sinnerschrader

QUARTERLY FINANCIAL REPORT 2007 | 2008

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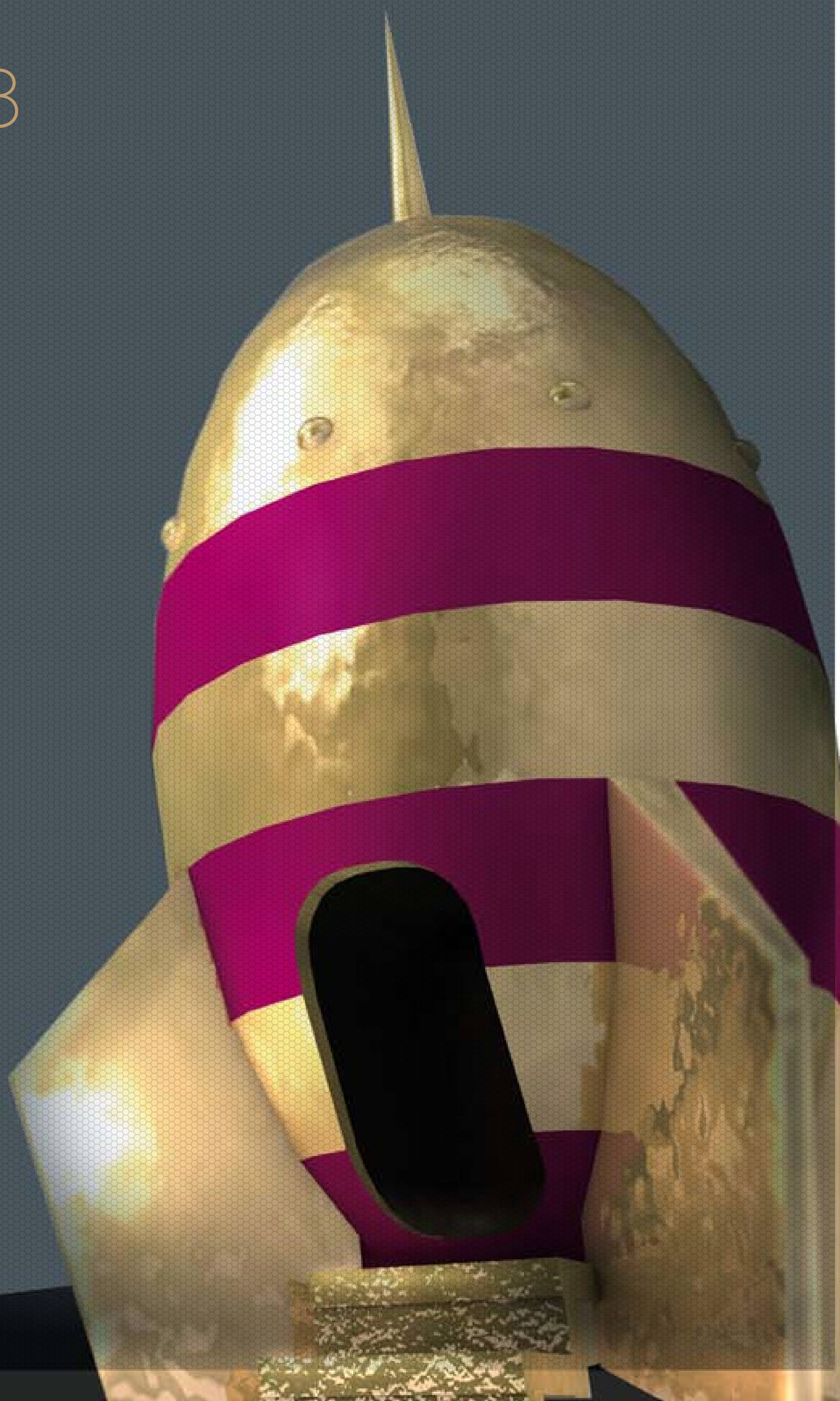


Key Figures

in € 000s, €, and number	Q2 2007/2008	Q2 2006/2007	Change	H1 2007/2008	H1 2006/2007	Change
Revenues	6,019	4,579	+31 %	11,453	9,357	+22 %
Gross profit	1,483	1,179	+26 %	2,917	2,525	+16 %
EBITDA	615	263	+134 %	1,070	698	+53 %
EBITA	485	161	+201 %	820	496	+65 %
Net income	413	294	+40 %	734	535	+37 %
Net income per share	0.04	0.03	+33 %	0.06	0.05	+20 %
Cash flows from operating activities	811	209	+288 %	1,565	747	+110 %
Employees, full-time equivalents	163	146	+12 %	153	146	+5 %
	29.02.2008	30.11.2007	Change	29.02.2008	31.08.2007	Change
Cash and cash equivalents	8,778	10,962	-20 %	8,778	10,450	-16 %
Employees, end of period	222	154	+44 %	222	152	+46 %

Interim Status Report as of 29 February 2008

1 General

The following Interim Status Report for SinnerSchrader Aktiengesellschaft (“SinnerSchrader AG” or “AG”) refers to the second quarter and first half of the 2007/2008 financial year from 1 December 2007 and 1 September 2007 to 29 February 2008 and to the balance sheet date of 29 February 2008. It shows the development of the income, financial, and asset status of the SinnerSchrader Group (“SinnerSchrader” 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 6, 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 December 2007, the subsidiaries SinnerSchrader Neue Informatik GmbH, SinnerSchrader Studios GmbH, and SinnerSchrader Studios Frankfurt GmbH were merged with their parent company SinnerSchrader Deutschland GmbH to complete the organisational restructuring of operative business in the year 2007.

