in the months ahead in order to react to them in time. The risks from acquisitions grew significantly in the first half of 2008/2009 due to the continuation of inorganic expansion despite a high level of economic uncertainty.

However, the economic crisis could entail opportunities for SinnerSchrader. The crisis will force companies to increase efficiency, including in marketing. As an efficient and performance-oriented marketing platform, the Internet could benefit from this by speeding up the shift of the marketing budget from the classical marketing channels to the online sphere.

5 Major Events after the Balance Sheet Date

After the balance sheet date, there were no events to report which could be expected to have a significant effect on the asset, financial, and income status of SinnerSchrader.

6 Forecast

In the second quarter of 2008/2009, SinnerSchrader experienced a definite slowdown in revenue development, as was indicated by the incoming orders in the preceding quarter. In addition to the not unusual seasonal decrease in project activities at Christmas and the end of the year, the financial crisis and the negative economic development caused by it have led to a noticeable reticence to approve project budgets. However, thanks to the contribution of spot-media AG, which was taken over in February 2008, there was revenue growth in the second quarter compared to the previous year.

The development of incoming orders slowed down slightly in the second quarter compared to the first quarter due to the economic situation. But conversations with existing customers and project inquiries from potential new customers give no indication that a significant slump in incoming orders is imminent. On the contrary, as they consider how to further develop their business, many companies are intensifying their online activities, as SinnerSchrader anticipated.

SinnerSchrader has therefore decided to actively continue expanding its own business activities despite the temporary slowdown in revenue development and the initial costs associated with this expansion. The focus is on establishing a full-service e-commerce unit and expanding the performance marketing offers in SinnerSchrader's media business. SinnerSchrader took relevant steps in both fields in the second quarter of 2008/2009 which led to burdens in the Statements of Operations in the amount of € 0.2 million and which will make additional advance payments necessary in the coming months.

It is not currently possible to predict the exact effects of the financial and economic crisis. The crisis may intensify in general and for individual companies, which poses a potential risk for the development of SinnerSchrader. But if the situation does not worsen, SinnerSchrader is on track to achieve gross revenues in the 2008/2009 financial year which are significantly higher than the previous year's level of € 24.2 million. In light of the advance payments for the establishment of new fields of business which SinnerSchrader decided on in the second quarter, it will probably not be possible to surpass the operating result (EBITA) of the previous year of € 2.3 million. Without these advance payments, however, an EBITA higher than the previous year's is possible.

Consolidated Balance Sheets

as of 28 February 2009 and 31 August 2008

Assets in €	28.02.2009	31.08.2008
Current assets:		
Liquid funds	2,920,555	9,075,148
Marketable securities	4,480,837	–
Cash and cash equivalents	7,401,392	9,075,148
Accounts receivable, net of allowances for doubtful accounts of € 155,924 and € 157,924	4,217,583	4,829,850
Unbilled revenues	1,472,703	1,245,615
Other current assets and prepaid expenses	81,906	241,823
Total current assets	13,173,584	15,392,436
Non-current assets:		
Property and equipment	994,475	1,081,485
Goodwill	3,451,513	2,592,463
Other intangible assets	724,914	436,985
Tax receivables	204,554	203,009
Other non-current assets and prepaid expenses	165,517	227,586
Total non-current assets	5,540,973	4,541,528
Total assets	**18,714,557**	**19,933,964**
Liabilities and shareholders' equity in €		
Current liabilities:		
Trade accounts payable	1,859,949	2,358,219
Advance payments received	466,142	435,290
Other accrued expenses	2,102,588	1,814,767
Tax liabilities	549,244	434,643
Other current liabilities and deferred income	642,344	809,528
Total current liabilities	5,620,267	5,852,447
Non-current liabilities:		
Other non-current liabilities	881,153	738,092
Deferred tax liabilities	350,013	372,580
Total non-current liabilities	1,231,166	1,110,672
Shareholders' equity:		
Common stock, stated value € 1, issued: 11,542,764 and 11,542,764, outstanding: 11,344,196 and 11,497,579 at 28.02.2009 and 31.08.2008, respectively	11,542,764	11,542,764
Additional paid-in capital	3,601,770	3,601,770
Reserves for share-based compensation	87,671	70,778
Treasury stock, 198,568 and 45,185 at 28.02.2009 and 31.08.2008, respectively	-315,123	-72,192
Accumulated deficit	-3,079,063	-2,197,346
Changes in shareholders' equity not affecting net income	25,105	25,071
Total shareholders' equity	11,863,124	12,970,845
Total liabilities and shareholders' equity	**18,714,557**	**19,933,964**

