sinnerschrader

CREATING RADICAL RELATIONSHIPS


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The interactive consumer is revolutionising marketing.

The Internet has fundamentally changed the way consumers use media. Now more than ever, consumers are precisely choosing their focus of attention and actively retrieving the content that interests them.

Traditional advertising is increasingly losing its relevance. Consumers do not want unsolicited interruptions. They are banning unwanted advertising from their everyday lives. At the same time, brand names are the most common search queries on the Web.

Interactive consumers are fleeing from brand communication in traditional media while simultaneously seeking contact with brands online. If brands offer the right points of contact, interactive consumers will approach them gratefully.

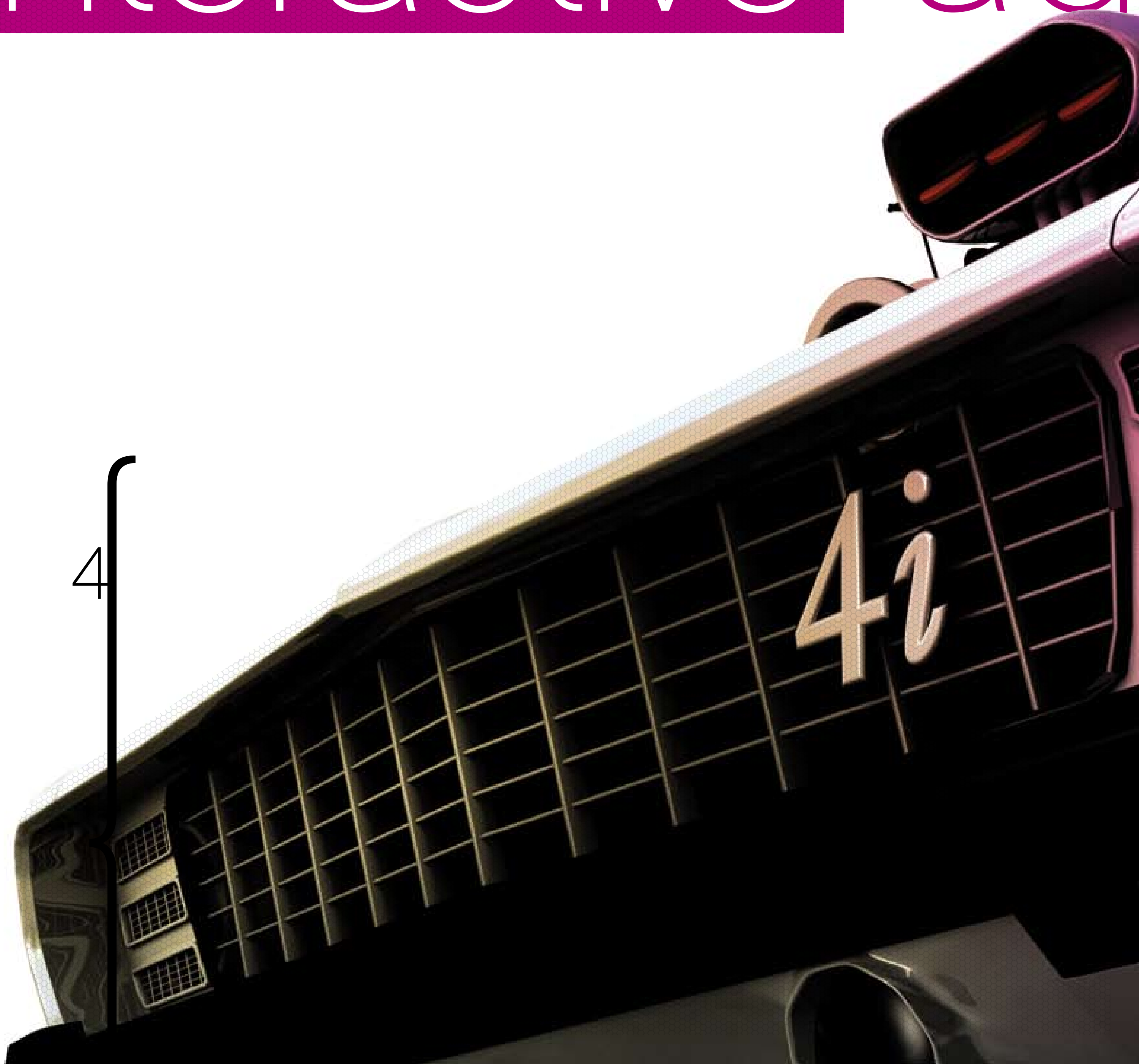
Consumers have chosen the Internet as their central location for experiencing products and services and forming relationships with brands and companies.

The interactive consumer is revolutionising marketing: Everything that can be digital and direct should be digital and direct – that's what consumers want. Today's consumer is the best friend a brand could ever have.

Brand-name companies have to seize this opportunity. Over the years, Internet pioneers like Amazon, eBay and Google have taught consumers that they can fulfil their needs at any time with the click of a mouse. Now consumers are turning marketing inside out, forcing it from a "push" strategy to a

Marketing is becoming digital and direct. The ability to interact directly with consumers, without the communication and marketing intermediaries needed previously, offers great opportunities for brands.
We know and understand the interactive consumer. We make the Web the most efficient marketing platform for companies. We create interactive brand experiences which excite consumers, distinguish companies in their competitive environment, and initiate deep relationships between brands and consumers. This leads to verifiable economic advantages.

We are the ag
interactive ag



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Passion for the interactive consumer
Consumers have the power. They decide what they want to experience, see, hear, and buy. And how they want to interact with brands and companies – directly!

Creation of interactive brand experiences
The brand experience is becoming interactive and digital. Consumers primarily experience brands on the Web. This is where brands need to distinguish themselves.

Innovation through interdisciplinary teams
The interplay of consultation, creation and technology is a part of our culture. We develop innovative marketing solutions on the basis of this.

Power of the marketing operating system
Using CMS, commerce, CRM, and analytic components, we develop individual, powerful, and scalable platforms for our customers – the marketing operating system.

Efficiency through the ability to plan and measure
We continually control, analyse, and optimise the interaction processes between the consumer and our customers. In this way, we guarantee the optimum efficiency.


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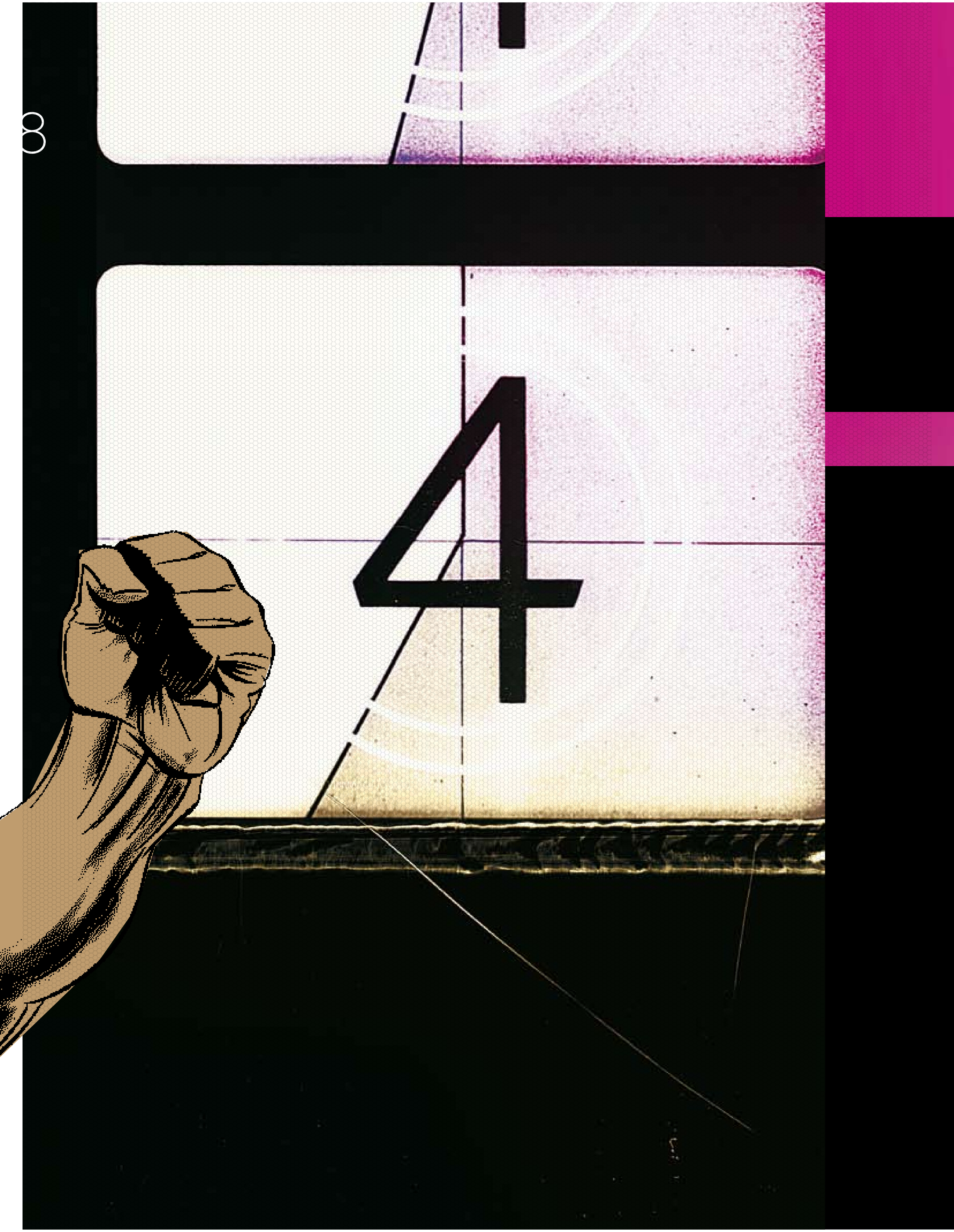

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The formula for successful interactive marketing

Interest consumers in what you have to offer.

Involve consumers in the world of your brand.

Integrate consumers in your business processes – from information and configuration, to purchasing and customer service.

Innovate processes, products, and services together with consumers.

get realtime

Communication and interaction between brands and consumers on the Web is increasingly taking place in real-time. This is a challenge for agencies and companies.
On 15 May 2008, SinnerSchrader will hold next08, a conference on the future and relevance of the Web for blue chips, visionaries and start-ups. The theme of the conference is **get realtime.**

- Why your customer is realtime. And we need to be too.
- Realtime brands.
- How agencies become realtime.
- From e-commerce to realtime commerce.

Daniel Funke | photocase.com © designmaniac.de


next08

100 %

Consultation

We work for the success of our customers. With our consulting services, we ensure that their brands evolve and their business grows. We start with the needs of the interactive consumer, develop exceptional interactive solutions, and oversee these projects with a great deal of dedication and precision.

100 %

Creation

We create interactive customer experiences which radically intensify the relationship between brands and consumers. The key to this is the interdisciplinary cooperation between our creative disciplines of concept, design and text with the areas of consultation and technology.

100 %

Analysis

We help our customers measure and optimise their success. Our strategic planning analyses the consumers' profiles. We advise our customers on choosing the right tools and then we implement them. In doing so, we make consumer behaviour more transparent and point out where there is room for improvement. Our CRM competency helps our customers support consumers and bind them to the company.

100 %

Technology
We love standards. This is why we develop customised software solutions based on standard components. We combine established open-source components with our own Commerce Framework using the experience we’ve gained over the past eleven years. This is how we create our customers’ marketing operating systems.