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, where a succession plan was in place at the request of the founder and main shareholder, SinnerSchrader has boosted the growth impetus in its core business through an acquisition for the first time since the year 2001.

spot-media has focused on two areas of interactive business: the ongoing maintenance of large Internet shops and portals on the one hand, and consultation and the development and implementation of websites and Internet applications for small to medium-sized customers on the other. spot-media therefore complements SinnerSchrader's orientation in its original operating business. This also applies to areas where the two divisions have placed their respective focus on different technical platforms. 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.

3 Business Development and Group Situation

In the second quarter of the 2007/2008 financial year, SinnerSchrader increased its (gross) revenues by over 31 % compared to the previous year and significantly improved its profitability with an operating margin of 8.1 %, up from 3.5 % in the second quarter of the previous year. Despite the negative seasonal effects on its project business, SinnerSchrader's revenues and income in the second quarter of the financial year were well above the figures of the first quarter.

For the first half of 2007/2008, SinnerSchrader experienced total revenue growth of a good 22 % compared to the first half of the 2006/2007 financial year, and its operating margin rose from 5.3 % to 7.2 %. This means that SinnerSchrader has exceeded its original plans for the first half-year, which aimed at average revenue growth of 15 % for the 2007/2008 financial year as a whole and an operating margin between 8.5 % and 9 %.

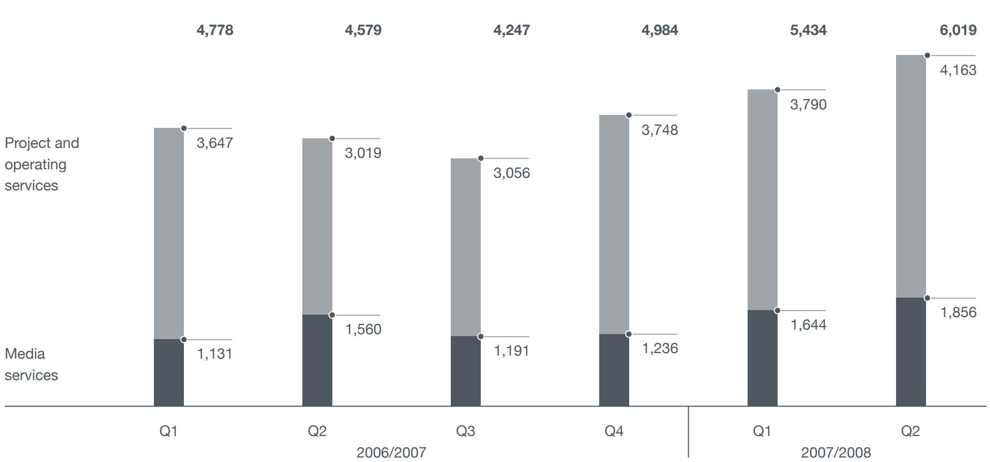
The takeover of spot-media, whose performance in the last month of the second quarter was incorporated into the Group's Statements of Operations for the first time, was another contributing factor to this positive development.

3.1 Revenues, Incoming Orders, and Price Development

In the second quarter of 2007/2008, SinnerSchrader achieved (gross) revenues of € 6.0 million, compared to € 4.6 million in the second quarter of the previous year and € 5.4 million in the first quarter of the current financial year.

Development of Revenues – Quarterly View

in € 000s



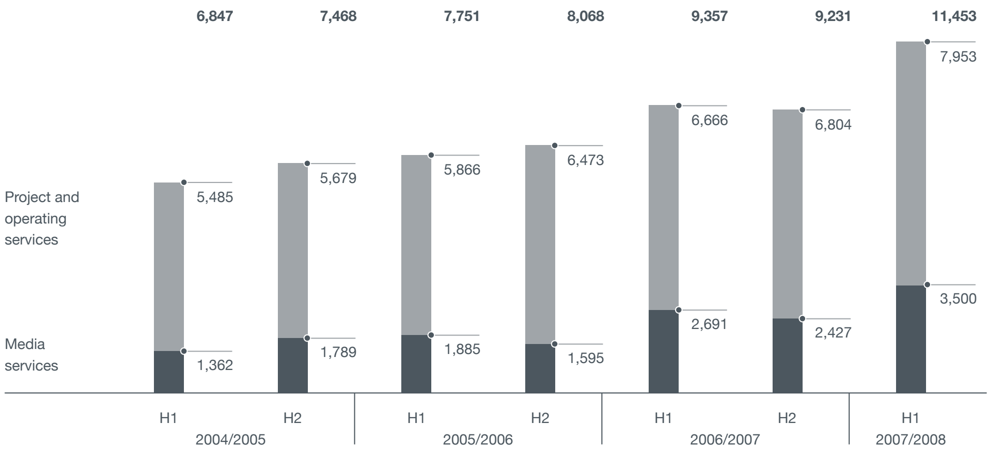
SinnerSchrader's revenues therefore increased by € 1.4 million, or 31.4 %, compared to the previous year; € 1.1 million of this can be attributed to project and operating services, which were up by 37.9 % in the second quarter compared to the previous year. Revenues from media services, which dominated growth in the previous quarters, rose by € 0.3 million, or 19 %.

