sinnerschrader

QUARTERLY FINANCIAL REPORT 2007 | 2008

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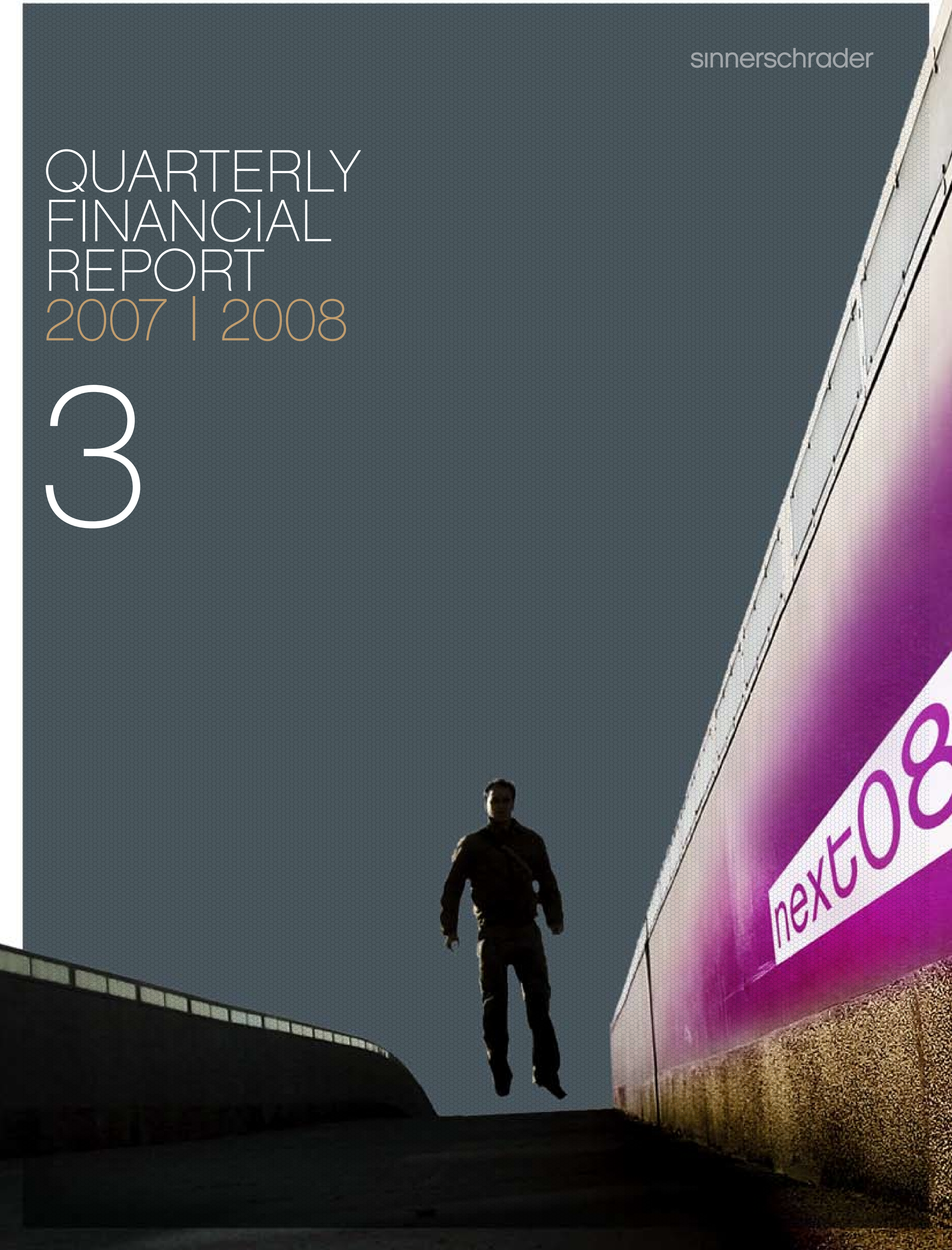

Key Figures

in € 000s, €, and number	Q3 2007/2008	Q3 2006/2007	Change	9M 2007/2008	9M 2006/2007	Change
Revenues	6,126	4,247	+44 %	17,578	13,604	+29 %
Gross profit	1,518	1,093	+39 %	4,434	3,618	+23 %
EBITDA	668	177	+277 %	1,738	874	+99 %
EBITA	535	75	+613 %	1,355	571	+137 %
Net income	435	96	+353 %	1,169	631	+85 %
Net income per share	0.04	0.01	+300 %	0.10	0.06	+67 %
Cash flows from operating activities	580	181	+220 %	2,145	928	+131 %
Employees, full-time equivalents	203	146	+39 %	169	146	+16 %
	31.05.2008	29.02.2008	Change	31.05.2008	31.08.2007	Change
Cash and cash equivalents	8,583	8,778	-2 %	8,583	10,450	-18 %
Employees, end of period	227	222	+2 %	227	152	+49 %

* next conference: Since 2006, SinnerSchrader has held a European conference each May on the hot topics in the internet industry. Over 1,200 participants attended next08 in Hamburg on 15 May 2008. www.next08.com.

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Interim Status Report as of 31 May 2008

1 General

The following Interim Status Report for SinnerSchrader Aktiengesellschaft ("SinnerSchrader AG" or "AG") refers to the third quarter and the first nine months of the 2007/2008 financial year from 1 March 2008 and 1 September 2007 to 31 May 2008 and to the balance sheet date of 31 May 2008. It shows the development of the income, financial, and asset status of the SinnerSchrader Group ("Sinner-Schrader" or "Group") and addresses the key risks and opportunities and the probable future development of business.

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 Changes to Consolidation Group

In the first nine months of the financial year, the consolidation group changed as follows in comparison to the consolidation group in the Annual Financial Statements of the previous 2006/2007 financial year as of 31 August 2007.

2.1 Merger of the Domestic Operating SinnerSchrader Companies

In December 2007, the subsidiaries SinnerSchrader Neue Informatik GmbH, SinnerSchrader Studios GmbH, and SinnerSchrader Studios Frankfurt GmbH were merged with their parent company Sinner-Schrader Deutschland GmbH to complete the organisational restructuring of operative business in the year 2007. As a result, operating business in Germany was once again brought together in a single company.

2.2 Takeover of spot-media AG

On 30 January 2008, SinnerSchrader AG signed contracts for the complete takeover of spot-media AG ("spot-media"), an interactive agency based in Hamburg. SinnerSchrader AG took control of the company on 4 February 2008 when it transferred the first instalment of the purchase price in cash. For reasons of simplification, spot-media AG was first consolidated in the SinnerSchrader Group on 1 February 2008, meaning that spot-media contributed to the revenues and earnings of the Group for the first time in February.