100 %

Operations
We run the marketing operating systems for our customers. We take full responsibility for smooth operations, thus protecting our customers against unnecessary sales losses. We solve problems instead of just managing them. 24 hours a day, 7 days a week.

100 %

Media
We are uncompromising in orientating the use of media on marketing success and direct sales. We know how media services can be paid for following performance-based models alone Our media planning department works closely together with the creation team to ensure the optimal interplay between campaign ideas, advertising material, and the advertising environment.

We are the agency that knows interactive consumers the best. We understand what they expect from a brand.

We take the lead with our customers and assume responsibility for **all phases of the digital marketing process.** This includes Web-based **communication, transaction, and self-service solutions.**

We design and supervise the digital interfaces between companies and consumers so that they create relationships and enable our customers to successfully distinguish themselves from the competition. **The interface is the company.**

We work in an **interdisciplinary** way by combining consultation, creation and technology. This is the basis for innovative solutions and differentiated user experiences.

We guarantee our customers full **implementation at a fixed price.**

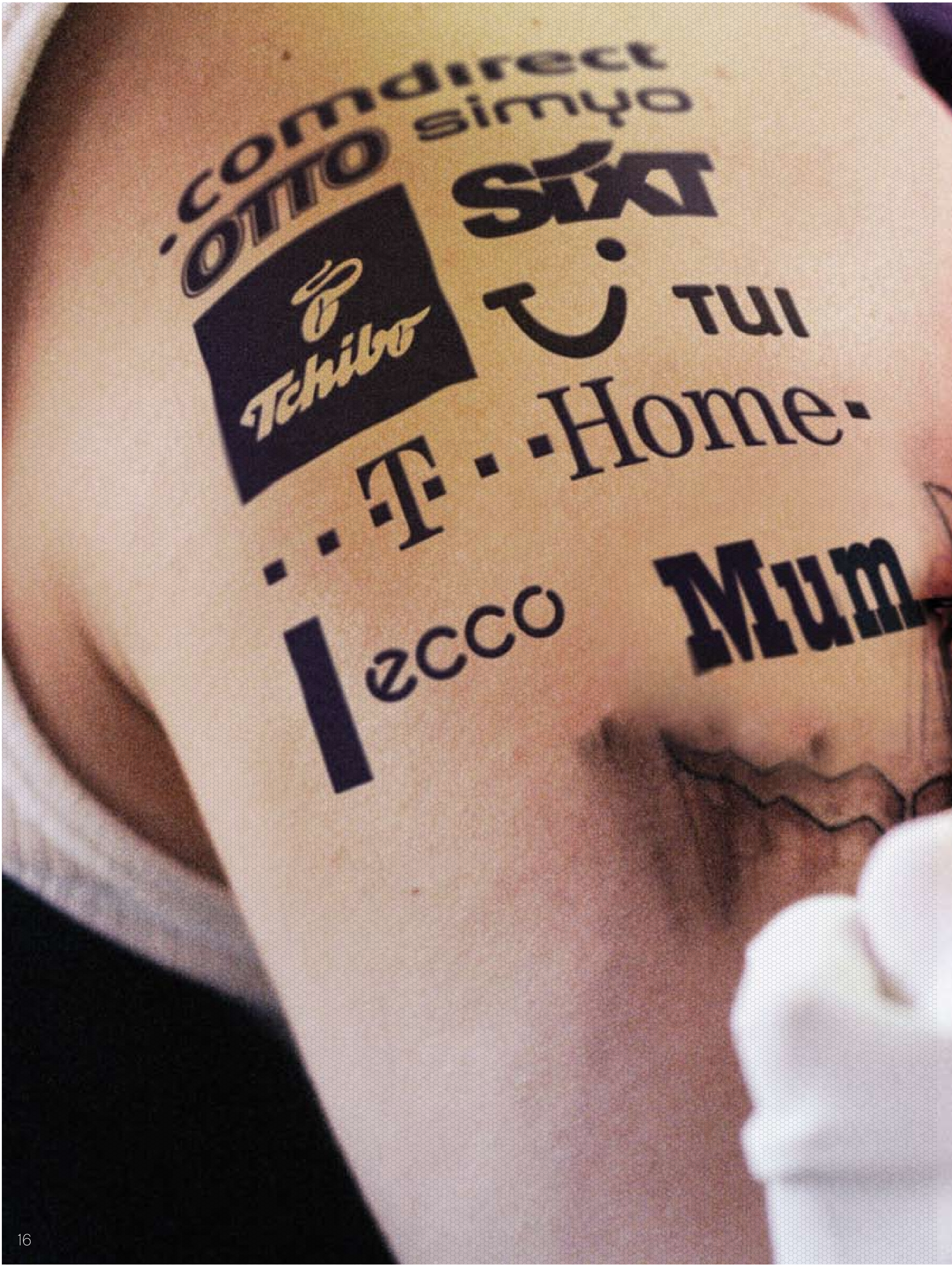
The technical basis of our marketing and sales solutions consists of customised, high-performance, scalable platforms made up of CMS, commerce, CRM, and analytic components. We call this infrastructure the **marketing operating system** for our customers.

We run our customers' marketing operating system **24** hours a day and 7 days a week.

We continually **control, analyse, and optimise** the interaction processes between our customers and the consumer. This helps us get to know the interactive consumer better.

By planning, measuring, and optimising their marketing measures, we promise our customers **efficiency and economic success.**

We generate verifiable economic success for our customers.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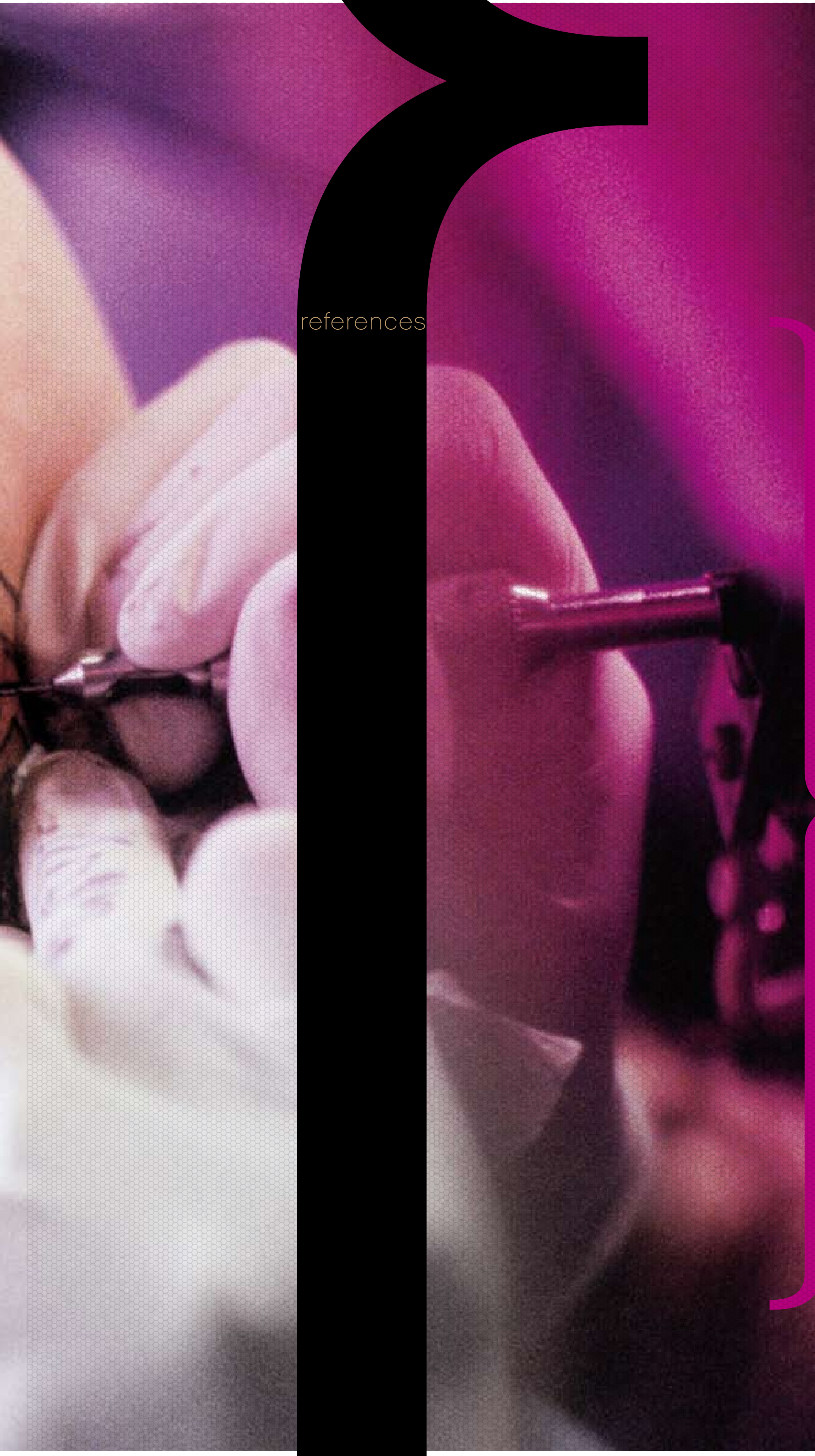

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facts and figures

Our mission

SinnerSchrader is the agency for the interactive age. We know and understand the interactive consumer. We make the Web the most efficient marketing platform for companies. We create interactive brand experiences which excite consumers, distinguish companies in their competitive environment, and initiate deep relationships between brands and consumers. This leads to verifiable economic advantages.

Our expertise

- Consultation
- Creation
- Technology
- Media
- Operations
- Analysis

The company

SinnerSchrader is a leading interactive agency in Germany. We develop interactive customer experiences which radically intensify the relationship between brands and consumers. SinnerSchrader was founded in 1996, has been listed on the stock exchange since 1999, and has over 150 employees in Hamburg and Frankfurt am Main.

Our service promise

Communication, transaction, and self-service solutions for all phases of the digital marketing process

Excellence in the interdisciplinary cooperation between consultation, creation, and technology

Guaranteed implementation at a fixed price

Customised, high-performance, scalable platforms consisting of CMS, commerce, CRM, and analytic components

Round-the-clock operations

Permanent control, analysis, and optimisation of the interaction processes between consumers and brands

Ongoing, long-term support

Verifiable economic success for our customers.