The above-average growth in project and operating services in the second quarter – which is traditionally a difficult quarter for this portion of SinnerSchrader's service portfolio – was made possible by the fact that SinnerSchrader had three individual orders with a volume of € 0.5 million or more each, so that despite the seasonal slowdown in ongoing maintenance and development work, the Group was able to make good use of its resources in the technical sector in particular. There were no comparable individual orders in the previous year.

SinnerSchrader ended the second quarter with record revenues from its media services as well. The volume of the media budgets managed by SinnerSchrader, which are included in the (gross) revenues, reached € 1.9 million. In contrast to the situation with project services, the second quarter is generally the seasonal high point for media services on account of pre- and post-Christmas business and the distribution of performance-based bonuses at the end of the calendar year. The 19 % growth achieved here compared to the same period in the previous year highlights the ongoing dynamic development of SinnerSchrader's business with media services, which is based primarily on the solid market growth of online media spending.

The first-time inclusion of spot-media in the Statements of Operations of the SinnerSchrader Group had a positive effect on growth in the project and operating services segment. If the February revenues of spot-media had not been included, the growth rate would have been 28.4 %. The takeover of spot-media had no direct effect on SinnerSchrader's media business.

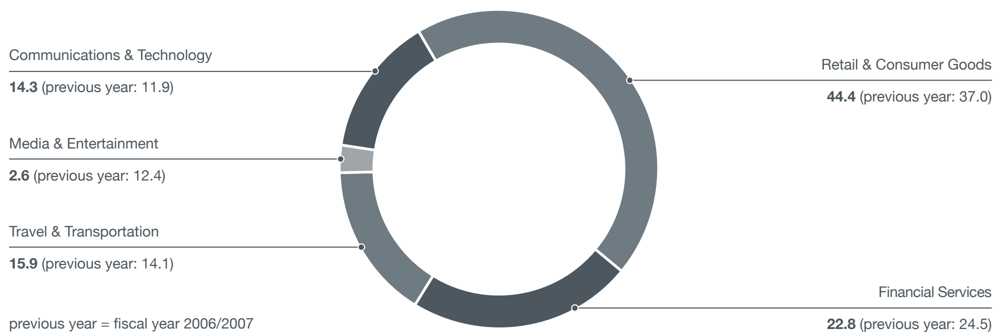
Development of Revenues – Half-yearly View
in € 000s



For the first half of the 2007/2008 financial year, SinnerSchrader's (gross) revenues amounted to nearly € 11.5 million, compared to € 9.4 million and € 9.2 million in the first and second halves of the previous financial year. Around € 8.0 million of this was achieved with project and operating services; online media budgets worth around € 3.5 million were entered into SinnerSchrader's books and billed. There was 22.4 % growth here for the half-year covered by the report compared to the previous year; SinnerSchrader's project and operating services grew by 19.3 % in the first half of the year, while its media services grew by 30 %. Without the inclusion of spot-media in February 2008, the growth rate for project and operating services would have been 15 %, and total (gross) revenues would have risen by 21 %.

As was indicated in the first quarter, business with existing customers largely determined SinnerSchrader's revenue development in the second quarter. In the first half of 2007/2008, only around 3 % of the revenues were achieved with customers with whom SinnerSchrader did not have a business relationship one year previously. This figure fell short of both the previous year's figure and SinnerSchrader's target.

Revenues by Sector
in %



As regards the distribution of revenues according to sectors, the trends in the first quarter continued and were stabilised in the second quarter. In the first half of the 2007/2008 financial year, the share of revenues accounted for by the Retail & Consumer Goods sector was around 44 %, which was higher than in the first quarter and considerably higher than the share of 37 % in the entire previous year. This can also be attributed to the fact that a large portion of spot-media's revenues are achieved with customers in this sector. The share of revenues accounted for by the Media & Entertainment sector was only 3 % in the half-year covered by the report, which was considerably lower than this sector's proportion of total revenues in the previous year. As in the first quarter, this was due to the nearly complete discontinuation of business with Arena after this customer changed its business model. 23 % of SinnerSchrader's half-year revenues were accounted for by the Financial Services sector, while customers in the (Tele)Communication & Technology sector accounted for 14 %, and Transport & Tourism customers accounted for 16 %.

After a strong first quarter, the incoming orders of the SinnerSchrader Group remained at a good level in the second quarter of 2007/2008, increasing by 30 % compared the previous year; this means that SinnerSchrader's incoming orders for the entire first half-year were up by over 30 %. Here, too, the full inclusion of spot-media in February had a positive effect in the second quarter. Without the addition of spot-media's incoming orders, SinnerSchrader's incoming orders for the first half of the 2007/2008 financial year would have increased by 25.7 %.

The trend on the price side remained positive in the quarter covered by the report and enabled Sinner-Schrader to improve its effective daily rates.

3.2 Operating Result

Boosted by the revenue increase, the operating result (earnings before interest, taxes, and amortisation effects from acquisitions, or EBITA) improved considerably. At € 485,000, it was three times higher in the second quarter than in the comparable period of the previous year and nearly 45 % higher than in the first quarter of 2007/2008.