With the takeover of spot-media, SinnerSchrader has boosted the growth impetus in its core business through an acquisition for the first time since the year 2000. spot-media complements SinnerSchrader Deutschland GmbH's focus on interactive business with two main areas of business: the ongoing maintenance of large Internet shops and portals on the one hand, and consultation and the design and implementation of websites and Internet applications for SME customers on the other.

spot-media and SinnerSchrader also complement each other with respect to the technical platforms: whereas spot-media specialises in PHP, the technical focus of SinnerSchrader Deutschland GmbH lies on developments in Java.

SinnerSchrader AG will operate spot-media as an independent company and brand. In the 2007 financial year, spot-media achieved revenues of € 2.7 million and an operating result (EBITA) of nearly € 0.37 million.

2.3 Investment in activeGATE GmbH

In mid-April 2008, SinnerSchrader AG also acquired a 20 % share in activeGATE GmbH. activeGATE GmbH is a newly founded company for the development and marketing of real-time dialogue solutions, primarily using an ASP model to improve customer communication and advice on shop and portal sites. Together with its share, SinnerSchrader AG purchased the option to take over the majority of activeGATE in December 2008.

The share in activeGATE GmbH is posted as a minority share without dominating influence “at equity” and is listed under financial investments in the balance sheet. The proportionate results of the relevant reporting period will be posted in the Statements of Operations as “Proportionate income/loss from associated companies”.

3 Business Development and Group Situation

In the third quarter of 2007/2008, SinnerSchrader once again achieved marked growth compared to the same quarter of the previous year in (gross) revenues and operating results. Revenues rose by around 44 % and the EBITA was seven times higher than the same quarter in the previous year, which was weakened by the reorganisation process.

Both key figures exceeded the values of the good second quarter of 2007/2008 by just under 2 % and 10 %, respectively. In connection with this, the revenues/EBITA margin improved by another 0.6 percentage points to 8.7 %. This is largely due to the fact that spot-media AG was consolidated for a full quarter for the first time in the quarter of the report. In the previous quarter, spot-media only contributed to the SinnerSchrader Group figures for the month of February.

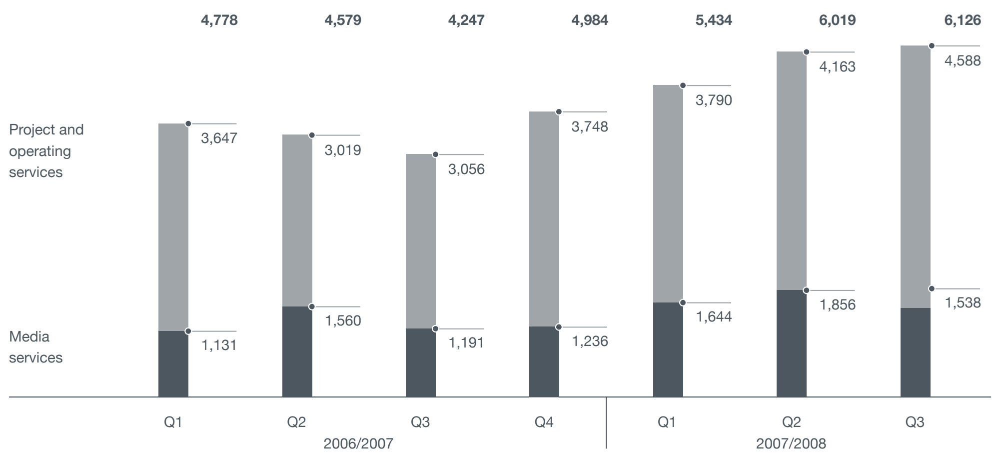
The figures for the first nine months of the current financial year document the pleasing course of the 2007/2008 financial year thus far, which was also strengthened by the successful acquisition of spot-media AG in the second quarter. The (gross) revenues of just under € 17.6 million exceeded the previous year’s figure by a good 29 %. The operating result of the comparative period of the previous year was more than doubled to almost € 1.4 million. The operating margin improved by 3.5 percentage points to 7.7 %.

With what it has achieved so far, SinnerSchrader is well on the way to fulfilling the forecast for the current financial year which was raised after the first six months to € 22.5 million in (gross) revenues and an EBITA of € 1.9 to 2.0 million.

3.1 Revenues, Incoming Orders, and Price Development

In the third quarter of 2007/2008, SinnerSchrader achieved (gross) revenues of € 6.1 million in comparison to € 4.2 million in the third quarter of the previous year and € 6.0 million in the preceding second quarter.

Development of Revenues – Quarterly View
in € 000s

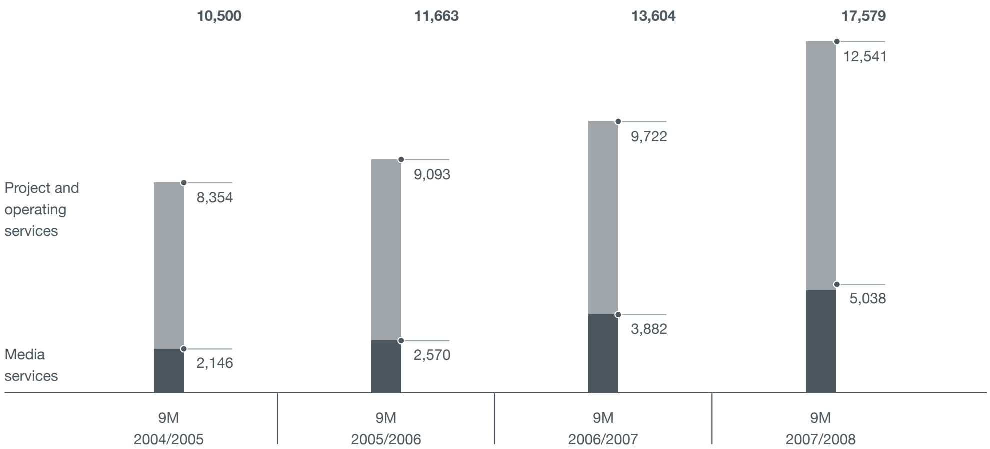


SinnerSchrader's revenues increased by € 1.9 million or 44.2 % compared to the previous year, mainly in project and operating services, which were up by € 1.5 million or 50.1 % in the third quarter compared to the previous year. Somewhat more than half of this growth is the result of the takeover of spot-media AG, which contributed to the Group performance for a whole quarter for the first time in the third quarter following its initial consolidation on 1 February 2008. Without the contribution to revenues from spot-media, the growth rate in project and operating services would have been 22 %. In media services, SinnerSchrader increased its revenues by 29.1 % in the quarter of the report in comparison to the previous year.

As in previous quarters, the growth stemmed largely from relations with major existing customers. The share of revenues earned with customers for whom SinnerSchrader was not active a year ago was approximately 3 % in the third quarter, as it was in the first half of the 2007/2008 financial year, meaning that this share was also achieved for the nine-month period.