The Management Board

Matthias Schrader (CEO)
Thomas Dyckhoff (CFO)

Management

Matthias Schrader (Spokesman)
Holger Blank
Laurent Burdin
Thomas Dyckhoff

Locations

SinnerSchrader Aktiengesellschaft

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Völckersstraße 38
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Web: www.sinnerschrader.de

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Aktiengesellschaft

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Germany

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sinnerschrader

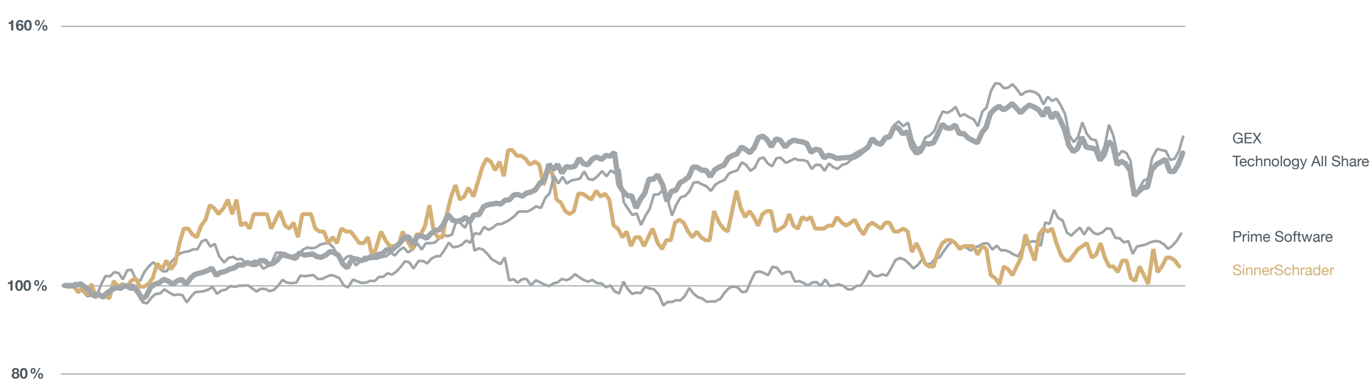
ANNUAL REPORT 2006 | 2007

Key Figures and Share Performance

Key figures of the SinnerSchrader Group in € 000s, € and number	01.09.2006 31.08.2007	01.09.2005 31.08.2006	Change
Revenues	18,588	15,819	18 %
Gross income	5,056	4,609	10 %
EBITDA	1,455	1,152	26 %
EBITA	1,043	600	74 %
Net income	1,018	1,192	-15 %
Net income per share [1]	0.09	0.10	-10 %
Shares outstanding [1]	11,417	11,411	0.05 %
Cash flows from operating activities	893	194	360 %
Employees, full-time equivalents	145	129	13 %
	31.08.2007	31.08.2006	Change
Cash and cash equivalents	10,450	10,005	4 %
Shareholders' equity	12,548	11,531	9 %
Balance sheet total	16,770	15,067	11 %
Employees, end of period	152	143	6 %

[1] Weighted average shares outstanding

SinnerSchrader Share Price Performance 2006/2007 (Index-linked)



SINNERSCHRADER
2006 | 2007

Consumers have chosen the Internet as their central location for experiencing products and services and forming relationships with brands and companies.

Matthias Schrader, CEO,
and Thomas Dyckhoff, CFO

Dear Shareholders,

There is no longer any doubt that consumers have decided in favour of the Internet. In the past financial year, the number of Internet users in Germany passed the 40-million mark for the first time. Marketing and sales are now facing a fundamental change with regard to interactive consumers. After the successful 2006/2007 financial year, we are convinced now more than ever that SinnerSchrader will benefit from this change.

SinnerSchrader achieved its highest annual revenues ever of € 18.6 million and experienced growth of 17.5 %. Our operating result rose by 74 % to reach over € 1 million.

But more importantly: We restructured SinnerSchrader in order to take advantage of the shift in marketing and sales and make better use of our interactive agency's strengths and the eleven years of experience we have in working for interactive consumers.

Interactive consumers are the driving force behind a revolution in marketing. Today, consumers are choosing their own focus of attention, and they are actively retrieving the content that interests them. This is causing traditional advertising to increasingly lose its relevance. Consumers do not want unsolicited interruptions. They are banning unwanted advertising from their everyday lives. At the same time, brand names are the most common search queries on the Web. Interactive consumers are fleeing from brand communication in traditional media while simultaneously seeking contact with brands online. If brands offer the right points of contact, interactive consumers will approach them gratefully. Today's consumer is the best friend a brand could ever have.

Brands and companies demand agencies which understand the interactive consumer and can comprehensively support the entire digital marketing and sales process. The Internet is the technical platform which makes this possible.

We have therefore ceased to divide our business into separate units and have reorganised ourselves around the pillars of consultation, creation, and technology. Our consulting services address the needs of the interactive consumer. Our creation team develops interactive customer experiences which radically intensify the relationship between brands and consumers. Our technology department builds marketing operating systems for our customers using established open-source components and our own Commerce Framework, which incorporates the expertise acquired in over one hundred successful Internet projects. But the key to success is the interdisciplinary cooperation between consultation, creation, and technology. Our services in the areas of online media, operations, and analysis remain an integral part of our comprehensive approach.

The needs of interactive consumers are at the heart of our thoughts and actions as an agency for our customers. We are spurred on by the desire to know and understand the interactive consumer better than our competitors do. We do this on the basis of our eleven years of experience as an interactive agency. We want to use our understanding to make the Web the most efficient marketing and sales platform for our customers. We want to create interactive brand experiences which excite consumers, distinguish companies in their competitive environment, and initiate deep relationships between brands and consumers. The bottom line is the generation of verifiable economic advantages for our customers.

We are convinced that our positioning gives us a very good starting point for the coming years. Our goal for the 2007/2008 financial year is to increase our revenues by 15 % to reach over € 21 million and to achieve an EBITA margin between 8.5 % and 9 %. In the medium term, we want to attain double-digit growth annually and raise our operating margin up to 10 % to 12 %.

The restructured SinnerSchrader is starting the 2007/2008 financial year with a clear vision and a new corporate design. "Creating radical relationships" is the goal of our work at the interface between consumers and companies.

Hamburg, October 2007

The Management Board

The 514190 Share

The Stock Market

In SinnerSchrader's 2006/2007 financial year, the DAX managed to surpass its positive performance of the previous year. Germany's leading share index rose by an impressive 30.3 %, closing at 7,638.17 points on 31 August 2007, compared to 5,859.57 points on 31 August 2006. At times, the DAX was considerably higher than this, reaching its highest registered closing level ever of 8,105.69 points on 16 July 2007. However, the crisis in the US mortgage market placed the stock markets under pressure worldwide, causing the DAX to lose ground as well.

With the exception of the Prime Software Index, all of the indices in which the SinnerSchrader share is listed performed parallel to the DAX, reaching closing levels on 31 August 2007 which were more than 30 % higher than the levels of the previous year. The Prime Software Index, on the other hand, rose by only 12.3 %.

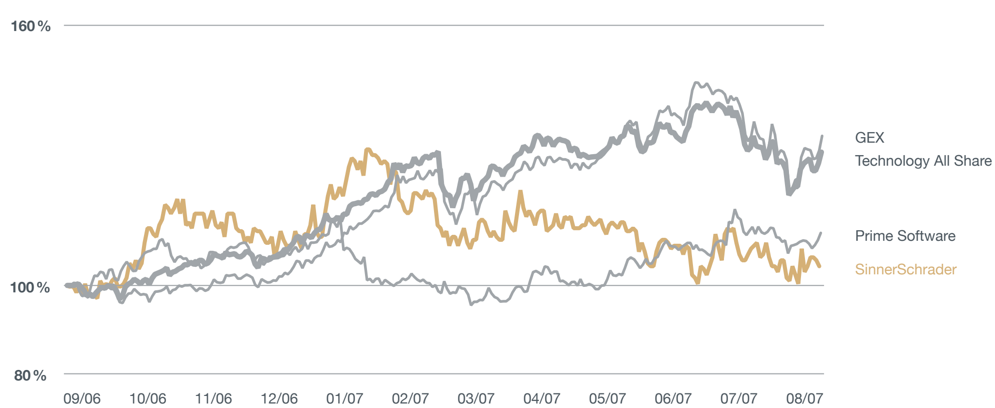
Key figures of the share	
German Securities Code no.	514190
ISIN	DE0005141907
Symbol	SZZ
Reuters symbol	SZZG
Stock exchanges	Xetra, Frankfurt am Main, Hamburg, Stuttgart, Munich, Düsseldorf, Berlin-Bremen
Segment	Regulated market/Prime Standard
Indices	Prime All Share, Prime Software, Technology All Share, CDAX, GEX
Designated sponsor	Concord Effekten AG
Issued shares	11,542,764
Outstanding shares	11,401,878
Previous financial year closing price	€ 1.53
High share price [1]	€ 1.97
Low share price [1]	€ 1.46
Financial year closing price [1]	€ 1.57
Performance [1]	2.6 %
Average sales volume per day [2]	17,958 shares/€ 30,510
Market capitalisation [3]	€ 17.9 million
Free-float market capitalisation [4]	€ 9.8 million

[1] Xetra
[2] Xetra, Frankfurt am Main, Hamburg, Stuttgart, Munich, Düsseldorf, Hannover, Berlin-Bremen
[3] Outstanding shares × Xetra closing price 31 August 2007
[4] Free float × Xetra closing price 31 August 2007 according to Deutsche Börse AG

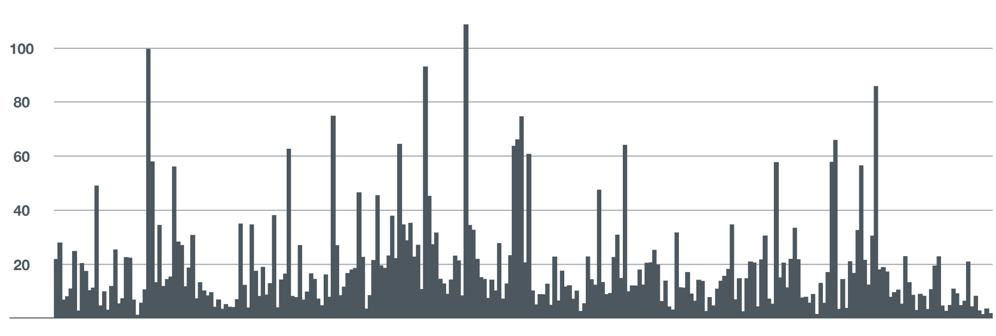
The SinnerSchrader Share

The interactive agencies listed on the stock market experienced even weaker performance, with some closing prices at the end of August 2007 actually falling below the closing prices of the previous year. SinnerSchrader performed the best out of this group, with its share price rising by 2.6 % over the course of the year, from € 1.53 to € 1.57. At the start of this period, all agencies followed the general performance of the market for a certain period of time. But from the second calendar quarter of 2007 at the latest, they fell far behind this performance, and their prices declined from the highs they had reached in the first half of the reporting period. This is probably due in part to the fact that the very good performance of standard stocks caused small and micro caps to become temporarily less attractive. Additionally, the market has apparently not yet fully understood and accepted the business model of the interactive agency as a combined software/IT service provider and advertising agency, or the potential that this model offers in a world which is changing rapidly on account of the Internet.

SinnerSchrader Share Price Performance 2006/2007 (Index-linked)



SinnerSchrader Share Sales Volume 2006/2007
in 000s

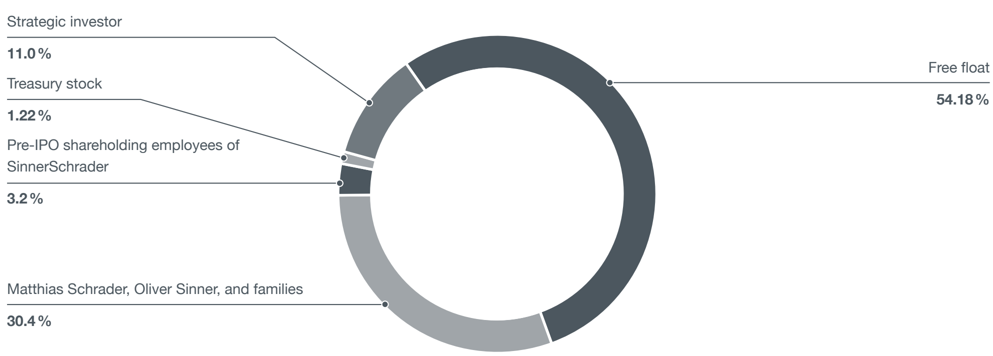


Shareholder Structure

To the best of the Company's knowledge, the shareholder structure did not change significantly in the 2006/2007 financial year. SinnerSchrader AG received two obligatory notifications pursuant to Article 21 of the German Securities Trading Act which are reproduced word for word in the Notes on page 77 ff.