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

Consolidated Statements of Operations

from 1 September and 1 December 2008 to 28 February 2009

in €	Q2 2008/2009	Q2 2007/2008	H1 2008/2009	H1 2007/2008
Gross revenues	6,581,845	6,018,701	13,890,687	11,452,558
Media costs	-1,827,156	-1,617,670	-3,555,768	-2,976,858
Total revenues, net	4,754,689	4,401,031	10,334,919	8,475,700
Costs of revenues	-3,409,433	-2,918,229	-7,222,604	-5,559,065
Gross profit	**1,345,256**	**1,482,802**	**3,112,315**	**2,916,653**
Selling and marketing expenses	-371,629	-265,602	-652,500	-626,439
General and administrative expenses	-865,707	-735,006	-1,780,496	-1,474,931
Research and development expenses	-10,974	-11,374	-19,727	-18,097
Amortisation of intangible assets from first consolidation	-55,917	–	-95,434	–
Operating income	**41,029**	**470,819**	**564,158**	**797,168**
Other income/expenses, net	3,432	14,332	1,506	23,073
Financial income, net	54,874	94,891	140,447	201,774
Income before provision for income tax	**99,335**	**580,043**	**706,111**	**1,022,015**
Income tax	-28,510	-167,336	-219,922	-287,572
Net income	**70,825**	**412,707**	**486,189**	**734,443**
Net income per share (basic)	0.01	0.04	0.04	0.06
Net income per share (diluted)	0.01	0.04	0.04	0.06
Weighted average shares outstanding (basic)	11,373,545	11,387,016	11,421,623	11,384,891
Weighted average shares outstanding (diluted)	11,373,545	11,388,142	11,422,555	11,385,737

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

Consolidated Statements of Shareholders' Equity

from 1 September to 28 February 2009

in €	Number of shares outstanding
Balance at 31.08.2007	**11,401,878**
Foreign currency translation adjustment	–
Changes in shareholders' equity not affecting net income	–
Net income	–
Disbursed dividend	–
Deferred compensation	–
Purchase of treasury stock	-135,334
Re-issuance of treasury stock	256,917
Balance at 29.02.2008	**11,523,461**
Balance at 31.08.2008	**11,497,579**
Foreign currency translation adjustment	–
Changes in shareholders' equity not affecting net income	–
Net income	–
Disbursed dividend	–
Deferred compensation	–
Purchase of treasury stock	-153,383
Balance at 28.02.2009	**11,344,196**

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

Common stock	Additional paid-in capital	Reserves for share-based compensation	Treasury stock	Retained earnings/ losses	Changes in share-holders' equity not affecting net income	Total shareholders' equity
11,542,764	**3,612,775**	**32,536**	**-217,350**	**-2,447,384**	**24,961**	**12,548,302**
–	–	–	–	–	71	71
–	–	–	–	–	71	71
–	–	–	–	734,443	–	734,443
–	–	–	–	-1,358,207	–	-1,358,207
–	–	13,453	–	–	–	13,453
–	–	–	-219,034	–	–	-219,034
–	-10,140	–	405,793	–	–	395,653
11,542,764	**3,602,635**	**45,989**	**-30,591**	**-3,071,148**	**25,032**	**12,114,681**
11,542,764	**3,601,770**	**70,778**	**-72,192**	**-2,197,346**	**25,071**	**12,970,845**
–	–	–	–	–	34	34
–	–	–	–	–	34	34
–	–	–	–	486,189	–	486,189
–	–	–	–	-1,367,906	–	-1,367,906
–	–	16,893	–	–	–	16,893
–	–	–	-242,931	–	–	-242,931
11,542,764	**3,601,770**	**87,671**	**-315,123**	**-3,079,063**	**25,105**	**11,863,124**