(Gross) revenues rose in comparison to the previous quarter by € 0.1 million or 1.8 %. Whereas there was a decline of € 0.3 million in media services in comparison to the second quarter, which was strong due to the pre-Christmas and post-Christmas business, project and operating services grew by € 0.4 million. The growth is entirely due to the consolidation effect from the acquisition of spot-media. Without this effect, revenues from project and operating services would have fallen slightly by € 0.15 million or 3.8 %, among other things due to the lower number of working days in the quarter of the report.

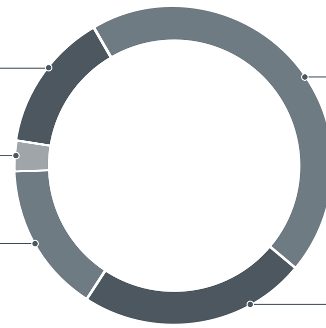
Development of Revenues – Nine-month View
in € 000s



In the first nine months of 2007/2008, SinnerSchrader achieved revenue growth of 29.2 %. Business therefore developed considerably more dynamically than in the last financial years. The acquisition of spot-media accounts for 8.4 percentage points of the growth rate. The organic growth of SinnerSchrader was thus 20.8 % for the nine-month period, whereby the volume of the media budget managed by SinnerSchrader increased by 29.8 % and that of the project and operating services by 17.2 %. The organic growth figures are also well above the values that SinnerSchrader realised in previous years.

The distribution of revenues according to sectors changed only slightly in the third quarter in comparison to the distribution in the first half of 2007/2008. With respect to the first nine months, around 44 % of (gross) revenues were still earned with companies in the Retail & Consumer Goods sector, which is well above the 37 % share of revenues in the whole of the previous year. The growing importance of this sector for SinnerSchrader is mainly due to the fact that a large proportion of spot-media's revenues are earned with customers from this area. With a revenue share of a mere 3 %, the value for the Media & Entertainment sector in the nine months of the report was well below the share of total revenues in the previous year. As in the previous quarters, this is a consequence of the almost complete disappearance of business with the customer Arena after it fundamentally changed its business model in the summer of 2007. Around 23 % of SinnerSchrader's nine-month revenues were earned in the Financial Services sector, 14 % were earned with customers in the (Tele)Communications & Technology sector, and 15 % with Transport & Tourism customers.

Revenues by Sector
in %



previous year = fiscal year 2006/2007

The development of incoming orders in the SinnerSchrader Group underlines the continuation of the good dynamic growth in the third quarter. Including the effect from the initial consolidation of spot-media AG, incoming orders in the project and operating services business exceeded the comparable values of the previous year by 44 %. Without the incoming orders from spot-media AG, the increase was just under 20 %. For the first nine months of the financial year, the growth rates in incoming orders were just under 39 % and 29 %, respectively.

In the third quarter of 2007/2008, the trend on the price side was positive, as in the previous quarters; the daily rates earned on the market by SinnerSchrader thus rose noticeably in the nine-month period.

3.2 Operating Result

The pleasing revenue development in the period covered by the report was reflected in marked increases in the operating result. In the third quarter, the result before interest, taxes, and depreciation effects from acquisitions (EBITA) improved from € 75,000 in the 2006/2007 financial year to € 535,000 in the 2007/2008 financial year. In comparison to the second quarter, this result represents an increase of € 50,000 or a good 10 %.

The operating margin – the relationship between the EBITA and (gross) revenues – improved further from 1.8 % in the previous year and 8.1 % in the previous quarter to 8.7 %. For the first time in this financial year it was within the target zone of between 8.5 % and 9.0 % planned for this year.

Components of operating earnings in € 000s and %

	Q3 2007/2008	Q3 2006/2007	Change	Q2 2007/2008	Change
Gross profit	1,518	1,093	+39 %	1,483	+2 %
Selling and marketing expenses	-390	-276	-42 %	-266	-47 %
General and administration expenses	-612	-741	+17 %	-735	+17 %
Research and development expenses	-16	-26	+38 %	-11	-45 %
Other income, net	35	24	+46 %	14	+150 %

When compared to the same quarter of the previous year, the third quarter was marked by a rise in gross profit of € 425,000 or 39 %. The first consolidation of spot-media significantly contributed to this. Without the contribution of spot-media AG, the increase would have been just under 10 % compared to the previous year.

The rise in gross profit is enhanced by the fact that the general administrative costs in the quarter covered by the report were € 129,000 below those of the same quarter in the previous year. On the one hand, this is due to the fact that this quarter in the previous year was encumbered by the one-time costs of the reorganisation process. On the other hand, it is a sign of the effective degression in fixed costs because the rise in revenues needed only a disproportionately low increase in administrative capacities.

SinnerSchrader has used some of the improvements in results from the gross profit and the general administrative costs to enhance its sales efforts by investing € 114,000 more here than in the previous year. However, in relation to gross revenues, sales costs have hardly changed.

As in the first two quarters of the 2007/2008 financial year, the research and development costs were at a low level. Around € 16,000 were invested in the quarter covered by the report, mainly in the further development of SinnerSchrader's own programming platform. The figure was € 10,000 higher in the previous year.

The 2 % rise in gross profit in comparison to the second quarter of 2007/2008 is primarily the result of the complete incorporation of spot-media AG, which was only able to contribute to the last month of the second quarter. In the third quarter, sales costs were well above the costs of the second quarter because the next08 conference organised by SinnerSchrader, which attracted 1,200 visitors, took place in the third quarter. SinnerSchrader is responsible for approximately 20 % of the costs of the conference, which enables its customers and potential new customers to participate in specialist discussions on current topics in the Internet industry. The additional expenditure on the sales side was compensated for by the corresponding decrease in general administrative costs. As in the previous years, the decrease is due to the fact that the major expenditure for the stock market listing for the Annual Report and Annual General Meeting were incurred in the second quarter.