According to the information available to SinnerSchrader AG, 44.4 % of all issued shares were still held by pre-IPO investors as of 31 August 2007. The two members of the Management Board, Mr Schrader and Mr Dyckhoff, held 20.3 % and 0.5 % of these shares, respectively. The SinnerSchrader shares held by SinnerSchrader itself amounted to 1.2 % of all issued shares as of 31 August 2007. The remaining 54.4 % of the shares are in free float.

Shareholder Structure



Investor Relations

In the past year, SinnerSchrader AG put its usual amount of effort into investor relations. First and foremost were the presentations at investor conferences such as the German Equity Capital Forum, CeBIT, and the Stock Days in Frankfurt. Numerous meetings with interested investors were held in person or over the telephone, and there were just as many discussions with shareholders, analysts, and representatives of the business press who continually observe SinnerSchrader AG and comparable companies.

Since the 2005/2006 financial year, SES Research GmbH has covered the SinnerSchrader share with regularly updated appraisals of the figures and information from SinnerSchrader.

SinnerSchrader rounds off its range of information by publishing extensive quarterly and annual financial reports which include detailed explanations of the development of its business figures. These reports, along with a great deal of other relevant information on the SinnerSchrader share, are permanently available to all shareholders and interested individuals on the share website at www.wkn514190.de and in the "Company" section of the SinnerSchrader website at www.sinnerschrader.de.

Trust, transparency, and constancy guide SinnerSchrader's support services for its shareholders. This is a key element of good, transparent corporate management in the spirit of the standards set out in the Corporate Governance Code.

Corporate Governance at SinnerSchrader

Corporate Governance comprises all the values, principles, and rules governing corporate management and control. Since 2002, the Government Commission on the German Corporate Governance Code has published principles and standards which characterise good, responsible Corporate Governance. All German companies listed on the stock exchange must declare their compliance with these principles each year. Since its creation, the Code has been continually modified on the basis of current knowledge and requirements. The present version is from 14 June 2007.

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

Company Boards

The management board of a stock corporation is appointed by the supervisory board and is independently responsible for managing the enterprise. It carries out business following the law, the statutes of the company and the rules of procedure decreed by the supervisory board for the management board. Under these rules, the management board is required to seek approval from the supervisory board prior to undertaking certain business transactions.

The Management Board of SinnerSchrader AG currently consists of two members. The Chief Executive Officer, Matthias Schrader, has been appointed to the Board until 31 December 2010; the current appointment of the Chief Financial Officer, Thomas Dyckhoff, will end on 31 December 2007. Conflicts of interest according to Section 4.3 of the German Corporate Governance Code did not arise in the 2006/2007 financial year.

The Supervisory Board monitors the Management Board and advises it on the management of the Company. The key tasks of the Supervisory Board include acting as the representative of SinnerSchrader AG to the Management Board, appointing members of the Management Board, establishing the compensation for these members, commissioning the financial auditors, approving the Annual Financial Statements and Consolidated Financial Statements, and making decisions regarding the business transactions of the Management Board which require approval under the law, the Statutes of the Company, or the rules of procedure.

The Supervisory Board of SinnerSchrader AG consists of three members which were elected by the Annual General Meeting. Reinhard Pöllath and Frank Nörenberg have been elected to the Supervisory Board until the end of the Annual General Meeting which will vote on discharging the Supervisory Board of its duties for the 2007/2008 financial year. Dieter Heyde was elected to the Supervisory Board at the 2004/2005 Annual General Meeting on 27 January 2006 for the period of time until the end of the Annual General Meeting which will vote on discharging the Supervisory Board of its duties for the 2007/2008 financial year. Conflicts of interest according to Section 5.5 of the German Corporate Governance Code did not arise in the 2006/2007 financial year.

Compensation Report for the Management Board and Supervisory Board
In accordance with the Management Board Compensation Disclosure Act, detailed information on the compensation of the Board members can be found in the “Compensation System for the Company Boards” section of the Joint Status Report on page 31 and in the “Other Information” section of the Notes to the Annual Financial Statements of SinnerSchrader AG on page 75 f. of this financial report.

Shares Held by Board Members
An overview on page 80 of this report provides information on the shares and share derivatives held by the members of the Management Board and Supervisory Board as of 31 August 2007, as well as any changes reported in the 2006/2007 financial year. The shares held by the Management Board comprise around 20.8 % of the shares issued by SinnerSchrader. This proportion rose by 0.1 % over the course of the 2006/2007 financial year due to the exercising of share options. The shares held by the Supervisory Board make up less than 1 % of the total shares issued.

Directors’ Dealings
According to Article 15a of the German Securities Trading Act, the Board members, other individuals in management positions, and persons closely connected to the Board members or individuals in management positions are obliged to disclose the purchase or sale of SinnerSchrader shares or derivatives related to these shares to SinnerSchrader AG if their equivalent value during the year exceeds a total of € 5,000. In the 2006/2007 financial year, the Company did not receive any such notifications.

Accounting Principles
Following EU Regulation 1606/2002, the accounting of the SinnerSchrader Group has been carried out according to International Financial Reporting Standards since the 2005/2006 financial year. Prior to this, United States Generally Accepted Accounting Principles (“US-GAAP”) were used. The Annual Financial Statements of SinnerSchrader AG continue to be prepared in accordance with the accounting regulations of the German Commercial Code.

The Annual and Consolidated Financial Statements were audited by an auditing firm which declared its independence to the Supervisory Board and which was chosen by the Annual General Meeting on 23 January 2007 for this task.

Declaration of Compliance
On 16 November 2006, the Supervisory Board and Management Board of SinnerSchrader AG submitted a declaration of compliance based on the version of the German Corporate Governance Code from 12 June 2006 in accordance with Article 161 of the German Stock Corporation Act. This declaration is reprinted in the following, and it is also permanently available to all shareholders and other interested parties on the www.wkn514190.de website or on the www.sinnerschrader.de company website, in the “Investors” section under the heading of “Corporate Governance”, together with the current version of the Code. In December 2007, the Management Board and Supervisory Board will renew this declaration on the basis of the current version of the Code from 14 June 2007.

Declaration of the Management Board and Supervisory Board on the Recommendations of the Government Commission on the German Corporate Governance Code According to Article 161 of the German Stock Corporation Act

The Management Board and Supervisory Board of SinnerSchrader declare that the recommendations of the Government Commission on the German Corporate Governance Code in the version of 12 June 2006 were met, with the following restrictions, in the 2006/2007 financial year (01.09.2006–31.08.2007) and will be met in the current 2007/2008 financial year (01.09.2007–31.08.2008) and in future:

Management Board

Section 4.2.3: Variable compensation components and share options have been waived in the compensation package of Mr Matthias Schrader, CEO of SinnerSchrader AG, due to Mr Schrader's high proportion of shares in the Company.

Section 4.2.3: The share options awarded so far to other Management Board members originate from the 1999 and 2000 Stock Option Plans adopted by the Annual General Meeting. In accordance with the conditions adopted by the Annual General Meeting, the exercise criteria for the options involve reaching a share price increase of 20 % above the average price of the SinnerSchrader share on the ten trading days prior to allocation, waiting periods of two, three, and four years, and a term of six years. The option conditions make no provision for a cap in the event of extraordinary, unforeseen developments.

No cap was set on the share-based bonus component awarded to a Management Board member in early 2005 either, because a cap would run counter to the intended incentive effect, especially where there are waiting periods of several years.

Supervisory Board

Section 3.8: D&O insurance with no excess has been taken out for the members of the Supervisory Board because an excess would be disproportionate in view of the relatively low compensation.

Section 5.3.1 ff.: The Supervisory Board has not formed any committees because it only comprises three members.

Hamburg, 16 November 2006

SinnerSchrader Aktiengesellschaft

For the Supervisory Board	For the Management Board
Reinhard Pöllath	Matthias Schrader

Reinhard Pöllath, Chairman of the Supervisory Board

Report of the Supervisory Board

The Supervisory Board closely followed the business development of SinnerSchrader Aktiengesellschaft and its subsidiaries in the 2006/2007 financial year. At Supervisory Board meetings and in monthly reports, the Management Board kept the Supervisory Board informed of strategy, planning, the current situation, and business development, as well as important business transactions. Furthermore, there were written, telephone, and personal exchanges between the Management Board and the Supervisory Board with regard to current issues. On this basis, the Supervisory Board discharged its duties as required by law and the Statutes and supervised the business conduct of the Management Board.

Supervisory Board Meetings

In the past financial year, the Supervisory Board met for four regular meetings on 16 November 2006, 23 January 2007, 2 April 2007, and 2 July 2007. All members of the Supervisory Board were present at these meetings. On 13 July 2007, the Supervisory Board also passed a resolution by way of circulation. The meetings took place in the presence of the Management Board.

Focus of Meetings

In its meetings, in addition to addressing issues such as the business development of the SinnerSchrader Group and its segments in each quarter, the Supervisory Board focused on the restructuring of the Group and the individual measures associated with it. The meetings also dealt with the selection and analysis of potential acquisition partners and the use of the authorisation to buy back SinnerSchrader shares. At its meeting on 16 November 2006, the Supervisory Board approved the Consolidated Financial Statements and the Annual Financial Statements of SinnerSchrader Aktiengesellschaft for the 2005/2006 financial year.

Constitution of the Boards
In the 2006/2007 financial year, there were no changes to the constitution of the Boards of SinnerSchrader Aktiengesellschaft.

Corporate Governance
On 16 November 2006, the Supervisory Board and the Management Board submitted the declaration of conformity with the Corporate Governance Code which is demanded by Article 161 of the German Stock Corporation Act and which documents general compliance with the courses of action recommended by the Code.

Consolidated and Annual Financial Statements
The accounts and Annual Financial Statements of SinnerSchrader Aktiengesellschaft, as well as the Consolidated Financial Statements including the combined Status Report of the Group and SinnerSchrader AG, which were drawn up in accordance with International Financial Reporting Standards as required under Article 315a of the German Commercial Code for the 2006/2007 financial year as of 31 August 2007, were audited by BDO Deutsche Warentreuhand Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Hamburg, at the request of the Supervisory Board and received an unqualified auditor's opinion. At its meeting on 2 November 2007, the Supervisory Board discussed the Annual and Consolidated Financial Statements in detail in the presence of the auditor and the Management Board. The Annual and Consolidated Financial Statements prepared by the Management Board and the auditor's report had been given to the members of the Supervisory Board in advance of this meeting. Following a detailed examination and discussion of the financial statements and auditor's reports, the Supervisory Board had no objections and endorsed the auditor's results. The Board approved both the Consolidated and Annual Financial Statements on 6 November 2007. The Annual Financial Statements are thereby adopted. Furthermore, the Supervisory Board approved the Management Board's suggestion to propose to the Annual General Meeting that a dividend in the amount of € 0.12 per no-par-value share be paid from the accumulated income and that any accumulated income remaining after the payout be carried forward to the new accounts.