Consolidated Statements of Cash Flows

from 1 September 2008 to 28 February 2009

in €	H1 2008/2009	H1 2007/2008
Cash flows from operating activities:		
Net income	486,189	734,443
Adjustments to reconcile net income to net cash used in operating activities:		
Amortisation of intangible assets from first consolidation	95,434	–
Depreciation of other intangible assets and property and equipment	264,557	250,246
Share-based compensation	16,893	13,453
Bad debt expenses	-2,000	–
Gains/losses on the disposal of fixed assets	702	–
Deferred tax provision	-22,567	200,456
Changes in assets and liabilities:		
Accounts receivable	614,267	759,441
Unbilled revenues	-227,088	-54,109
Tax receivables	-1,545	129,745
Other current assets and prepaid expenses	221,987	-314,290
Accounts payable, deferred revenues and other liabilities	-813,866	-286,954
Tax liabilities	114,601	–
Other accrued expenses	287,821	132,213
Net cash provided by (used in) operating activities	**1,035,386**	**1,564,646**
Cash flows from investing activities:		
Acquisition of subsidiary companies and business units	-930,280	-1,412,472
Purchase of property and equipment	-168,059	-246,577
Net cash provided by (used in) investing activities	**-1,098,339**	**-1,659,049**
Cash flows from financing activities:		
Payment to shareholders	-1,367,906	-1,358,207
Payment for treasury stock	-242,931	-219,034
Net cash provided by (used in) financing activities	**1,610,837**	**-1,577,241**
Net effect of rate changes on cash and cash equivalents	34	71
Net increase/decrease in cash and cash equivalents	**-1,673,756**	**1,671,575**
Cash and cash equivalents at beginning of period	9,075,148	10,449,726
Cash and cash equivalents at end of period	7,401,392	8,778,151
thereof back-up of bank guarantees	867,855	171,450
For information only, contained in cash flows from operating activities:		
Interest payment received	80,352	48,262
Paid interest	-1,880	-309

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

Notes

1 General Foundations

The Consolidated Financial Statements as of 28 February 2009 of SinnerSchrader Aktiengesellschaft (“SinnerSchrader AG” or “AG”) and its subsidiaries (“SinnerSchrader Group”, “SinnerSchrader”, or “Group”) for the first half and the second quarter of the 2008/2009 financial year from 1 September 2008 and 1 December 2008, respectively, to 28 February 2009 were drawn up 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 an audit and are to be read in conjunction with the Consolidated Financial Statements of SinnerSchrader AG as of 31 August 2008.

The accounting, valuation, and consolidation methods of the Quarterly Report at hand were unchanged from the Consolidated Financial Statements as of 31 August 2008. They are disclosed and explained in the Consolidated Financial Statements as of 31 August 2008, which are published in the 2007/2008 Annual Report.

2 Consolidation Group

2.1 Fully Consolidated Companies

The consolidation group as of 28 February 2009 did not change in comparison to 31 August 2008 and consisted of SinnerSchrader AG as well as the following direct and indirect subsidiaries of the AG, each of which was fully consolidated:

1. SinnerSchrader Deutschland GmbH, Hamburg, Germany
2. spot-media AG, Hamburg, Germany
3. spot-media consulting GmbH, Hamburg, Germany
4. SinnerSchrader UK Ltd., London, Great Britain
5. SinnerSchrader Benelux BV, Rotterdam, the Netherlands

spot-media AG and its subsidiary spot-media consulting GmbH have been included in the Consolidated Financial Statements since 1 February 2008. This means that both companies were part of the Group’s consolidation group for just one month in the comparable periods of the 2007/2008 financial year. Assuming that the spot-media companies had already been part of the Group in the full three months of the second quarter and six months of the first half of 2007/2008, the comparison in Table 1 shows the key operating figures of the reporting period vis-à-vis the previous year:

Table 1 | Previous year comparative figures pro forma in €

	Q2 2008/2009	Q2 2007/2008 pro forma	H1 2008/2009	H1 2007/2008 pro forma
Gross revenues	6,581,845	6,573,591	13,890,687	12,854,527
Total revenues, net	4,754,689	4,955,921	10,334,919	9,877,668
EBITA	100,378	511,180	661,098	1,023,417

The purchase price for the takeover of spot-media AG includes an earn-out component which is to be paid from 2009 to 2012 on the basis of the operating performance of spot-media AG between 2008 and 2011. The first earn-out payment of € 270,000 was paid in February 2009. The total earn-out component was estimated to have a discounted value of € 958,000 on 31 August 2008. Due to the operating results achieved in 2008, the estimate was raised by € 199,000 on 28 February 2009, which led to a corresponding increase in the goodwill arising from the takeover.