Costs by cost type in € 000s and %

	Q3 2007/2008	Q3 2006/2007	Change	Q2 2007/2008	Change
Costs of material and services	-554	-284	-95 %	-756	+27 %
Personnel costs	-2,817	-2,294	-23 %	-2,409	-17 %
Depreciation	-133	-102	-30 %	-130	-2 %
Other operating costs	-719	-467	-54 %	-635	-13 %

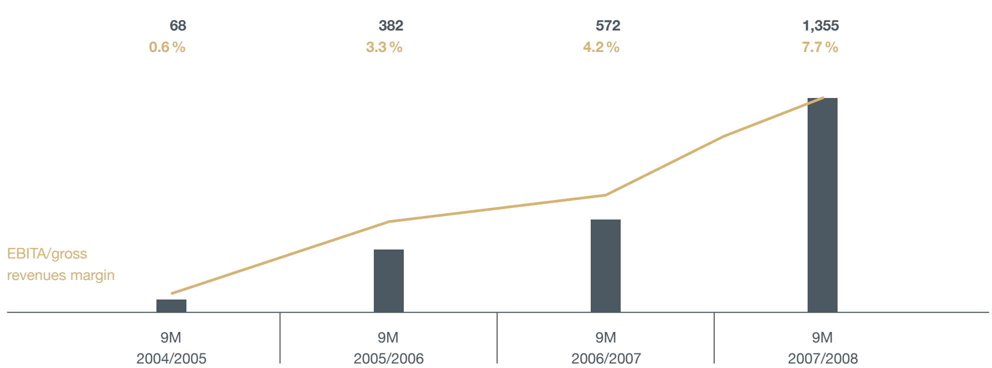
The cost development according to cost types is characterised by the first complete inclusion of the costs of spot-media AG, as a result of which personnel costs and other operating costs in particular rose.

Without spot-media, personnel costs would have been roughly at the same level as the same quarter of the previous year, during which, however, the personnel costs were higher because of the separation costs that were necessary due to the reorganisation.

A comparison with the previous year reveals the greatly increased requirement for external services. The development of the company's own personnel capacity is still lower than planned. However, external costs were reduced in comparison to the second quarter, which is largely due to the increase in personnel capacity by six full-time members of staff in the third quarter, adjusted for consolidation.

EBITA and EBITA/Gross Revenues Margin – Nine-month View

in € 000s and %



In the first nine months of the financial year, SinnerSchrader earned a total EBITA of € 1,355,000 and was thus, at the end of May, already more than € 300,000 above the total operating result of the previous financial year. spot-media contributed to this pleasing result much more than was expected when the purchase agreements were concluded. But even without the operating result of spot-media for the months of February 2008 to May 2008, SinnerSchrader has already exceeded the EBITA of the whole previous year after just nine months.

With respect to the nine-month period, SinnerSchrader has been able to almost double the EBITA in the current financial year. The contribution to results from spot-media increased the growth rate by over 40 percentage points.

In the first nine months of the financial year, the operating margin with respect to (gross) revenues reached 7.7 %, with margins rising from quarter to quarter, in comparison to 4.2 % in the comparable period of the previous year. Here, too, the acquisition of spot-media had a positive effect, without which the margin would have been around 0.7 percentage points lower.

3.3 Consolidated Income

Components of net income in € 000s and %

	Q3 2007/2008	Q3 2006/2007	Change	Q2 2007/2008	Change
EBITA	535	75	+613 %	485	+10 %
Proportionate loss from associated companies	-9	–	–	–	–
Financial income, net	89	101	-12 %	95	-6 %
Income tax	-180	-80	-125 %	-167	-8 %

In line with the operating performance, the consolidated income also improved in the third quarter of 2007/2008 in comparison to the third quarter of the previous year and the preceding second quarter. At € 435,000, it reached four-and-a-half times the value of the previous year and exceeded the value of the previous quarter by over 5 %. The growth rates were below those of the operating result, especially since the financial result did not rise at the same rate as the EBITA, but rather was slightly lower than in the previous year and the previous quarter.

The decline in the financial result by 12 % and 6 %, respectively, was due to the fact that the average liquid funds available for investment purposes (including cash equivalents) had fallen. The dividend payment and the first instalment of the purchase price for spot-media AG were incurred in the second quarter of the current financial year. The second instalment of the purchase price was due in the third quarter. Furthermore, SinnerSchrader invested in the foundation of activeGATE GmbH.

Since its foundation, activeGATE GmbH has invested in setting up business operations. The start-up losses proportionate to the investment from the time to the end of the period covered by the report in the amount of somewhat more than € 9,000 had to be posted by SinnerSchrader with an effect on profits according to the equity method within the context of balancing the investment.

As in earlier quarters, the liquid funds were increasingly invested with regard to optimising after-tax yields without changing the investment strategy, which is geared towards short-term availability and thus short fixed interest periods as well as good counterparty credit ratings. As a result, in the third quarter, an income tax rate of under 30 % was achieved with a statutory rate of 32.3 %, leading to an income tax burden of € –180,000. In the third quarter of the previous year, the tax rate was still over 40 %.

In the third quarter, the net income per share, as in the previous quarter, was € 0.04; in the third quarter of the previous year, the net income per share was € 0.01.

For the first nine months, the consolidated income thus rose to € 1,169,000 or € 0.10 per share. Here, too, after just nine months, the total annual value of the previous year was exceeded; the rise over the comparable period of the previous year was a good 85 %.

3.4 Cash Flows

In the quarter covered by the report, the outflow of funds for investments in subsidiaries and participations once again exceeded the funds surplus from operating activities, with the result that the amount of liquid funds and cash equivalents fell by a further € 0.2 million in comparison to the status as of 29 February 2008. The second instalment of the purchase price for the takeover of spot-media AG accounted for approximately € 0.4 million of these investments, while € 0.25 million were invested in the foundation of activeGATE GmbH.

In the first nine months of the 2007/2008 financial year, after balancing with any liquid funds which were taken over, SinnerSchrader invested just under € 2.1 million in cash in the purchase of subsidiaries and associated companies. Added to this are just under € 0.3 million which were used to repurchase treasury stock in the nine-month period, which, in turn, was issued as a component of the purchase price payment to the sellers of spot-media AG.

Another € 0.3 million were invested in intangible assets and fixed assets for the replacement and improvement of workplace equipment as well as the central IT infrastructure.

As a result of the payment of a dividend of € 0.12 per share in December 2007, just under another € 1.4 million flowed out of the company.

Over half of these cash outflows of a total of nearly € 4.0 million in the first nine months of 2007/2008 were financed by cash inflows from operating activities in the amount of € 2.1 million. These cash inflows originated solely from the cash-effective result of the period. Funds tied down in working capital could not yet be reduced from the level at the end of the previous year.

On balance, the amount of liquid funds and cash equivalents fell in the nine-month period by just under € 1.9 million to € 8.6 million as of 31 May 2008.

3.5 Balance Sheet

As a result of the takeover and first consolidation of spot-media AG, investment in activeGATE GmbH, and the payment of a dividend, the balance sheet in the first nine months of the 2007/2008 financial year changed more markedly than in the previous reporting periods.

Non-current fixed assets more than trebled due to investments in subsidiaries and associated companies, rising by € 2.7 million. Around € 2.4 million of this rise was accounted for by the takeover of spot-media AG, in particular by the company value acquired. A good € 0.2 million resulted from investment in activeGATE GmbH.