Business Development
In the past financial year, SinnerSchrader continued to grow profitably and achieve good rates of growth in its revenues and operating result. At the same time, the Group carried out extensive organisational restructuring which has paved the way for taking better advantage of the opportunities for interactive agencies which have sprung up through the success of the Internet. This, together with a welcome economic and industry environment in Germany, has created a good basis for SinnerSchrader to continue to develop positively in the 2007/2008 financial year. The Supervisory Board will continue to support the Management Board in every respect so that the restructured Company can take optimal advantage of opportunities without losing sight of the risks facing it.

The Management Board and the employees did outstanding work in the 2006/2007 financial year. The Company was restructured to make it fit for the future. The Supervisory Board would like to thank all employees for their great dedication which has made this success possible.

Hamburg, 7 November 2007

Prof. Dr Reinhard Pöllath
Chairman of the Supervisory Board

JOINT STATUS REPORT
2006 | 2007

SinnerSchrader continues to operate in a favourable market environment. Revenues grew by 17.5 % in the 2006/2007 financial year. The operating result (EBITA) reached € 1.0 million.
For 2007/2008, SinnerSchrader is predicting revenue growth of 15 % to reach € 21 million and an EBITA of € 1.8 million to € 1.9 million.

Joint Status Report

1 General

The following Status Report is the joint Consolidated Status Report and Group Status Report of SinnerSchrader Aktiengesellschaft (“SinnerSchrader AG” or “AG”) for the 2006/2007 financial year, which covered the period from 1 September 2006 to 31 August 2007. In particular, it shows the development of the income, financial, and asset status of the SinnerSchrader Group (“SinnerSchrader” or “Group”) and the AG in the 2006/2007 financial year and addresses the key risks and opportunities and the probable future development of business. Unless explicit reference is made to the AG, the statements refer to the Group.

The Consolidated Financial Statements on which this Status Report is based were drawn up according to the International Financial Reporting Standards (“IFRS”). The Annual Financial Statements of the AG still follow the German accounting regulations.

The Status Report and the Group Status Report contain statements and information aimed at the future, especially Section 10. These can be recognised by the use of words such as “expect”, “anticipate”, “forecast”, “intend”, “plan”, “strive”, “estimate”, and “become”. Such forward-looking statements are based on current knowledge, estimates, and assumptions and therefore entail a number of risks and uncertainties. A variety of factors, many of which are outside SinnerSchrader’s sphere of influence, have an impact on business development and results. These factors mean that the actual future business development of SinnerSchrader and the actual results achieved may differ significantly from the explicit or implicit information in the forward-looking statements.

2 Group Business and Structure

2.1 Business Activities

SinnerSchrader offers its customers a comprehensive range of services for the use of interactive technologies, especially the Internet, to optimise and further develop their business. The emphasis is on the customised conception, development, maintenance, and optimisation, the marketing, the operation, and the assessment of the success of websites for the establishment and communication of brands, for the sale of goods and services, and for the acquisition and retention of customers.

SinnerSchrader is one of the biggest independent interactive agencies in Germany and provides its services from offices in Hamburg and Frankfurt am Main, mainly for companies based in Germany.

The graphics below are not part of the audited Status Report.

2.2 Structure of the Group

In the 2006/2007 financial year, the Group's operating business activities were divided on the basis of content and regional focal points, as in the previous year, among the wholly owned German AG subsidiary SinnerSchrader Deutschland GmbH and its subsidiaries SinnerSchrader Neue Informatik GmbH, SinnerSchrader Studios GmbH, and SinnerSchrader Studios Frankfurt GmbH.

The activities of SinnerSchrader Neue Informatik GmbH focused on the conception, implementation, and maintenance of customised, interactive IT systems. The two Studios companies focused on consulting, conceptual, and creative services to establish and manage brands, to acquire and retain customers as well as to promote sales on the Internet. Services to market, operate, and measure the success of websites were provided by SinnerSchrader Deutschland GmbH. This structure follows the division of the Group into the reporting segments of Interactive Software, Interactive Marketing, and Interactive Services.

The foreign subsidiaries of the AG that still belong to the Group – SinnerSchrader UK Ltd. London, UK, and SinnerSchrader Benelux BV, Rotterdam, the Netherlands – were not operatively active in the period covered by the report.

The AG continued to act as the managing holding company of the Group and was responsible for the central provision of infrastructure and administrative services.

The rapid spread of the Internet that has been seen in recent years will make it the dominant medium for marketing and for shaping relations between companies and their customers in the future. This development has given new impetus to the business model of the interactive agency, the heart of which is the bringing together of creative and technical skills. In the 2006/2007 financial year, the AG therefore decided to reshape the organisation of SinnerSchrader's operating business with the aim of enhancing the interaction between creation and technology. In the first step, the various domestic companies were brought under a single management team as of 1 May 2007, and the employees were organised into new teams with a cross-company structure. In the second step, the company legal structure will probably be simplified accordingly in the 2007/2008 financial year.

3 Market and Competitive Environment

The general conditions for SinnerSchrader's business development were still positive in the 2006/2007 financial year: The German economy grew strongly beyond expectations, and the importance of the Internet for corporate business activities continued to increase.

The German gross domestic product ("GDP") rose by 3.2 % (in real terms) in the second half of the 2006 calendar year in comparison to the second half of 2005, and it also rose by 2.9 % in the first half of 2007 in comparison to the previous year in spite of the rise in VAT. For 2007 as a whole, the leading German economic research institutes predicted growth of 2.6 % in their autumn forecast. For 2008, too, they are expecting the upturn to continue with GDP growth of 2.2 % in real terms. The main growth impetus in the next year is expected to come from domestic demand from private consumers.

The positive overall market development in Germany is also reflected in the expectations for the submarkets for advertising and marketing services and for IT services, to which SinnerSchrader's services can be assigned. For the advertising industry, the Central Association of the German Advertising Industry ("ZAW") has predicted a rise in expenditure on advertising of 2.0 % in 2007, after 2.1 % in 2006.

Nielsen Media Research even identified growth in the gross advertising market in the field of traditional media of 5.1 % in 2006 and growth of 4.0 % for the first nine months of 2007. According to the industry association BITKOM, the IT service market grew by 4.5 % in 2006 and will probably rise by 4.9 % both in 2007 and 2008.

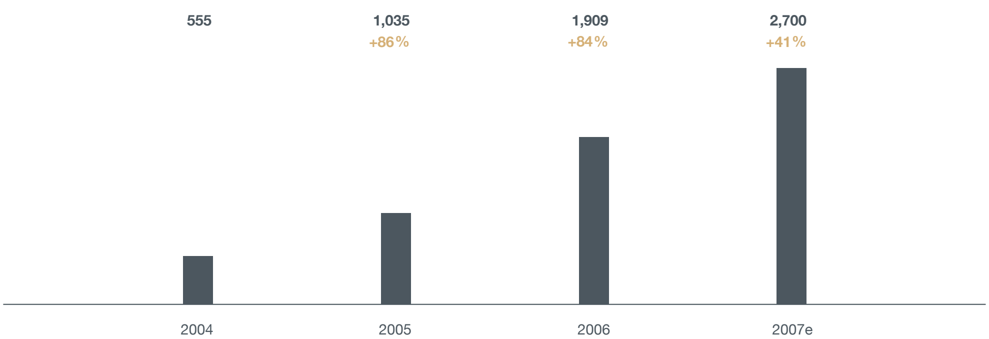
Comparatively independently of the economic ups and downs in the last ten years, the Internet has continuously gained importance for the relationship between companies and private consumers in recent years. In 2007, the online study conducted every year since 1997 by ARD and ZDF came to the conclusion, on the basis of a representative survey in March/April 2007, that 62.7 % of adults and young people over the age of 14 in the Federal Republic of Germany use the Internet. This means that in 2007, the number of Internet users, at 40.8 million, has exceeded the 40-million mark for the first time, a rise of 6 % in comparison to the study for 2006. The penetration rates in the age groups up to 29 are already well over 90 %. Of all Internet users, almost 97 % said that they had used the Internet in the last four weeks. Over 90 % now also go online from home and are on the Web for more than two hours on over 5.1 days per week on average. The highest absolute and relative growth rates in comparison to the last study were in the age group of over-50s.

According to internet facts 2007-II from the Arbeitsgemeinschaft Online-Forschung e. V. (“AGOF”), over 30 million people above the age of 14 in Germany have bought products and services online in the last twelve months. Even more – over 37 million – have procured information about products and services online to prepare for a purchase. Although books still headed the AGOF statistics on products and services bought over the Web, the number of users among those researching information who found out about flight and train tickets or holidays and last-minute trips was already bigger than the number of those finding out about books.

In June 2007, the market research company GfK AG quoted the total volume of products and services sold over the Internet in Germany as € 15.3 billion in its regularly published GfK-WebScope for 2006; this represents growth of 18.5 % in comparison to the value determined for 2005. For the next three years, GfK predicts annual growth rates of over 13 %, in which the e-commerce volume would rise from € 17.4 billion in 2007 to € 22.6 billion in 2009. In September 2007, GfK stated that the proportion of e-commerce in the total retail volume, not including food, for the first half of 2007 was 8 %. This means that, for the first time, the Internet had a bigger share of the entire retail volume than all other forms of distance trading together.

The increasingly numerous studies and figures prove that ever more people from all age groups and socio-demographic characteristics use the Internet. They are increasingly incorporating it in their everyday lives and using it for a growing number of purposes – communication, information, to buy goods and services, to consume media, etc. The idea is beginning to take hold that the Internet is not just a new channel for companies alongside the previous channels, but that it has changed the way in which consumers deal with companies and markets (and vice versa) and will continue to change it. One consequence of this idea is that marketing and advertising in future will have to be conceived from the point of view of the Internet and that the Internet will move into the role of the dominant medium. The growth rates for the gross advertising expenditure that companies are investing in advertising on the Internet are one indication that this process is already underway. According to the Online Marketing Group (“OVK”), growth in 2006 was 84 % and in 2007 will be around 42 %, well above the average growth for gross advertising expenditure as a whole.

Gross Advertising Expenditure for Online Advertising*, 2004 to 2007
in € million



* Comprises traditional online advertising, search-term marketing, and affiliate networks

The development of the Internet presents companies with the challenge of adapting to the changes and using them to their advantage. The favourable economic conditions release the means within companies to actively face up to these challenges. This creates an environment for the group of interactive agencies to consolidate their position dynamically with double-digit growth rates. By growing into the role of lead agency, there is also the prospect of improving business margins.

4 Business Development and Group Situation

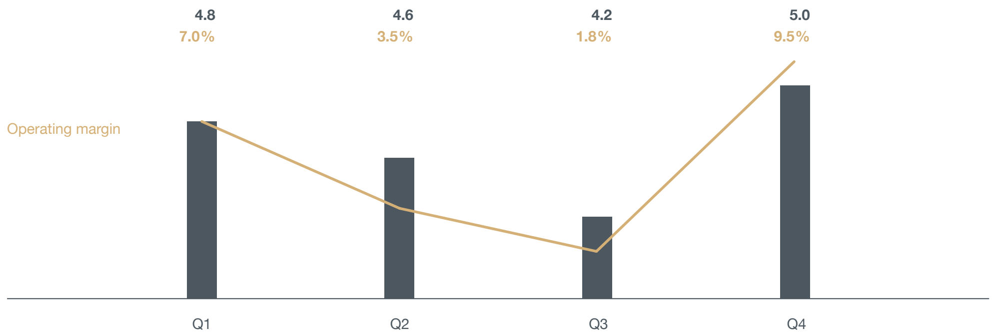
SinnerSchrader has used the positive business development of German companies resulting from the good economy and the greater importance of the Internet in many areas of business and society in the 2006/2007 financial year to increase its revenues by 17.5 % and to improve the operating results by 73.8 % in comparison to the previous year.