A segment of the total purchase price of € 382,000 was to be allocated to a set of existing customers as part of the initial consolidation of spot-media AG in the 2007/2008 financial year. The value should be depreciated in a linear fashion over the expected usage period of 29 months, which resulted in charges of € 39,000 and € 79,000 in the second quarter and first half of 2008/2009, respectively, from depreciations to intangible assets from the initial consolidation.

On 1 December 2008, SinnerSchrader Deutschland GmbH took over the marketing business of the Hamburg ad management specialist newtention technologies GmbH; this business previously operated within newtention's subsidiary newtention services GmbH (formerly adbalance GmbH). The takeover was carried out by way of an asset deal. The acquisition cost amounted to € 660,000 to be paid in cash.

The takeover qualified as the acquisition of a business in accordance with IFRS 3. According to this, hidden reserves must be disclosed and the purchase price is to be distributed across the acquired assets and liabilities, with any remaining difference to be allocated as goodwill (purchase price allocation). The purchase price allocation is not yet completed. A preliminary difference of € 660,000 arose which was reported as goodwill in the balance sheet as of 28 February 2009.

Effective 1 January 2009, spot-media AG essentially took over one customer relationship and the employees working exclusively on this relationship from the Hamburg interactive agency Con Structores. The takeover qualified as the acquisition of intangible assets under IFRS and was balanced in accordance with IAS 38. The purchase price, which is due in three annual instalments starting in March 2009 and the amount of which is oriented essentially on the contribution to profit generated by the acquired customer relationship, was estimated to be a total of € 394,000 at the time of purchase. An amount of € 121,000 was reported under current assets, while the remaining € 273,000 was reported under non-current assets.

2.2 Participations

At the end of December 2008, SinnerSchrader AG transferred its 20 % share in activeGATE GmbH, Hamburg, from 31 August 2008 and 30 November 2008 to the co-owner in return for a share of the future revenues of the company. The value of this participation was completely corrected in the 2007/2008 Consolidated Financial Statements as of 31 August 2008.

3 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 2:

Table 2 | Current and deferred taxes for the period in €

	H1 2008/2009	H1 2007/2008
Current	242,490	87,116
Deferred	-22,568	200,456
Total	**219,922**	**287,572**

In the first half of 2008/2009, current tax liabilities in the amount of around € 242,000 were incurred. In the same period of the previous year, these tax liabilities amounted to just € 87,000 despite a higher pre-tax profit because the pre-tax profits incurred exclusively in Germany could still be largely offset against tax loss carry-forwards. However, the corporation tax and trade tax loss carry-forwards of the tax group led by SinnerSchrader AG were used up by the end of the 2007/2008 financial year.

Deferred taxes were formed in accordance with IAS 12 on temporary differences between the book values in the Consolidated Balance Sheet and the tax assumptions. The statutory income tax rate to which SinnerSchrader was subject in the first half of 2008/2009 and the first half of 2007/2008 was 32.3 % and 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 tax rate reported in the Statements of Operations for the two periods was 31.2 % and 28.9 %, respectively.

4 Financial Obligations and Contingent Liabilities

The contingencies and other financial obligations as of 28 February 2009 were largely unchanged compared to the Consolidated Financial Statements as of 31 August 2008.

5 Treasury Stock

As of 28 February 2009, the treasury stock of SinnerSchrader AG amounted to 198,568 shares with a calculated face value of € 198,568, representing 1.72 % of the share capital. As of 31 August 2008, the treasury stock amounted to 45,185 shares, representing 0.39 % of the share capital.

In the first half of the 2008/2009 financial year, SinnerSchrader bought back 153,383 shares of treasury stock via the stock market at a total purchase price of € 242,931, which is an average of € 1.58 per share.