Components of operating earnings in € 000s and %

	Q2 2007/2008	Q2 2006/2007	Change	Q1 2007/2008	Change
Gross profit	1,483	1,179	+26 %	1,434	+3 %
Selling and marketing expenses	-266	-296	+10 %	-361	+27 %
General and administration expenses	-735	-664	-11 %	-740	+1 %
Research and development expenses	-11	-70	+84 %	-7	-57 %
Other income, net	14	12	+17 %	9	+56 %

Unlike in the previous year, the € 304,000 improvement in the gross profit and the slight overall decline in sales costs, general administrative costs, and research and development costs had an effect on the EBITA and led to its relatively large increase. The operating margin – the relationship between the EBITA and (gross) revenues – rose by 4.6 percentage points to reach 8.1 %. However, it did not yet reach the target range of 8.5 % to 9 % for the year as a whole because a declining margin in the media business and the high number of freelancers brought in to cover peaks in demand in technical fields in particular led to a comparatively low gross margin of nearly 25 %.

This also explains the minimal increase in gross profit compared to the previous quarter. In light of the high volume of incoming orders from existing customers, however, SinnerSchrader was able to temporarily scale back its sales efforts, resulting in a welcome increase in the EBITA of € 150,000, or 45 %. Due to the Annual General Meeting held in December 2007 and the non-activated costs associated with the takeover of spot-media, SinnerSchrader's administrative costs in the second quarter of 2007/2008 remained at the high level of the first quarter.

SinnerSchrader spent € 11,000 on research and development in the second quarter of 2007/2008, which again was considerably less than in the previous year. On account of the heavy utilization of its technical resources in projects, SinnerSchrader had to limit itself to the maintenance of its own programming platforms.

The first-time inclusion of spot-media in the Consolidated Financial Statements in February also had a positive effect on the consolidated EBITA and the operating margin. Without the contribution from spot-media, SinnerSchrader's EBITA in the second quarter of 2007/2008 would have been only two and a half times as high as the year before, and the improvement in the operating margin would have been 0.8 percentage points lower.

Costs by cost type in € 000s and %	Q2 2007/2008	Q2 2006/2007	Change	Q1 2007/2008	Change
Costs of material and services	-756	-356	-112 %	-738	-2 %
Personnel costs	-2,409	-2,120	-14 %	-2,211	-9 %
Depreciation	-130	-103	-26 %	-120	-8 %
Other operating costs	-635	-560	-13 %	-680	7 %

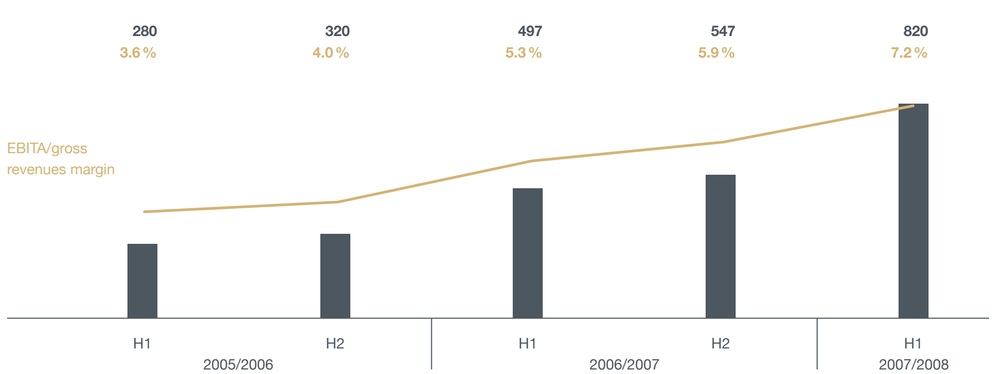
With the exception of external costs, all cost types developed disproportionately slowly in the second quarter of 2007/2008 in comparison with the previous year. As in the first quarter of the current financial year, however, external costs rose considerably to a level which surpasses the target limit of 15 % of net revenues. There was increased demand for external services because SinnerSchrader was only able to build up its own capacity slowly in the second quarter due to the tightened labour market, and the mix of services in the orders processed in the second quarter did not yet harmonise with Sinner-Schrader's own capacity mix.

In comparison with the first quarter, other operating costs declined despite the expenses for the takeover of spot-media which arose in the second quarter. This can be attributed above all to the fact that the costs arising in the first quarter of 2007/2008 from the completion of the restructuring process carried out in 2007 no longer applied in the second quarter.

The first-time inclusion of spot-media had an impact on all cost types compared to the second quarter of the previous year and to the previous quarter.

In the first half-year, SinnerSchrader achieved a total operating result of € 820,000 and an operating margin of 7.2 %. The improvement in SinnerSchrader's result and margin over the past three financial years has therefore continued in the current 2007/2008 financial year.

EBITA and EBITA/Gross Revenues Margin – Half-yearly View
in € 000s and %



3.3 Consolidated Income

Components of net income in € 000s and %

	Q2 2007/2008	Q2 2006/2007	Change	Q1 2007/2008	Change
EBITA	485	161	201 %	335	45 %
Financial income, net	95	91	4 %	107	-11 %
Income tax	-167	42	-498 %	-120	-39 %

The consolidated income, which is the sum of the EBITA, financial result, and income tax, reached € 413,000 in the second quarter of 2007/2008 and was therefore good 45 % higher than in the comparable quarter of the previous year and a good 28 % higher than in the previous quarter. This improvement was based largely on the operative progress made by SinnerSchrader.