This means that SinnerSchrader exceeded its revenue growth goal of 15 % that it set itself for the financial year. However, it did not manage to double its operating result in spite of the million threshold being crossed. The reorganisation with which SinnerSchrader set the course for using the strengthened integrated business model of the interactive agencies and for continuing to dynamically expand its revenue and income resulted in one-off direct costs of around € 0.6 million that were not planned and that could only be partially compensated for.

After a good first business quarter, the reorganisation directly and indirectly encumbered the second and third quarters above all. In the fourth quarter, SinnerSchrader was able to tie in to the performance of the first quarter again and, with an operating margin of 9.5 %, almost reach the medium-term goal of an operating margin of 10 % to 12 %.

Revenues and Operating Margin According to Quarters

in € million and %



Due to the continuous improvements in results in recent years, burdens from taxes on income at the Group level had to be posted again in the report for the first time as of 31 August 2007. As a result, the net income for 2006/2007 was slightly below the previous year's level and was € 0.09 per share. The cash flow was positive overall, meaning that the liquid funds rose by € 0.4 million to € 10.4 million at the end of the financial year. The equity ratio as of 31 August 2007 was just under 75 %.

The development of the key indices for business development and the Group's asset and financial situation in the period covered by the report will be described in the following.

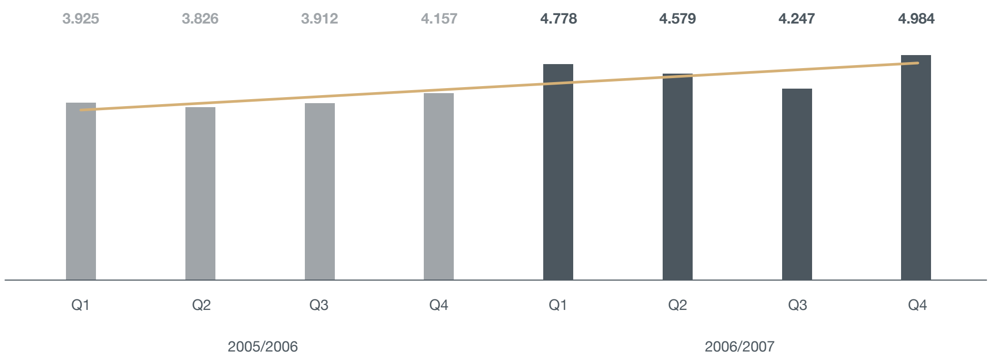
4.1 Revenues

With € 18.6 million in (gross) revenues, SinnerSchrader earned the highest annual revenues to date in its history in the 2006/2007 financial year and exceeded the previous top value from the 2000/2001 financial year, the last financial year before the crisis in the so-called New Economy. In comparison to the previous year, this represented a revenue increase of € 2.8 million or 17.5 %.

Whereas the growth rates in the first, second, and fourth quarter were each 20 % and higher in comparison to the comparable periods of the previous year, the growth rate in the third quarter at just under 9 % was much lower. This was mainly associated with the decision to reorganise the operating business. This decision, which was taken at the end of 2006, meant that for two quarters, the activities of SinnerSchrader were much more internally focused. After the reorganisation was introduced on 1 May 2007, the Company was pleasingly quick to concentrate its efforts on the market again and to make the fourth quarter of 2006/2007 one of the highest-revenue quarters of SinnerSchrader to date, with (gross) revenues of just under € 5 million. This prompt success is an indication that the reorganisation was positively accepted by the market and existing customers. In June and July 2007, SinnerSchrader recorded the highest incoming orders in the financial year.

Revenues According to Quarters

in € million



This good growth was achieved in the Interactive Services and Interactive Marketing segments, which increased by 39 % and 21 %, respectively, in relation to revenues with external customers in the 2006/2007 financial year. By contrast, the revenues of the Interactive Software segment fell slightly by around 5 %.

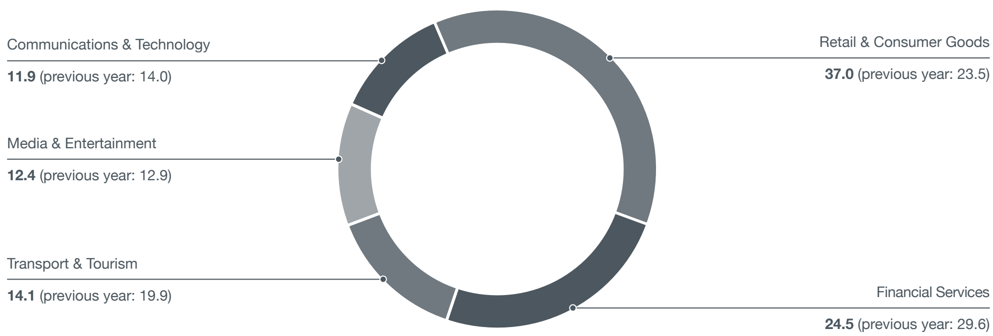
In Interactive Services, SinnerSchrader was able to expand the volume of the media budget that it manages by 47 % mainly through its business with media services. Business with analysis services developed even more dynamically. Here, Interactive Services more than doubled its revenues by investing in the expansion of its business by strengthening the team specifically.

In the Interactive Marketing segment, success in business with new customers was the reason for the pleasing expansion of business. Around 25 % of the revenues in the 2006/2007 financial year were earned in this segment with customers for whom SinnerSchrader had not worked in the previous year, including the Danish shoe brand ECCO and the Austrian jewellery designer Swarovski.

Overall, the quota of new customers for SinnerSchrader in the year covered by the report was 11 %. A lack of success in the acquisition of new customers meant that revenues in the Interactive Software segment fell slightly because cyclical budget fluctuations among existing customers after the completion of major projects in the previous year could not be compensated for by new business, as is usually the case.

The growth in the budget in the media business, which we mainly take care of for customers from the retail and consumer goods sector, and the acquisition of the new customer ECCO resulted in a significant rise in the proportion of revenues that SinnerSchrader earns in this sector. Whereas the proportion was only 23.5 % in the previous year, in the 2006/2007 financial year it reached 37 %. Because of the particular dynamism in business with customers in this sector, the revenue proportions fell in the other sectors. The Financial Services sector accounted for 24.5 % of the revenues, after 29.6 % in the previous year, the Transport & Tourism, Media & Entertainment, and Telecommunications & Technology sectors reached revenue proportions of 14.1 %, 12.4 %, and 11.9 %, respectively, in the year of the report.

Revenues According to Sectors
in %



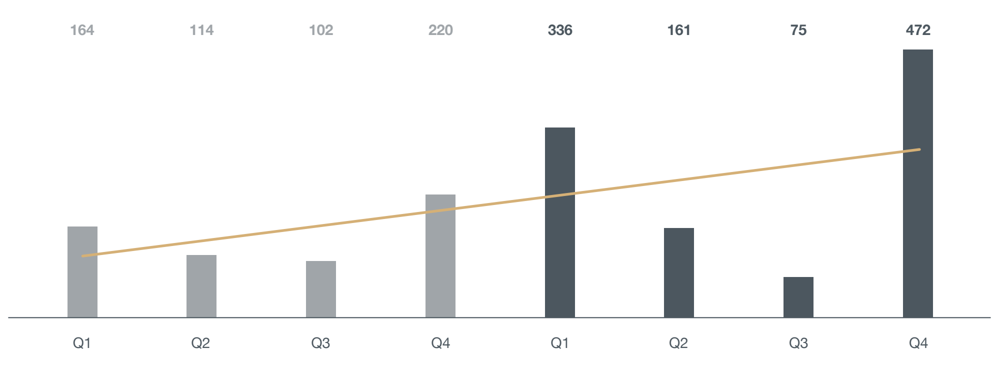
After a slight fall in the 2005/2006 financial year, the importance of the ten biggest customers for SinnerSchrader rose again in 2006/2007. They were responsible for almost 84 % of the entire (gross) revenues of SinnerSchrader. In the previous year, the proportion was 77 %. The biggest customer alone accounted for 25 % (previous year: 17 %). SinnerSchrader earned revenues of over € 1 million each with six customers. Overall, the dependency on a few major customer relations, which is comparable with the situation of most competitors, was one of the features of SinnerSchrader's business.

4.2 Operating Result

Borne by the expansion of the business volume, in the 2006/2007 financial year SinnerSchrader increased the income from its operating business, measured in terms of the earnings before interest, taxes, and amortisation from acquisitions (EBITA), by just under € 0.45 million or 74 % to slightly over € 1 million.

The operating margin, the ratio from EBITA and revenues, improved from 3.8 % in the previous year to 5.6 % in 2006/2007. The development of operating performance over the four business quarters continued to show a positive trend toward the operating margin of 10 % to 12 % that SinnerSchrader is aiming at in the medium term. In the fourth quarter, a margin of 9.5 % was achieved.

EBITA Development According to Quarters
in € 000s



The noticeably poor performance in the third quarter is closely linked to SinnerSchrader's reorganisational measures. Overall, direct costs in the amount of approximately € 0.6 million were incurred in the year covered by the report for reorganisation, especially for change management consultancy and support and for dissolving contracts. These direct costs were assigned to the administrative costs. Above and beyond the direct costs, the change project temporarily impaired the marketing and project activities and thus caused a negative impact on the revenue side. Both burdens were mainly felt in the third quarter. The one-off costs from reorganisation were partially compensated for by temporary savings in the amount of around € 0.2 million, among other things from rent reductions for the office building that we moved into in early August 2006.

The improvement in the EBITA comes completely from the gross profit, for which SinnerSchrader recorded growth in the amount of the EBITA rise of just under € 0.45 million. However, this rise was disproportionate in comparison to the (gross) growth in revenues; this was also expressed in the fall of the gross profit margin by just under 2 percentage points to 27.2 % in the 2006/2007 financial year. The reason for this is the disproportionately strong growth of the media budget managed by SinnerSchrader, as a result of which the proportion of lower-margin media business in the Group's (gross) revenues increased further. The total from sales, general, and administrative costs as well as research and development costs did not change in the year covered by the report in comparison to the previous year. Slight increases in the sales and research and development costs of a total of € 0.1 million were balanced out by further slight reductions in the administrative costs of the same order of magnitude. In percentage of the (gross) revenues, the administrative costs above all fell from 18.4 % in the previous year to 15.1 %. As in the previous year, the balance of other income and expenses resulted in a contribution to income of just under € 0.1 million in 2006/2007.

In the breakdown according to cost types, the 66 % rise in media costs documents the high speed of growth in the media business. There were also marked increases in the costs of external services and personnel costs in the 2006/2007 financial year. In the development of personnel costs (up by 14.9 %) it must be remembered that the reorganisation had a negative impact of just under € 0.4 million on the development. After adjustment, growth of just above 10 % remains, which documents that SinnerSchrader has once again invested heavily in expanding its own personnel capacity in the financial year. On average, 145 full-time employees worked for SinnerSchrader during the year covered by the report, in comparison to 129 in the previous year. Due to the increasingly complex settling-in processes, the new staff members were not yet fully productive in the financial year. Furthermore, there were slight drops in productivity associated with the introduction of the new organisational structure in early May 2007.

The rises in the costs of external services and personnel were contrasted with considerable cost reductions in depreciations by almost € 0.15 million and in other operating costs by a good € 0.6 million. These were mainly made possible by the move into new office space at the main location of Hamburg in the last month of the previous financial year. However, these savings, amounting to approximately € 0.2 million, are only of a temporary nature because they were a result of cuts in rent, among other things. In addition, the expenditure on guarantees developed positively, resulting in an increase of a good € 0.1 million in the operating result in comparison to the previous year.