The current assets without liquid funds and cash equivalents rose by € 0.8 million, mainly due to the first consolidation of the corresponding assets of spot-media AG. On the opposite side, the liquidity reserve fell by € 1.9 million. The total value of all assets thus rose overall by a good € 1.6 million to € 18.4 million as of 31 May 2008.

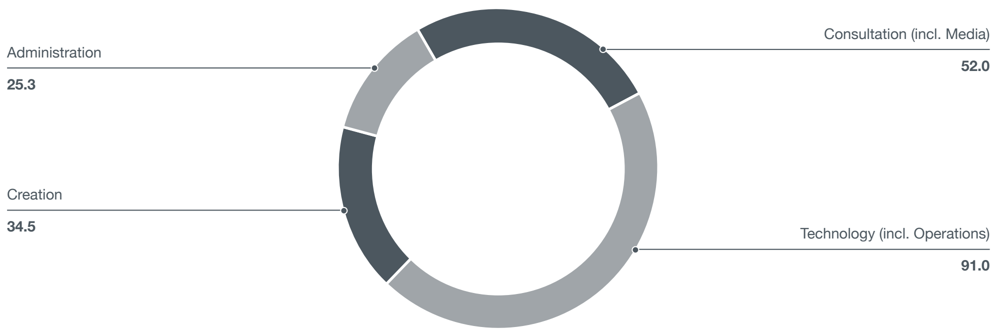
The rise in assets was contrasted on the liabilities side with an increase in current and non-current liabilities including accrued expenses and deferred tax liabilities of around the same amount. Here, too, the first consolidation of spot-media AG and the posting of the outstanding purchase price payments in accordance with the relevant earn-out regulations mainly had an effect on the other current and non-current liabilities.

As of 31 May 2008, the shareholders' equity was still slightly below the value at 31 August 2007. As a result of the payment of the dividend, the shareholders' equity fell by just under € 1.4 million in December 2007. The decrease was almost balanced out by 31 May 2008 as a result of the income in the current financial year of approximately € 1.2 million and the issue of the shares bought back by the end of January within the context of the takeover of spot-media AG in the amount of € 0.2 million. Nevertheless, due to the simultaneous expansion of the balance sheet total, the shareholders' equity fell from around 75 % on 31 August 2007 to 68 % on 31 May 2008.

3.6 Employees

The average number of full-time employees once again rose in the third quarter of 2007/2008 in comparison to the previous quarter by 40 to reach 203 full-time employees. This rise is mainly due to the fact that the employees of spot-media AG were included for the whole quarter for the first time. Furthermore, even without the addition of spot-media AG, SinnerSchrader made progress with the planned expansion of its resources and enhanced its capacity in comparison to the previous quarter by 6 full-time employees. In the third quarter of the previous year, the personnel capacity of SinnerSchrader was 146 full-time employees.

Employee Structure in the third quarter 2007/2008



Of the average number of employees working at SinnerSchrader in the third quarter, 91 were working in the technical area, 35 in the creative area, and 52 in consultation and account management. The remaining 25 full-time employees were in administration.

On 31 May 2008, a total of 227 people were employed in the SinnerSchrader Group, 58 of them at spot-media AG. At the end of the previous financial year there were 152 employees, and there were 152 employees as of 31 May 2007. Of the employees at SinnerSchrader at the end of May 2008, 23 were students, 7 were apprentices, and 5 were interns.

4 Risks and Opportunities

In the first nine months of the 2007/2008 financial year, the risk and opportunity structure changed due to the takeover of spot-media AG and the investment in activeGATE GmbH. On the risk side, there is a danger that the business plans on which the decision to make the investment were based will not be realised and the investments will not be sufficiently profitable or will even have to be entirely or partially written off. In connection with spot-media AG, for example, this could be the result of negative reactions from customers and employees with respect to the acquisition and the resultant changes. With regard to the investment in activeGATE GmbH, the software product could prove to be not yet technically mature contrary to expectations, market acceptance could take more time than planned or fail completely, or competition could increase more quickly than expected.

On the other hand, the investments present the opportunity to provide existing customers with broader support, to gain new customers, and to achieve higher average profits over the entire service range as a result of the complementary addition to SinnerSchrader’s services portfolio, the desired two-brand strategy, and the expansion of the business model to include software licensing.

Otherwise, in the third quarter and the first nine months of 2007/2008, there were no noteworthy changes with respect to the risk and opportunity structure in comparison to the deliberations on this subject in the 2006/2007 Annual Report. To achieve the goals of the current 2007/2008 financial year, the main focus is on retaining the company's own qualified employees and continuously recruiting new, talented employees at adequate prices in a personnel market that has once again become difficult for companies.

As before, there are no risks apparent that could threaten the future existence of SinnerSchrader AG and its Group.

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

The course of the third quarter confirmed the positive estimate for the 2007/2008 financial year established after the first six months. The demand for services from interactive agencies continues to be high; the number and scope of the projects inquired about at SinnerSchrader from existing and new customers have exceeded that of previous years and are leading to a good development in incoming orders. Although we must not lose sight of the incipient economic difficulties in Germany, they do not seem to be having a noticeable effect on the market for interactive services at the moment.

After the first nine months of 2007/2008, revenues and results at SinnerSchrader are on track without spot-media AG, which has been consolidated since February 2008. spot-media AG is already contributing positively to the Group figures to an unexpected extent. According to the most recent forecasts, the fourth quarter will be the strongest quarter of the financial year in terms of results, as it was in the previous financial year.

Against this background, SinnerSchrader is confirming the annual forecast that was upgraded after the first six months, according to which (gross) revenues of over € 22.5 million and an operating result (EBITA) of almost € 2 million are to be expected. In relation to (gross) revenues, the operating margin will probably be within the target corridor of 8.5 % to 9.0 %.

SinnerSchrader is therefore aiming for a dividend of € 0.12 per share for the 2007/2008 financial year as well. Based on the current state of knowledge, a dividend of this amount could once again be paid entirely from the tax-recognised contribution account and would therefore be tax-free for all German shareholders who own shares as their personal assets and who hold less than 1 % of the share capital minus their own shares and who have not held a higher proportion in the past. The dividend will be paid after the ordinary Annual General Meeting, which will probably be held at the end of December 2008, as in the previous year.