The financial result from the investment of the Group's liquid funds amounted to € 95,000 in the quarter covered by the report. It was slightly higher than in the previous year on account of the significantly higher interest rate for short-term investments, even though the scope of the liquidity reserve declined considerably in the course of the quarter due to the dividend distribution on 20 December 2007 and the payment of the first instalment of the purchase price for the spot-media takeover at the start of February. However, this outflow of funds made it impossible to reach the level of the previous quarter.

As in the first quarter, when investing its liquid funds, SinnerSchrader placed increased emphasis on optimising after-tax yields without changing its investment strategy, which is fundamentally orientated on short-term availability and thus short fixed interest periods as well as good counterparty credit ratings. With an income tax charge of € -167,000 in the second quarter, the income tax rate was under 30 % at a statutory rate of 32.3 %. As regards tax, the second quarter of the previous year benefited from the one-time posting of a corporation tax credit in the form of a tax reclaim in the amount of € 148,000.

With only a slight change in the number of shares outstanding, the earnings per share in the quarter covered by the report amounted to € 0.04, which is an increase of around € 0.01 per share compared to the same quarter in the previous year and to the previous quarter.

SinnerSchrader's half-year income reached € 734,000, which was 37 % higher than in the first half of 2006/2007. This corresponds to half-year earnings of € 0.06 per share, a good € 0.01 higher than in the previous year.

3.4 Cash Flows

The Statements of Cash Flows for the first half of 2007/2008 reflect the significant cash outflows for investments and financing, about half of which were covered by inflows of funds from operations.

Due to the takeover of spot-media AG at the start of February, SinnerSchrader had a comparatively high investment level in the first half of the year. In total, funds of nearly € 1.7 million were invested. € 1.4 million of this went to purchase price instalments which were already paid for the complete takeover of spot-media AG (€ 1.7 million), less the cash position (€ 0.3 million) taken over by spot-media on the date of its initial consolidation, 1 February 2008. Another € 0.25 million was invested in intangible and tangible assets, primarily to replace and improve the workstation equipment and the central IT infrastructure.

As regards financing activities, too, SinnerSchrader experienced a considerable outflow of funds of around € 1.6 million. Nearly € 1.4 million went towards the payment of the dividend of € 0.12 per share which was agreed at the SinnerSchrader Annual General Meeting on 19 December 2007. Another € 0.2 million was used in the first half of the year to buy back 135,334 shares of treasury stock.

€ 1.6 million of the funds used for investment and financing activities came from SinnerSchrader's operating activity in the first half of the year. A reduction in amount of funds tied down in working capital contributed to this, along with income for the first half-year of nearly € 1.2 million, which was adjusted for non-cash depreciation and changes to the deferred tax item. The improvement in working capital was achieved in particular by a reduction in trade accounts receivable from our customers of a good € 0.75 million.

Altogether, this reduced the cash and cash equivalents as of 29 February 2008 compared to 31 August 2007 by around € 1.7 million, bringing this figure to € 8.8 million.

3.5 Balance Sheet

Due to the dividend payment in December 2007 and the takeover of spot-media AG, the balance sheet in the second quarter and thus in the first half of 2007/2008 changed more than in the preceding periods.

The dividend payment reduced the shareholders' equity and liquid funds by nearly € 1.4 million. The reduction in shareholders' equity was partially compensated for in the amount of € 0.7 million from the consolidated income of the first half of 2007/2008 and in the amount of € 0.2 million from the issue of shares repurchased by the end of January in the context of the takeover of spot-media. The shareholders' equity amounted to € 12.1 million as of 29 February 2008, € 0.4 million below the figure on the balance sheet date of the previous year. This reduction was accompanied by an increase in the balance sheet total of more than € 1.1 million as the result of the takeover of spot-media AG thus causing the equity ratio to decline from nearly 75 % as of 31 August 2007 to around 68 % as of 29 February 2008.

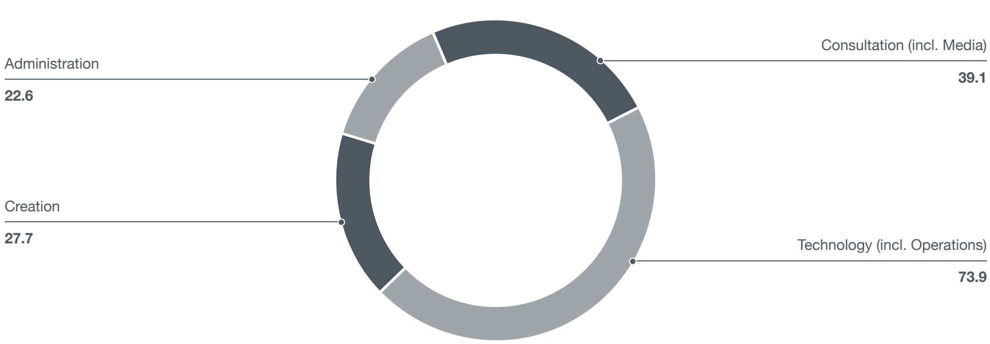
The acquisition of spot-media led to the takeover of assets and liabilities with a net asset value of € 0.6 million as of the date of the initial consolidation on 1 February 2008 and the reporting of preliminary goodwill in the amount of € 2.4 million. The purchase price of € 2.7 million, which was adjusted for the cash funds taken over on 1 February 2008 of nearly € 0.3 million, directly reduced the liquid funds by € 1.4 million. For the still outstanding portions of the purchase price, current liabilities in the amount of € 0.4 million and non-current liabilities in the amount of € 0.5 million, equating to the expected payment amount, were posted to the balance sheet as of 29 February 2008. The remaining € 0.4 million of the purchase price was accounted for by the portion of the price which was paid for in shares. Around half of the total of 256,917 shares came from repurchases which were carried out prior to 31 August 2007. The issue of these shares led to a corresponding increase in shareholders' equity of € 0.2 million (see above). The other half was repurchased during the reporting period, so that liquid funds in the amount of the acquisition costs were used indirectly through the takeover of spot-media. The non-current assets rose by € 2.5 million as of 29 February 2008 to reach € 3.7 million, primarily through the posting of goodwill.