In the breakdown according to segments, the EBITA rise was attributed to the reduction of the costs not distributed among the segments, in particular because the vacant property costs in the old office building in Hamburg that were incurred were not distributed to the operating segments in the past. By contrast, the costs of reorganisation in the year covered by the report were fully distributed among the segments.

Of the operating segments, the Interactive Software segment was able to hold its own in spite of a slight fall in revenue. Thanks to its dynamic revenues development, the Interactive Marketing segment raised its income by just under € 0.1 million, whereas the Interactive Services segment posted income that was only about € 0.25 million lower. In this segment, the negative contributions to income from business with analysis services resulting from preliminary work to expand the segment's position could not be compensated for by increased income from business with operating and media services.

4.3 Annual Result

The improvement in the operating result was supplemented by a marked improvement in the result achieved from investments in liquid funds. In the 2006/2007 financial year, the financial result rose by just under € 0.15 million or around 60 % to reach just under € 0.4 million. With an unchanged investment strategy and only slightly higher average amounts invested, the rise mainly resulted from the rise in interest in the short-term investment sector. Over the course of the year covered by the report, the 1-month Euribor rose from 3.09 % on 31 August 2006 to around 4.10 % in the summer of 2007, and on 31 August 2007 it actually climbed to 4.46 % for a short time due to the uncertainties caused by the US property market crisis.

Taking the operating performance and the results of the liquidity investment together, SinnerSchrader expanded its earnings before tax in the 2006/2007 financial year by just under € 0.6 million or 70 % to € 1.4 million.

For the first time in several years, an income tax charge was posted in the Consolidated Financial Statements for the 2006/2007 financial year according to IFRS. After the effects from the offsetting of losses according to the IFRS rules in the previous year for the entire domestic loss carry-forwards of the AG in the Consolidated Financial Statements had to be given preference over the formation of a deferred tax asset item as of 31 August 2006, this deferred item had to be depleted with an effect on income in the statements as of 31 August 2007 in proportion to the use of the loss carry-forwards. Another charge, however to a much lesser extent, resulted from the revaluation of the effects arising from the loss carry-forwards remaining for future offsets, which were necessary because of the reduction in trade and corporation tax that will take effect for SinnerSchrader in the 2007/2008 financial year.

The tax charge thus to be identified in the Group was partially balanced out by a positive one-off effect from the posting of the claims for reimbursement of the corporation tax credits, which had to be posted on the basis of the Act on Tax Measures Accompanying the Introduction of the European Company in the amount of € 0.15 million. On balance, there was a tax charge in the Consolidated Financial Statements in the amount of € 0.4 million, which corresponds to an effective tax rate of around 28.2 %. In the previous year, tax revenues of € 0.4 million were posted as a result of the above-mentioned preemptive effect.

Consolidated Income Reconciliation 2005/2006 to 2006/2007

in € million

The consolidated income after taxes thus amounted to around € 1.0 million or € 0.09 per share in the year covered by the report and was slightly below the annual result of the previous year of € 1.1 million or € 0.10 per share.

4.4 Cash Flows

From 31 August 2006 until the reporting date of the 2006/2007 financial year, 31 August 2007, liquid funds in the amount of € 0.4 million flowed into the Group on balance. The cash flow from operating activities in the amount of € 0.9 million was used as follows: € 0.4 million for investments in fixed assets and, to a small extent, for buying back treasury stock, which began in the last two months of the financial year. The remaining balance increased the item for liquid funds and currency equivalents from € 10.0 million to € 10.4 million. In the previous year, the cash flow from operating activities of € 0.1 million was not enough to cover the increased need for investment of € 0.8 million, with the result that the total liquid funds were reduced by € 0.6 million.

The cash flow from operating activities in the 2006/2007 financial year was once again much higher than in the previous year, although the tying up of funds in net current assets rose again by just under € 1.0 million. The rise is mainly due to the further increase in trade accounts receivable as of 31 August 2007. In addition to the effect from expanding business volume and another high revenue share in the final quarter, this rise was the result of the extension of the payment target by 30 days by one of SinnerSchrader's three biggest customers. However, this was countered by a release of funds of approximately € 0.3 million due to the change of the tax-related balance sheet items – deferred tax assets, deferred tax liabilities, and tax reclaims. In the previous year, funds in this amount were still tied up in the items.

SinnerSchrader's investment activities in the year covered by the report were limited to the procurement of tangible assets and software, as in the previous year. After the main investments associated with moving into new office premises in Hamburg had been made in the 2005/2006 financial year, the scope of investments in 2006/2007 normalised again and reached a good € 0.4 million. Around € 0.1 million of this was accounted for by the purchase of software, including for the further expansion of central business administration systems. € 0.2 million was invested in computer hardware, just under € 0.1 of which was used to expand systems operated on behalf of customers. Office and business equipment was procured for another € 0.1 million, including for completion of the newly rented premises in Hamburg.

To a lesser extent, cash flows from financing activities associated with treasury stock were released in the 2006/2007 financial year. On the one hand, the exercise of employee options, which was covered by issuing treasury stock, resulted in an inflow of funds. On the other hand, a share buy-back programme started again in July 2007, which resulted in the first outflows of funds before the end of the financial year.

4.5 Asset and Financial Situation

In the 2006/2007 financial year, SinnerSchrader once again concentrated on the organic development of business, with the result that the balance sheet structure only changed slightly in the year. The Group is still debt-free and as of 31 August 2007 had liquid funds in the amount of € 10.4 million, which was invested in interest-bearing direct investments or funds with a low risk of an interest rate change, short terms, and low failure and liquidity risks.

Balance Sheet as of 31.08.2006 and 31.08.2007
in € million

The shareholders' equity grew in the amount of the consolidated income by around € 1 million to reach € 12.5 million as of 31 August 2007. Since the balance sheet total increased disproportionately strongly by € 1.7 million, the equity ratio fell slightly from 76.5 % as of 31 August 2006 to 74.8 % on 31 August 2007.

The trade accounts receivable and unbilled services rose in total by just under € 1.6 million. This rise was caused on the one hand by the increased business volume, and on the other by the demanded increase in payment targets by major customers. This was contrasted with an increase in the corresponding items on the liabilities side – trade accounts payable and deposits received – of € 0.6 million.

The other accrued expenses increased again by € 0.1 million to € 1.8 million in comparison to the final value at the end of the previous year, mainly because of accrued expenses for dealing with measures resulting from the reorganisation.

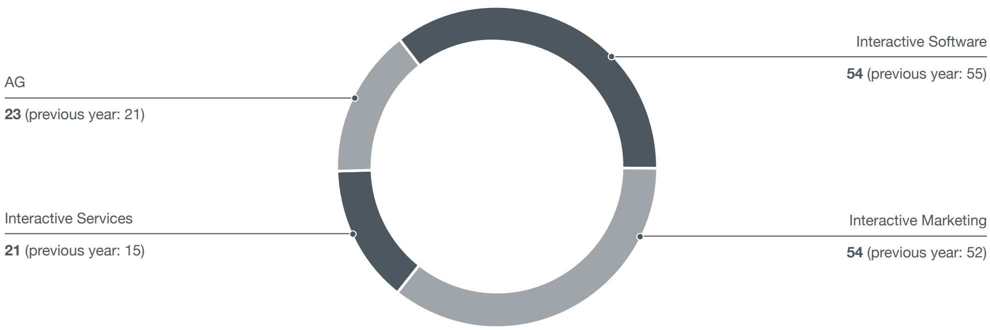
The overall active income tax position from deferred taxes and tax reclaims fell by around € 0.3 million to € 0.3 million as of the reporting date. Due to the use of loss carry-forwards resulting from the result of the 2006/2007 financial year, the deferred tax assets declined by so much that they were slightly surpassed by rising deferred tax liabilities, mainly from differences in project evaluation according to IFRS and tax regulations. Conversely, the tax reclaims rose due to the tax advance payment made within the context of liquidity investment and the posting of the discounted claim for the instalment payment of the AG's corporation tax credit in the next ten years.

The fixed assets from software and property and equipment hardly changed in light of investments of around the same amount as the depreciations in the 2006/2007 financial year and were around € 1.15 million as of 31 August 2007.

4.6 Employees

In the 2006/2007 financial year, SinnerSchrader continued with the expansion of its own capacity that it had resumed in the last few months of the previous financial year. Whereas 143 employees (including the Management Board, the management, trainees, and interns) worked at SinnerSchrader as of 31 August 2006, this figure rose to 152 employees as of 31 August 2007 due to this expansion. The number of staff was increased in the Interactive Services and Interactive Marketing segments, while the number of employees assigned to the Interactive Software segment fell slightly.

Employees According to Sectors



The personnel capacity, stated on the basis of the average number of full-time employees, rose from 129 full-time employees in the 2005/2006 financial year by around 13 % to 145 full-time employees in the 2006/2007 financial year. In the course of this expansion, SinnerSchrader increasingly hired younger members of staff who will only gradually become fully productive, with the result that the utilisation of the overall personnel capacity fell slightly for a short while. Thanks to the considerable increase in the media business, the revenue per full-time employee nevertheless rose from € 123,000 in the previous year to € 128,000 in the year covered by the report.

5 Development and Situation of SinnerSchrader AG

SinnerSchrader AG is the managing holding company of the SinnerSchrader Group. As in the previous year, its business activities mainly comprise guiding and controlling the operating Group companies and financing them, administering and controlling Group liquidity, managing the German tax integration, providing and administering the infrastructures jointly used by the Group companies (in particular the office space), centrally providing administrative services, and performing central Group tasks, such as investor relations work.

There are direct or indirect profit and loss transfer agreements between SinnerSchrader AG and the German subsidiaries. This means that the profits and losses from operating business are also reflected in the individual result of the AG for the relevant year of the report, in each case as income from transfers of profits or as expenditure from transfers of losses. With respect to the provision of infrastructure and the central provision of administrative services, SinnerSchrader AG is in a direct business relationship with the German subsidiaries; it charges them for the services rendered and earns its own revenues from this.

The annual result of the AG, determined according to German accounting principles, amounted to € 3.2 million in the 2006/2007 financial year in comparison to € 3.5 million in the previous year.

The difference of approximately € 2.2 million between the net income in the financial statements of the AG and the Consolidated Financial Statements is mainly due to the fact that the AG has to write up the value of its participation in SinnerSchrader Deutschland GmbH, in which the entire operating business of the SinnerSchrader Group is bundled, up to the original acquisition value in the event of increases in value. Due to the operating result of the financial year and the strengthening of the positive outlook, the value determination for SinnerSchrader Deutschland GmbH resulted in a value increase of € 2.0 million to a new value of € 16.0 million on the basis of the discounted cash flow method. The value recovery as of 31 August 2006 correspondingly resulted in other operating income in the AG's Statements of Operations.

Above and beyond this, the differences between the international accounting regulations according to IFRS and the German Commercial Code ("HGB") also had an impact. For example, the level of the transfer of profits from the business of the German subsidiary was € 0.35 million below the total of the segment results, in particular because the shares in profits from POC (percentage-of-completion) evaluations according to HGB are incurred only upon completion and acceptance of a project. Additionally, no deferred tax assets on loss carry-forwards are to be formed under HGB, with the result that use of them in the AG in the 2006/2007 financial year could not lead to the posting of a tax charge. The tax revenues from the posting of the claim for reimbursement of the corporation tax credit therefore remained in the financial statements of the AG, with the result that this position in the financial statements of the AG was € 0.5 million higher than the consolidated income.