Consolidated Balance Sheets

as of 31 May 2008 and 31 August 2007

Assets in €	31.05.2008	31.08.2007
Current assets:		
Liquid funds	922,363	5,453,719
Marketable securities	7,661,051	4,996,007
Cash and cash equivalents	8,583,414	10,449,726
Accounts receivable, net of allowances for doubtful accounts of € 157,924 and € 157,924	3,935,391	3,962,166
Unbilled revenues	1,358,101	778,344
Tax receivables	201,048	342,088
Other current assets and prepaid expenses	466,807	86,492
Total current assets	14,544,761	15,618,816
Non-current assets:		
Intangible assets	171,211	161,998
Goodwill	2,362,578	–
Property and equipment	1,073,510	989,363
Financial assets	240,639	–
Total non-current assets	3,847,938	1,151,361
Total assets	**18,392,699**	**16,770,177**

Liabilities and shareholders' equity in €		
Current liabilities:		
Trade accounts payable	1,908,084	1,687,560
Advance payments received	472,127	411,015
Accrued expenses	2,252,571	1,803,893
Deferred income and other current liabilities	526,088	290,870
Total current liabilities	5,158,870	4,193,338
Non-current liabilities:		
Long-term liabilities	367,903	–
Deferred tax liability	361,809	28,537
Total non-current liabilities	729,712	28,537
Shareholders' equity:		
Common stock, stated value € 1, issued: 11,542,764 and 11,542,764, outstanding: 11,489,259 and 11,401,878 at 31.05.2008 and 31.08.2007, respectively	11,542,764	11,542,764
Additional paid-in capital	3,602,635	3,612,775
Reserves for share-based compensation	55,396	32,536
Treasury stock, 53,505 and 140,886 at 31.05.2008 and 31.08.2007, respectively	-85,388	-217,350
Accumulated deficit	-2,636,338	-2,447,384
Changes in shareholders' equity not affecting net income	25,048	24,961
Total shareholders' equity	12,504,117	12,548,302
Total liabilities and shareholders' equity	**18,392,699**	**16,770,177**

Consolidated Statements of Operations

from 1 March 2008 and 1 September 2007 to 31 May 2008

in €	Q3 2007/2008	Q3 2006/2007	9M 2007/2008	9M 2006/2007
Revenues, gross	6,125,529	4,247,213	17,578,087	13,604,226
Media costs	-1,402,495	-1,049,569	-4,379,353	-3,315,551
Total revenues, net	4,723,034	3,197,644	13,198,734	10,288,675
Costs of revenues	-3,205,197	-2,104,807	-8,764,262	-6,670,418
Gross profit	**1,517,837**	**1,092,837**	**4,434,472**	**3,618,257**
Selling and marketing expenses	-389,726	-275,628	-1,016,165	-930,368
General and administrative expenses	-612,103	-740,855	-2,087,034	-2,077,870
Research and development expenses	-15,610	-26,143	-33,707	-109,759
Operating income	**500,398**	**50,211**	**1,297,566**	**500,260**
Other income/expenses, net	34,618	24,410	57,691	70,789
Proportionate loss from associate companies	-9,361	–	-9,361	–
Financial income, net	89,295	100,812	291,069	269,087
Income before provision for income tax	**614,950**	**175,433**	**1,636,956**	**840,136**
Income tax	-180,140	-79,886	-467,712	-209,470
Net income	**434,810**	**95,547**	**1,169,253**	**630,666**
Net income/loss per share (basic)	0.04	0.01	0.10	0.06
Net income/loss per share (diluted)	0.04	0.01	0.10	0.06
Weighted average shares outstanding (basic)	11,498,164	11,423,917	11,422,649	11,416,556
Weighted average shares outstanding (diluted)	11,508,264	11,425,356	11,426,579	11,418,268

Consolidated Statements of Shareholders' Equity

from 1 September 2007 to 31 May 2008

in €	Number of shares outstanding
Balance at 31.08.2006	**11,411,417**
Unrealised gains and losses on marketable securities	–
Foreign currency translation adjustment	–
Changes in shareholders' equity not affecting net income	–
Net income	–
Deferred compensation	–
Re-issuance of treasury stock	12,500
Balance at 31.05.2007	**11,423,917**
Balance at 31.08.2007	**11,401,878**
Unrealised gains and losses on marketable securities	–
Foreign currency translation adjustment	–
Changes in shareholders' equity not affecting net income	–
Net income	–
Disbursed dividend	–
Deferred compensation	–
Purchase of treasury stock	-169,536
Re-issuance of treasury stock	256,917
Balance at 31.05.2008	**11,489,259**

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	**17,596,005**	**17,121**	**-200,933**	**-17,449,040**	**25,346**	**11,531,263**
–	–	–	–	–	305	305
–	–	–	–	–	–	–
–	–	–	–	–	305	305
–	–	–	–	630,666	–	630,666
–	–	9,440	–	–	–	9,440
–	3	–	19,123	–	–	19,126
11,542,764	**17,596,008**	**26,561**	**-181,810**	**-16,818,374**	**25,651**	**12,190,800**
11,542,764	**3,612,775**	**32,536**	**-217,350**	**-2,447,384**	**24,961**	**12,548,302**
–	–	–	–	–	–	–
–	–	–	–	–	87	87
–	–	–	–	–	87	87
–	–	–	–	1,169,253	–	1,169,253
–	–	–	–	-1,358,207	–	-1,358,207
–	–	22,860	–	–	–	22,860
–	–	–	-273,831	–	–	-273,831
–	-10,140	–	405,793	–	–	395,653
11,542,764	**3,602,635**	**55,396**	**-85,388**	**-2,636,338**	**25,048**	**12,504,117**

Consolidated Statements of Cash Flows

from 1 September 2007 to 31 May 2008

in €	9M 2007/2008	9M 2006/2007
Cash flows from operating activities:		
Net profit/loss	1,169,253	630,666
Adjustments to reconcile net profit to net cash used in operating activities:		
Depreciation of property and equipment	383,285	303,217
Share-based compensation	22,860	9,440
Bad debt expenses	–	1,165
Gains/losses on the disposal of fixed assets	-4,783	895
Proportionate income/loss from associated companies	9,361	–
Deferred tax provision	333,272	357,149
Changes in assets and liabilities:		
Accounts receivable	578,910	-56,587
Unbilled revenues	-408,927	-330,723
Tax receivables	141,040	-185,703
Other current assets and prepaid expenses	-316,787	13,967
Accounts payable, deferred revenues and other liabilities	-4,135	-13,469
Other accrued expenses	241,329	197,566
Net cash provided by (used in) operating activities	**2,144,678**	**927,583**
Cash flows from investing activities:		
Acquisition of subsidiary companies less acquired liquid funds	-2,074,925	–
Purchase of property and equipment	-347,213	-282,351
Proceeds from sale of equipment	43,099	4,380
Net cash provided by (used in) investing activities	**-2,379,039**	**-277,971**
Cash flows from financing activities:		
Payment to shareholders	-1,358,207	–
Incoming payment from treasury stock	–	19,125
Payment for treasury stock	-273,831	–
Net cash provided by (used in) financing activities	**-1,632,038**	**19,125**
Net effect of rate changes on cash and cash equivalents	87	513
Net increase/decrease in cash and cash equivalents	**-1,866,312**	**669,250**
Cash and cash equivalents at beginning of period	10,449,726	10,005,474
Cash and cash equivalents at end of period	8,583,414	10,674,724
thereof back-up of bank guarantees	171,450	680,563
For information only, contained in cash flows from operating activities:		
Interest payment received	64,218	267,690
Paid interest	-1,531	-1,036

Notes as of 31 May 2008

1 General Foundations

The Consolidated Financial Statements as of 31 May 2008 of SinnerSchrader Aktiengesellschaft (“SinnerSchrader AG”) and its subsidiaries (“SinnerSchrader Group”, “SinnerSchrader”, or “Group”) for the first nine months and third quarter of the 2007/2008 financial year from 1 September 2007 and 1 March 2008 to 31 May 2008 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 6 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 2007.