3.6 Employees

While there were an average of 142.3 full-time employees in the first quarter of 2007/2008, SinnerSchrader's personnel capacity rose in the second quarter of 2007/2008 to 163.3 full-time employees. The first-time inclusion of spot-media accounted for 17.2 of the 21.0 new full-time employees. In the second quarter of the previous year, SinnerSchrader had an average of 146.1 full-time employees.

Of the 163.3 employees, 73.9 worked in the technical sector, 27.7 in the creative sector, 39.1 in consultation and account management, and 22.6 in administration.

Employee Structure in the second quarter 2007/2008



The average gross revenues achieved per employee in the quarter covered by the report, calculated on an annual basis, amounted to around € 147,000 and were therefore slightly lower than in the previous quarter. The net revenues per employee were € 107,000 in the second quarter, € 7,000 lower than in the first quarter.

As of 29 February 2008, a total of 222 people were employed in the SinnerSchrader Group, 62 of them by spot-media. There were 152 employees at the end of the previous financial year. At the end of February, the employees at SinnerSchrader included 21 students, 7 trainees, and 4 interns.

4 Risks and Opportunities

In the quarter covered by the report, SinnerSchrader's risk and opportunity structure expanded due to the takeover of spot-media. On the risk side, there is a danger that the business plan, on which the decision to acquire spot-media and the establishment of the purchase price was based, will not be realised and that the investment will not be sufficiently profitable or will even need to be written off partially or completely. This could come about if the customers and employees of spot-media AG respond negatively to the acquisition and the accompanying changes in spot-media.

On the other hand, since spot-media complements SinnerSchrader's portfolio of services and SinnerSchrader intends to pursue a two-brand strategy, there is an opportunity to provide more extensive support to existing customers or to acquire new customers.

Other than this, in the second quarter and first half of 2007/2008 there were no notable changes to the risk and opportunity structure of SinnerSchrader compared to the information provided in the 2006/2007 Annual Report. As regards achieving the goals for the current 2007/2008 financial year, it is most important for SinnerSchrader to retain its qualified employees in a difficult personnel market and to continually recruit talented new employees at adequate prices.

There are still no risks apparent that would 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

After a first quarter which proceeded according to plan, SinnerSchrader experienced a good second quarter in the 2007/2008 financial year and managed to avoid the seasonal decline in revenues and income compared to the first quarter thanks to large orders from existing customers. The revenues and income of the first half-year were therefore higher than originally planned. Although the number of new customers acquired was lower than expected in the first half of the year, the acquisition of Scout24 as a new customer at the end of the half-year was a great success. As in the first quarter, demand for services from interactive agencies remains high; the number and scope of project requests from new customers has surpassed that of previous years.

Furthermore, SinnerSchrader has achieved additional revenue and income potential through the acquisition of spot-media AG and its inclusion in the Group as of 1 February 2008.

In light of this, SinnerSchrader expects to surpass its goals for the current financial year. Gross revenues of over € 22.5 million are now expected for the year as a whole, compared to the original goal of over € 21 million. This would correspond to growth of more than 21 % compared to the gross revenues of the 2006/2007 financial year. The operating result or EBITA could therefore reach the € 2 million mark in 2007/2008, bringing the operating margin up to the target range of 8.5 % to 9 %.

After the first payment of a dividend from the income earned in the 2006/2007 financial year, SinnerSchrader will strive to pay 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 have the 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.

Consolidated Balance Sheets

as of 29 February 2008 and 31 August 2007

Assets in €	29.02.2008	31.08.2007
Current assets:		
Liquid funds	1,192,330	5,453,719
Marketable securities	7,585,821	4,996,007
Cash and cash equivalents	8,778,151	10,449,726
Accounts receivable, net of allowances for doubtful accounts of € 157,924 and € 157,924	3,754,860	3,962,166
Unbilled revenues	1,003,283	778,344
Tax receivables	212,343	342,088
Other current assets and prepaid expenses	464,310	86,492
Total current assets	14,212,947	15,618,816
Non-current assets:		
Intangible assets	171,885	161,998
Goodwill	2,361,279	–
Property and equipment	1,143,555	989,363
Total non-current assets	3,676,719	1,151,361
Total assets	**17,889,666**	**16,770,177**
Liabilities and shareholders' equity in €		
Current liabilities:		
Trade accounts payable	1,744,126	1,687,560
Advance payments received	459,107	411,015
Accrued expenses	2,143,455	1,803,893
Deferred income and other current liabilities	706,205	290,870
Total current liabilities	5,052,893	4,193,338
Non-current liabilities:		
Long-term liabilities	493,099	–
Deferred tax liability	228,993	28,537
Total non-current liabilities	722,092	28,537
Shareholders' equity:		
Common stock, stated value € 1, issued: 11,542,764 and 11,542,764 outstanding: 11,333,010 and 11,401,878 at 30.11.2007 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	45,989	32,536
Treasury stock, 19,303 and 140,886 at 29.02.2008 and 31.08.2007, respectively	-30,591	-217,350
Accumulated deficit	-3,071,148	-2,447,384
Changes in shareholders' equity not affecting net income	25,032	24,961
Total shareholders' equity	12,114,681	12,548,302
Total liabilities and shareholders' equity	**17,889,666**	**16,770,177**