The 198,568 shares of treasury stock held by SinnerSchrader as of 28 February 2009 had a purchase price of € 315,123, or an average of € 1.59 per share.

6 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 the stock option plans can be found in the Notes to the Consolidated Financial Statements as of 31 August 2007.

Within the framework of the Stock Option Plans 1999 and 2000, options have been allocated to employees and members of the Management Board of SinnerSchrader AG and its subsidiaries in the past years.

In the 2006/2007 and the 2007/2008 financial years, 75,000 and 175,000 options, respectively, from the 2007 Plan were allocated to a member of the SinnerSchrader AG Management Board and to members of the management of subsidiary companies. In the first half of the 2008/2009 financial year, no options were allocated.

Table 3 summarises the changes in the number of outstanding options from the 1999 Plan, the 2000 Plan, and the 2007 Plan in the first half of the 2008/2009 financial year:

Table 3 | Outstanding stock options in € and number

	Number of options	Weighted average exercise price
Outstanding at 31 August 2008	**311,135**	**1.69**
Granted	–	–
Exercised	–	–
Cancelled	-3,333	2.08
Expired	-13,835	1.53
Outstanding at 28 February 2009	**293,967**	**1.69**

IFRS 2 calls for the 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. 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 reserves for share-based compensation. In the first half of 2008/2009, the costs affecting income amounted to € 16,893, compared to € 13,453 in the comparable period of 2007/2008.

7 Dividend

The Annual General Meeting of SinnerSchrader AG on 18 December 2008 agreed to the proposal of the Management Board and Supervisory Board to pay a dividend in the amount of € 0.12 per share from the accumulated income as of 31 August 2008. On 19 December 2008, the amount of € 1,367,906 was paid to shareholders, and the liquid funds and shareholders' equity were reduced by the same amount.

8 Related Party Transactions

In the first half of the 2008/2009 and 2007/2008 financial years, SinnerSchrader achieved revenues in the amount of € 5,795,225 and € 3,758,753, respectively, with companies in which members of the Supervisory Board of SinnerSchrader held supervisory board positions.

9 Major Events after the Balance Sheet Date

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

10 Directors' Holdings of Shares and Subscription Rights to Shares ("Directors' Dealings")

Table 4 shows the number of shares of SinnerSchrader AG and the number of subscription rights to these shares held by directors of SinnerSchrader AG as of 31 August 2008 and any changes in the first half of 2008/2009:

Table 4 | Shares and options of the Board members in number

Shares	31.08.2008	Additions	Disposals	28.02.2009
Management Board member:				
Matthias Schrader	2,415,175	40,000	–	2,455,175
Thomas Dyckhoff	74,950	–	–	74,950
Total shares of the Management Board	2,490,125	40,000	–	2,530,125
Supervisory Board member:				
Prof. Dr Reinhard Pöllath	–	–	–	–
Dieter Heyde	–	–	–	–
Prof. Cyrus D. Khazaeli	–	–	–	–
Total shares of the Supervisory Board	–	–	–	–
Total shares of the Board members	**2,490,125**	**40,000**	**–**	**2,530,125**
Options	31.08.2008	Additions	Disposals	28.02.2009
Management Board member:				
Matthias Schrader	–	–	–	–
Thomas Dyckhoff	75,000	–	–	75,000
Total options of the Management Board	75,000	–	–	75,000
Supervisory Board member:				
Prof. Dr Reinhard Pöllath	–	–	–	–
Dieter Heyde	–	–	–	–
Prof. Cyrus D. Khazaeli	–	–	–	–
Total options of the Supervisory Board	–	–	–	–
Total options of the Board members	**75,000**	**–**	**–**	**75,000**

11 Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements of the SinnerSchrader Group give a true and fair view of the assets, liabilities, financial position, and profit or loss 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, 15 April 2009

The Management Board

Matthias Schrader Thomas Dyckhoff

Events & Contact Information

Financial Calendar 2008/2009	
3rd Quarterly Report 2008/2009 (March 2009–May 2009)	15 July 2009
Annual Report 2008/2009	November 2009

Conference Calendar 2008/2009	
next09 conference	5–6 May 2009

For more information please visit our conference website at www.next09.de.

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