The accounting, valuation, and consolidation methods of the Quarterly Report at hand were unchanged from the Consolidated Financial Statements as of 31 August 2007. They are disclosed and explained in the Consolidated Financial Statements as of 31 August 2007, which are published in the 2006/2007 Annual Report.

2 Consolidation Group

2.1 Fully Consolidated Companies

As opposed to the status as of 31 August 2007, the consolidation group as of 31 May 2008 consisted of the AG as well as the following subsidiaries of the AG, each of which was fully consolidated:

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

The subsidiaries of SinnerSchrader Deutschland GmbH – SinnerSchrader Neue Informatik GmbH, SinnerSchrader Studios GmbH, and SinnerSchrader Studios Frankfurt GmbH – which were part of the consolidation group as of 31 August 2007, were entirely incorporated into SinnerSchrader Deutschland GmbH on the basis of the merger agreements which were concluded on 13 November 2007 and entered into the commercial register on 13 December 2007 and 17 December 2007, respectively.

On 30 January 2008, SinnerSchrader AG signed a contract for the complete takeover of all shares of spot-media AG, Hamburg. SinnerSchrader AG took control of spot-media AG on 4 February 2008 when it paid the first instalment of the purchase price in cash. For reasons of simplification, spot-media was first included in the Consolidated Financial Statements on 1 February 2008 on the basis of IFRS 3 following the acquisition method.

In accordance with this, at the time of the initial consolidation, the book value of the investment arising from the acquisition costs is to be set against the shareholders’ equity of the subsidiary which is taken over, which is composed of the balance of the current value of all the assets, liabilities, and contingent liabilities of this company at the date of the initial consolidation. Any remaining difference is to be entered in the balance sheet as goodwill under intangible assets.

After payment of the second instalment of the purchase price, the acquisition costs for the takeover of spot-media AG amount to € 2,974,000, which is € 1,000 above the figure listed in the Second Quarterly Report due to an effect resulting from interest on the second instalment of the purchase price. The acquisition costs are made up as shown in Table 1:

Tab. 1 | Purchase price, spot-media AG	in € 000s	Due
1st portion of purchase price		
cash	1,673	February 2008
in shares	396	February 2008
2nd portion of purchase price		
cash	412	May 2008
3rd–6th portion of purchase price		
cash	493	2009 to 2012
Total	**2,974**	

As part of the first portion of the purchase price, SinnerSchrader transferred 256,917 shares of treasury stock to the seller. To establish the acquisition costs, these shares were valued at € 1.54 per share on the basis of the Xetra closing price on 30 January 2008. This was the final closing price before SinnerSchrader announced the takeover of spot-media AG.

The assumptions for the third to sixth instalments of the purchase price, which have not yet been paid, are based on estimates by SinnerSchrader. They will be due in the 2008 to 2011 financial years, depending on the operating results of spot-media AG. The estimate of the amounts was based on planned calculations for these financial years. The expected pay-outs calculated from this were discounted to the time of acquisition to establish the procurement costs.

By taking over spot-media AG, SinnerSchrader assumed the assets, liabilities, and contingent liabilities listed in Table 2 which were included in the Consolidated Balance Sheets at their current value as of 1 February 2008:

Tab. 2 | Purchase price allocation, spot-media AG in € 000s

Purchase price, spot-media AG	**2,974**
Assets:	
Liquid funds	260
Trade accounts receivable	552
Works in progress	171
Other assets and prepaid expenses	64
Intangible assets and tangible assets	168
Liabilities and contingent liabilities:	
Trade accounts payable	-54
Advance payments received	-155
Accrued expenses	-207
Other liabilities	-187
Goodwill (preliminary residual amount)	**2,362**

The compilation of the assumed assets is preliminary. A review is still underway as to whether a current value needs to be placed on additional intangible assets not reported in the balance sheet. From the preliminary distribution of acquisition costs into assumed assets, liabilities, and contingent liabilities, there remains a preliminary residual amount of € 2,362,000 which has been reported as goodwill under intangible assets in the Consolidate Balance Sheets.

The cash flow for the first and second purchase price instalments in the amount of € 2,085,000 is countered by liquid funds of € 260,000 that were taken over from spot-media AG. The purchase price instalments that have not yet been paid were posted as current or non-current liabilities in the Consolidated Balance Sheets in accordance with when they are due.

2.2 Companies Balanced According to the Equity Method

In April 2008, SinnerSchrader acquired a 20 % share in activeGATE GmbH within the scope of a new company foundation. activeGATE GmbH develops and markets software for Internet-based real-time dialogue solutions which are mainly offered using an ASP model.

As part of the foundation of the new company, SinnerSchrader paid € 250,000 directly and indirectly into the company. In addition to the stake it already holds, SinnerSchrader has the option to take over the majority of activeGATE GmbH in December 2008, depending on the company's performance.

The investment is to be balanced according to the equity method. According to IAS 28.11, the respective investment is to be recorded at cost and then adjusted for the proportionate results of the company in the period in question with an effect on profits. The investment is listed in the balance sheet under financial investments. The proportionate result is posted in the Statements of Operations as "Proportionate income/loss from associated companies".

3 Segment Reporting

Due to the restructuring of operating business in 2007 with the goal of providing and marketing interactive services in an integrated way, there are no longer any sub-activities within the meaning of IAS 14 to identify and there is no need for segment reporting in its previous form. The newly acquired subsidiary spot-media AG offers services which are similar to those of SinnerSchrader Deutschland GmbH and which are not associated with considerably different risks, meaning that there is no need for separate reporting for the newly acquired subsidiary according to IAS 14.