Consolidated Statements of Operations

from 1 September 2007 and 1 December 2007 to 29 February 2008

in €	Q2 2007/2008	Q2 2006/2007	H1 2007/2008	H1 2006/2007
Revenues, gross	6,018,701	4,579,376	11,452,558	9,357,013
Media costs	-1,617,670	-1,289,181	-2,976,858	-2,265,982
Total revenues, net	4,401,031	3,290,195	8,475,700	7,091,031
Costs of revenues	-2,918,229	-2,111,258	-5,559,065	-4,565,611
Gross profit	**1,482,802**	**1,178,937**	**2,916,653**	**2,525,420**
Selling and marketing expenses	-265,602	-295,597	- 626,439	-654,740
General and administrative expenses	-735,006	-664,336	-1,474,931	-1,337,015
Research and development expenses	-11,374	-70,370	-18,097	-83,616
Operating profit	**470,819**	**148,634**	**797,168**	**450,049**
Other income/expenses, net	14,332	12,099	23,073	46,379
Financial income, net	94,891	91,534	201,774	168,275
Profit before provision for income tax	**580,043**	**252,267**	**1,022,015**	**664,703**
Income tax	-167,336	42,169	-287,572	-129,584
Net profit/loss	**412,707**	**294,436**	**734,443**	**535,119**
Net income/loss per share (basic)	0.04	0.03	0.06	0.05
Net income/loss per share (diluted)	0.04	0.03	0.06	0.05
Weighted average shares outstanding (basic)	11,387,016	11,414,334	11,384,891	11,412,875
Weighted average shares outstanding (diluted)	11,388,142	11,416,387	11,385,737	11,414,724

Consolidated Statements of Shareholders' Equity
from 1 September 2007 to 29 February 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 28.02.2007	**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	-135,334
Re-issuance of treasury stock	256,917
Balance at 29.02.2008	**11,401,878**

	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**
	–	–	–	–	–	306	306
	–	–	–	–	–	1	1
	–	–	–	–	–	307	307
	–	–	–	–	535,119	–	535,119
	–	–	5,603	–	–	–	5,603
	–	3	–	19,123	–	–	19,126
	11,542,764	**17,596,008**	**22,724**	**-181,810**	**-16,913,921**	**25,653**	**12,091,418**
	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**

Consolidated Statements of Cash Flows

from 1 September 2007 to 29 February 2008

in €	H1 2007/2008	H1 2006/2007
Cash flows from operating activities:		
Net profit	734,443	535,119
Adjustments to reconcile net profit to net cash used in operating activities:		
Depreciation of property and equipment	250,246	201,586
Share-based compensation	13,453	5,603
Bad debt expense	–	1,165
Gains/losses on the disposal of fixed assets	–	224
Deferred tax provision	200,456	277,262
Changes in assets and liabilities:		
Accounts receivable	759,441	-29,056
Unbilled revenue	-54,109	68,414
Tax receivables	129,745	-148,247
Other current assets and prepaid expenses	-314,290	-76,216
Accounts payable, deferred revenues and other liabilities	-286,954	-131,482
Other accrued expenses	132,213	42,553
Net cash provided by (used in) operating activities	**1,564,646**	**746,926**
Cash flows from investing activities:		
Acquisition of subsidiary companies less acquired liquid funds	-1,412,472	–
Purchase of property and equipment	-246,577	-213,564
Proceeds from sale of equipment	–	2,685
Net cash provided by (used in) investing activities	**-1,659,049**	**-210,879**
Cash flows from financing activities:		
Payment to shareholders	-1,358,207	–
Incoming payment from treasury stock	–	19,125
Payment for treasury stock	-219,034	–
Net cash provided by (used in) financing activities	**-1,577,241**	**19,125**
Net effect of rate changes on cash and cash equivalents	71	515
Net increase/decrease in cash and cash equivalents	**-1,671,575**	**555,687**
Cash and cash equivalents at beginning of period	10,449,726	10,005,474
Cash and cash equivalents at end of period	8,778,151	10,561,161
thereof back-up of bank guarantees	171,450	680,563
For information only, contained in cash flows from operating activities:		
Interest payment received	48,262	166,376
Paid interest	-309	-533

Notes as of 29 February 2008

1 General Foundations

The Consolidated Financial Statements as of 29 February 2008 of SinnerSchrader Aktiengesellschaft ("SinnerSchrader AG") and its subsidiaries ("SinnerSchrader Group", "SinnerSchrader", or "Group") for the first half and second quarter of the 2007/2008 financial year from 1 September 2007 and 1 December 2007 to 29 February 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"). 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 Consolidated Financial Statements of SinnerSchrader AG and its subsidiaries for the first half and second quarter of the 2007/2008 financial year were drawn up in compliance with the standard for interim financial reports specified by DRS 6 of the German Accounting Standards.

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

As opposed to the status as of 31 August 2007, the consolidation group as of 29 February 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.

The acquisition costs for the takeover of spot-media AG on the date of acquisition amounted to € 2,973,000 and are composed as shown in Table 1:

Tab. 1 | Purchase price, spot-media AG	€ 000s	Due
1st portion of purchase price		
cash	1,673	February 2008
in shares	396	February 2008
2nd portion of purchase price		
cash	411	May 2008
3rd–6th portion of purchase price		
cash	493	2009 to 2012
Total	**2,973**	

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 second to sixth portions of the purchase price which have not yet been paid are based on estimates by SinnerSchrader. The second portion is based on the total current assets in the as yet uncalculated Annual Financial Statements of spot-media AG for the 2007 financial year. The third to sixth portions will depend on the operating result of spot-media AG between 2008 and 2011. These amounts have been estimated on the basis of financial plans for these financial years. To determine the acquisition costs at the time of acquisition, the expected payments calculated from these financial plans were discounted.

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 Sheet at their current value as of 1 February 2008:

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

Purchase price, spot-media AG	**2,973**
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)	**2,361**

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 € 2,361,000 which has been reported as goodwill under intangible assets in the Consolidated Balance Sheet.

Depending on their due date, the as yet unpaid portions of the purchase price have been entered as current or non-current liabilities in the Consolidated Balance Sheet together with the figures shown in Table 1.

The purchase price payments made in cash in the amount of € 1,673,000, less the liquid funds of € 260,000 taken over with spot-media AG, give rise to the cash flows for the acquisition of subsidiaries in the Statements of Cash Flows.

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 IFRS 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 €

	H1 2007/2008	H1 2006/2007
Income from dissolving liabilities and accrued expenses	9,067	31,138
Income from sale of fixed assets	6,852	-224
Income from decreasing reserve for bad debt	–	835
Refund of expenses, compensation for damages	4,986	4,053
Other	2,168	10,577
Total	**23,073**	**46,379**

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 €

	H1 2007/2008	H1 2006/2007
Current taxes	87,116	-147,678
Deferred taxes	200,456	277,262
Total	**287,572**	**129,584**

In the first half of 2007/2008, SinnerSchrader for the first time in a while incurred current taxes in the amount of € 87,000. 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 was consolidated for the first time. In the first half 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 Sinner-Schrader declined from around 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 29 February 2008 were largely unchanged compared to the Consolidated Financial Statements as of 31 August 2007.

7 Treasury Stock

As of 29 February 2008, the treasury stock of SinnerSchrader AG amounted to 19,303 shares with a calculated face value of € 19,303, representing 0.17 % 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 half of the 2007/2008 financial year, SinnerSchrader bought back 135,334 shares of treasury stock via the stock market at a total purchase price of € 219,034, which is an average of nearly € 1.62 per share. 66,466 shares were purchased at a price of € 106,473 in the second 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 19,303 shares of treasury stock held by SinnerSchrader as of 29 February 2008 had a purchase price of € 30,591, or an average of € 1.58 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 half of the 2007/2008 financial year, 75,000 options from the 2007 Plan were allocated to members of the management of subsidiary companies.

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

Tab. 5 | Outstanding options in € and number

	Number	Weighted average exercise price
As of 31 August 2007	**342,338**	**6.79**
Newly allocated	75,000	1.59
Exercised	–	–
Cancelled	-11,400	2.08
Expired	-85,045	2.76
As of 29 February 2008	**320,893**	**6.81**

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 Statement of Operations as personnel costs for the relevant period. The costs are recorded against the shareholders' equity in the reserve for share-based compensation. In the first half of 2007/2008, the costs affecting income amounted to € 8,200, compared to € 2,869 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. € 7,327 of this in the second quarter and € 15,276 in the first half of 2007/2008 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 six months of the 2007/2008 and 2006/2007 financial years, SinnerSchrader achieved revenues in the amount of € 3,758.753 and € 2,176.441, 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 half of 2007/2008:

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

Shares	31.08.2007	Additions	Withdrawals	29.02.2008
Management Board member:				
Matthias Schrader	2,342,675	7,500	–	2,350,175
Thomas Dyckhoff	62,450	–	–	62,450
Management Board, total	2,405,125	7,500	–	2,412,625
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**	**7,500**	**1,000**	**2,412,625**
Subscription rights	31.08.2007	Additions	Withdrawals	29.02.2008
Management Board member:				
Matthias Schrader	–	–	–	–
Thomas Dyckhoff	12,500	–	–	12,500
Management Board, total	12,500	–	–	12,500
Supervisory Board member:				
Prof. Dr Reinhard Pöllath	–	–	–	–
Dieter Heyde	–	–	–	–
Prof. Cyrus D. Khazaeli	–	–	–	–
Frank Nörenberg[1]	–	–	–	–
Supervisory Board, total	–	–	–	–
Board members, total	**12,500**	**–**	**–**	**12,500**

[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	
3rd Quarterly Report 2007/2008 (March 2008–May 2008)	10 July 2008
Annual Report 2007/2008	November 2008

Conference Calendar 2007/2008	
next08 conference	15 May 2008

For more information please visit our conference website at www.next08.com.

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