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

4 Other Income/Expenses, Net

The sum of other income and expenses is comprised as shown in Table 3:

Tab. 3 | Other income and expenses in €

	9M 2007/2008	9M 2006/2007
Income from dissolving liabilities and accrued expenses	31,780	35,030
Income/expenses from disposal of fixed assets	11,635	-895
Income from decreasing reserve for bad debt	–	835
Refund of expenses/ compensation for damages	5,232	25,172
Other	3,044	10,647
Total	**57,691**	**70,789**

5 Taxes from Income and from Earnings

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

Tab. 4 | Current and deferred taxes in €

	9M 2007/2008	9M 2006/2007
Current	134,440	-147,678
Deferred	333,272	357,148
Total	**467,712**	**209,470**

In the first nine months of 2007/2008, current tax liabilities in the amount of € 134,000 were incurred. On the one hand, the corporation tax loss carry-forwards in the tax group led by SinnerSchrader AG were used in the course of the second quarter of 2007/2008. On the other hand, there were current tax expenses from spot-media AG, which has been consolidated since 1 February 2008. In the first nine months of the previous year, there was current tax revenue attributed to the one-time posting of a corporation tax credit in the form of a tax reclaim.

In comparing the income tax figures, it must also be taken into account that the statutory income tax rate which applies to SinnerSchrader declined from 40.4 % to 32.3 % from the 2006/2007 to the 2007/2008 financial year.

6 Financial Obligations and Contingent Liabilities

The contingencies and other financial obligations as of 31 May 2008 were largely unchanged compared to the Consolidated Financial Statements as of 31 August 2007.

7 Treasury Stock

As of 31 May 2008, the treasury stock of SinnerSchrader AG amounted to 53,505 shares with a calculated face value of € 53,505, representing 0.46 % of the share capital. As of 31 August 2007, the treasury stock amounted to 140,886 shares, representing 1.22 % of the share capital.

In the first nine months of the 2007/2008 financial year, SinnerSchrader bought back 169,536 shares of treasury stock via the stock market at a total purchase price of € 273,831, which is an average of nearly € 1.62 per share. 34,202 shares were purchased at a price of € 54,797 in the third quarter of 2007/2008.

In February 2008, 256,917 shares of treasury stock were issued to the seller as part of the purchase price for the takeover of spot-media AG.

The 53,505 shares of treasury stock held by SinnerSchrader as of 31 May 2008 had a purchase price of € 85,388, or an average of € 1.60 per share.

8 Share-based Compensation

8.1 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 1999 and 2000 Stock Option Plans, 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 financial year and the first nine months of the 2007/2008 financial year, 75,000 options from the 2007 Plan were allocated to members of the management of subsidiary companies. In the third quarter of the 2007/2008 financial year, 75,000 options were allocated to a member of the SinnerSchrader AG Management Board.

Table 5a shows the parameters used for the evaluation of the options newly allocated on 2 March 2008 on the basis of a binomial model according to Cox/Ross/Rubenstein:

Tab. 5a | Parameters for valuation of stock options at valuation date

	2007/2008
Expected life of option	3.5–5.5 years
Risk-free interest rate	3.26 %
Expected dividend yield	0 %
Expected volatility	42 %–50 %
Exercise price	€ 1.59
Share price at valuation date	€ 1.58

Table 5b summarises the changes in the number of outstanding options from the 1999 Plan, the 2000 Plan, and the 2007 Plan in the first nine months of the 2007/2008 financial year:

Tab. 5b | Outstanding stock options in € and number

	Number	Weighted average exercise price
Outstanding at 31 August 2007	**342,338**	**6.79**
Newly allocated	150,000	1.59
Exercised	–	–
Cancelled	-13,000	2.08
Expired	-85,545	2.90
Outstanding at 31 May 2008	**393,793**	**5.81**

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 reserve for share-based compensation. In the first nine months of 2007/2008, the costs affecting income amounted to € 22,860, compared to € 9,440 in the comparable period of 2006/2007.

8.2 Share-based Bonuses

As of 1 January 2005, a share-based bonus was promised to a member of the Management Board. According to this arrangement, the Board member is entitled to a cash bonus based on the share price performance of the SinnerSchrader share until 31 December 2007. The bonus is calculated from the difference between the average Xetra closing price of the SinnerSchrader share on the last ten trading days prior to 1 January 2008 and the reference price of € 1.61 per share, multiplied by 200,000.

Taking account of a dividend balance which was a component of the promised bonus, this led to a bonus claim in the amount of € 18,000. In the first nine months of 2007/2008, € 15,276 of this was recorded under personnel costs with an effect on income.

9 Dividends

The Annual General Meeting of SinnerSchrader AG on 19 December 2007 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 2007. On 20 December 2007, the amount of € 1,358,207 was paid to shareholders, and the liquid funds and shareholders' equity were reduced by the same amount.

10 Related Party Transactions

In the first nine months of the 2007/2008 and 2006/2007 financial years, SinnerSchrader achieved revenues in the amount of € 6,063,923 and € 3,328,534, respectively, with companies in which members of the Supervisory Board of SinnerSchrader held supervisory board positions.

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

Table 6 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 2007 and any changes in the first nine months of 2007/2008:

Tab. 6 | Directors' holdings of shares and subscription rights to shares in number of shares

Shares	31.08.2007	Additions	Disposals	31.05.2008
Management Board member:				
Matthias Schrader	2,342,675	40,000	–	2,382,675
Thomas Dyckhoff	62,450	–	–	62,450
Management Board, total	2,405,125	40,000	–	2,445,125
Supervisory Board member:				
Prof. Dr Reinhard Pöllath	–	–	–	–
Dieter Heyde	–	–	–	–
Prof. Cyrus D. Khazaeli	–	–	–	–
Frank Nörenberg[1]	1,000	–	1,000	–
Supervisory Board, total	1,000	–	1,000	–
Board members, total	**2,406,125**	**40,000**	**1,000**	**2,445,125**
Subscription rights	31.08.2007	Additions	Disposals	31.05.2008
Management Board member:				
Matthias Schrader	–	–	–	–
Thomas Dyckhoff	12,500	75,000	–	87,500
Management Board, total	12,500	75,000	–	87,500
Supervisory Board member:				
Prof. Dr Reinhard Pöllath	–	–	–	–
Dieter Heyde	–	–	–	–
Prof. Cyrus D. Khazaeli	–	–	–	–
Frank Nörenberg[1]	–	–	–	–
Supervisory Board, total	–	–	–	–
Board members, total	**12,500**	**75,000**	**–**	**87,500**

[1] Supervisory Board member Frank Nörenberg stepped down from the Supervisory Board of SinnerSchrader AG as of 12 November 2007. Since then, his shares and subscription rights have no longer been counted among those held by Board members.

Events

Financial Calendar 2007/2008	
Annual Report 2007/2008	November 2008

Contact Information

Investor Relations

Thomas Dyckhoff
Völckersstraße 38
22765 Hamburg
Germany

T. +49. 40. 39 88 55-0
F. +49. 40. 39 88 55-55
www.sinnerschrader.de
ir@sinnerschrader.de

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SinnerSchrader
Aktiengesellschaft

Völckersstraße 38
22765 Hamburg
Germany

www.sinnerschrader.de