The decline of the AG's net income by € 0.35 million in comparison to the previous year was mainly caused by the € 0.5 million decrease in the value of the stake in shares of SinnerSchrader Deutschland GmbH in the other operating income. Positive effects from much lower depreciations (€ +0.15 million) following the move into new office premises, from higher interest income (€ +0.15 million), and from posting the tax reclaim (€ +0.15 million), reduced by the decline in the income from profit transfer agreements (€ –0.25 million), could partially compensate for the loss of the contributions to income from the valuation.

The net income was posted in the Company's reserves in the amount of the value increase and an additional 50 % of the remaining net income. Accordingly, the accumulated income as of 31 August 2007 rose by € 0.6 million to € 1.4 million.

The shareholders' equity of the AG thus reached € 27.8 million as of 31 August 2007. With only a slight decline in other accrued expenses (€ 0.45 million) and liabilities (€ 0.2 million), the balance sheet total amounted to € 28.5 million, with the result that the equity ratio as of 31 August 2007 rose by one percentage point to 98 %.

The increase in assets corresponding to the rise in shareholders' equity largely took place in the shares in associated companies, which were upgraded by € 2.0 million. Furthermore, the liquid funds and securities increased by a total of € 1.7 million and the tax reclaims increased by € 0.2 million, whereas the liabilities toward affiliated companies fell by around € 0.8 million.

Within securities, the value of treasury stock rose slightly because of the buy-back programme that started in July 2007. As of 31 August 2007, SinnerSchrader held 140,886 shares of treasury stock in comparison to 131,347 as of 31 August 2006.

6 Compensation System for the Company Boards

6.1 Compensation System for the Management Board

The specification of the structure and the level of compensation for the Management Board is the duty of the Supervisory Board. The compensation of the Supervisory Board is determined by the Annual General Meeting.

The compensation system for the Management Board is aimed at compensating the individual members appropriately according to their areas of activity and responsibility while taking adequate account of individual performance, Company success, and the development of the share price by means of a substantial variable portion. It is made up of the following components:

- a fixed base salary to be paid in twelve equal monthly instalments
- a performance-related annual bonus on the basis of achieving individual goals and Company goals laid down in the annual plan
- other benefits (mainly a company car, accident insurance, D&O insurance with an excess, the reimbursement of expenses)

The individual weighting of each component takes account of the fact that the Management Board members hold varying stakes in the Company. Matthias Schrader, co-founder of SinnerSchrader AG, currently holds 2,342,675 shares, or 20.3 % of all shares issued. When Thomas Dyckhoff joined the Management Board of SinnerSchrader AG in 1999, he acquired 49,950 shares at the share price of the time, which he still holds and which correspond to 0.4 % of all shares issued. By exercising share options, he increased his proportion by 12,500 shares to over 0.5 % in the 2006/2007 financial year.

The salary package of Mr Schrader therefore comprises only a fixed base salary and the other benefits, whereas all compensation components are part of Mr Dyckhoff's salary agreement. As share-based compensation, Mr Dyckhoff received share options from the SinnerSchrader option programmes from 1999 and 2000 for the appointment period from September 2002 to December 2004 and a share-based bonus commitment for the appointment period from January 2005 to December 2007.

The 1999 and 2000 Stock Option Plans provide for an exercise price of 20 % above the average closing price of the SinnerSchrader share on the ten trading days before allocation, waiting periods of two, three, and four years for exercising one-third each of the allocated shares, a total term of six years, and a forfeiture if a member leaves the Board before the end of the waiting period. On 1 September 2002, Mr Dyckhoff was allocated 25,000 options from these programmes on a one-off basis with an average exercise price of € 1.53. The value of these options was € 0.72 at this time on the basis of a valuation according to the Black-Scholes model. The waiting period has now been fulfilled for all options. In the second quarter of the 2006/2007 financial year, Mr Dyckhoff exercised 12,500 of these share options at the specified exercise price.

The share-based bonus commitment guarantees a bonus payable in January 2008 which is dependent on the average closing price of the last ten trading days of 2007 minus € 1.61 and which was allocated for a notional number of 200,000 shares. The bonus commitment provides for dividend payments and repayments from capital decreases, capital increases, and comparable events so that the recipient is not in a worse position than a shareholder who holds the shares over the same period. Furthermore, the bonus commitment provides for an early bonus settlement in the event of a takeover of 75 % and more of the shares in SinnerSchrader AG by an investor or similar events. The current value of the bonus component determined on the basis of the Black-Scholes model was € 2,724 as of 31 August 2007.

The D&O insurance concluded for the members of the Management Board as part of the other benefits provides for an excess of € 10,000.

The members of the Management Board are subject to a post-contractual ban on competition which provides for compensation for observing this period in the amount of 50 % of the most recent fixed annual compensation payment received.

An individualised and itemised overview of the compensation for the members of the Management Board for the 2006/2007 financial year can be found in Section 5.3 of the Notes to the SinnerSchrader AG Annual Financial Statements.

6.2 Compensation System for the Supervisory Board

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

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

The Chairman of the Supervisory Board receives fixed and variable compensation that is double the compensation of the regular members. His deputy receives one and half times the fixed and variable compensation.

An individualised and itemised overview of the Supervisory Board compensation for the 2006/2007 financial year can be found in Section 5.4 of the Notes to the SinnerSchrader AG Annual Financial Statements.

7 Supplementary Information Required under Article 289 Para. 4 and Article 315 Para. 4 of the German Commercial Code

- **Re No. 1**

The subscribed capital of SinnerSchrader AG is divided into 11,542,764 individual no-par-value share certificates with a calculated face value of € 1 issued in the name of the owner. Different classes of shares have not been formed.

- **Re No. 2**

The members of the Management Board are underwriters of a consortium agreement in which the pre-IPO investors in SinnerSchrader AG are obligated to the pooling of voting rights in the event of exercising rights and to standard pre-purchase and co-sale rights.

- **Re No. 3**

Several shareholders have notified SinnerSchrader AG pursuant to Article 21 of the Securities Trading Act (“WpHG”) in conjunction with Article 22 WpHG that over 10 % of the votes can be assigned to them. The most recent notification for each individual is listed in Section 5.7 of the Notes to the SinnerSchrader AG Annual Financial Statements as of 31 August 2007.

According to the information there as well as the presentation of the shares held by the Board members on page 80 of this report, Matthias Schrader, co-founder of SinnerSchrader and Chairman of the Management Board of the AG, directly holds 2,342,675 shares, corresponding to 20.3 % of all votes.

• **Re No. 4**

None of the shares issued in SinnerSchrader AG are granted special rights.

• **Re No. 5**

The AG does not initiate voting controls for employees holding a share of the capital if these employees do not fall under the consortium agreement cited in Item 2.

• **Re No. 6**

The appointment and dismissal of the members of the Management Board is based on Article 84 of the German Stock Corporation Act (“AktG”). In addition, the Statutes of SinnerSchrader AG make provisions for the Management Board to be made up of at least two people and for the Supervisory Board to be able to appoint deputy members of the Management Board.

According to Article 119 para. 1 No. 5 AktG, amendments to the Statutes are subject to the Annual General Meeting. According to the Statutes, the Supervisory Board is furthermore authorised to adopt amendments to the Statutes that affect only the wording.

• **Re No. 7**

The Annual General Meeting of 28 January 2004 authorised the Management Board to increase the share capital of the AG once or repeatedly by up to a total of € 5,770,000 until 15 January 2009 with the approval of the Supervisory Board by issuing new no-par-value shares in return for a contribution in cash or a contribution in kind.

The Annual General Meeting of 23 January 2007 authorised the Management Board to increase the share capital of the AG with the approval of the Supervisory Board by 31 December 2011 by issuing a total of up to 600,000 option rights to no-par-value share certificates of the AG to employees and members of the management of the AG and affiliated companies conditionally by up to € 600,000.

According to the Annual General Meeting of 23 January 2007, the Management Board is entitled to buy back treasury stock up to a total share in the AG of 10 % of the share capital via the stock exchange or a public purchase offer addressed to all shareholders by 15 July 2008. The Management Board may not take advantage of this authorisation to trade treasury stock.

• **Re No. 8**

Major agreements made by the AG which are subject to the condition of the change of control exist only if the share-based bonus of the Management Board member Thomas Dyckhoff is prematurely settled in the event of a takeover of 75 % and more of the shares of SinnerSchrader AG by an investor before 31 December 2007.

• **Re No. 9**

No compensation agreements made by the AG in the event of a takeover offer have been made with members of the Management Board or employees.

8 Risks and Opportunities for Future Business Development

In its business, SinnerSchrader is subject to many risks which could have a negative impact on the Group's and the AG's asset, financial, and income situation or could result in SinnerSchrader failing to meet the goals it has set for future business development.

It is necessary to take risks when engaged in entrepreneurial activity aimed at earning profits. To ensure that the success is sustainable, it is important to manage these risks. On the one hand, this means evaluating them for probability of occurrence and the possible impact on the asset, financial, and income situation and continuously monitoring them. On the other hand, it means identifying measures with which risks can be limited or avoided and – with regard to the Group's own core expertise, financial strength, and the costs of the relevant measures – defining which limitation or avoidance measures should be taken to what extent for which risks.

In managing the Group, it is one of the key tasks of the Management Board to define general conditions and processes for risk management for the SinnerSchrader Group, to monitor compliance with them, and to regularly analyse the development of the risks in each division with the managers of the operating units and administrative divisions.

The SinnerSchrader Group's risk management system and the risk profiles of the individual divisions are documented in a risk manual. An employee from the financial division of the AG has been appointed the Group's risk officer and has been commissioned to ensure that the specified risk management system is internally evaluated on a regular basis and that the results of this evaluation are documented in a risk report to the Management Board at least once a year. Furthermore, it is the task of the risk officer to randomly analyse individual divisions on behalf of the Management Board with regard to the extent to which the specified measures to limit or avoid risks are being implemented.

It is the responsibility of the managers of the individual divisions to continuously monitor and manage the risks in their own divisions. If there is a significant increase in the degree of individual risks above a specified threshold, the managers are required to report this immediately to the Management Board.

Good risk management depends on quickly and reliably providing information to the management about the course of business. To this end, SinnerSchrader has set up a controlling and reporting system which reports on a monthly basis on the development of key business data in the individual divisions and on the financial results.

As far as the key risk areas are concerned, the risk profile of the SinnerSchrader Group has hardly changed in the 2006/2007 financial year. In the following, individual important risk areas will be explained in more detail. This selection of risks does not mean that there can be no significant impact on the asset, financial, and income situation of SinnerSchrader from other risks that have not been mentioned.

- **Economic Risks**

The general economic development influences the volume of investments in IT and Internet services as well as expenditure on online advertising and supporting services. A deterioration in the economic situation could reduce the market volume addressed by SinnerSchrader with regard to quantity and price. The measures for capacity adjustment which are necessary as a reaction to such a development may be effective only with a time lag and would lead to costs for restructuring measures.

- **Competition**

Competition in the market for IT and Internet services has increased continuously in recent years. In particular, there are providers active in this market – or who are appearing on this market – who have a broader portfolio of services, more international business, and longer and better-established customer relationships than SinnerSchrader. The future development of SinnerSchrader largely depends on how well SinnerSchrader succeeds in establishing adequate prices on the market for its services as a specialised service provider without the means of temporary cross-subsidisation.

The extent to which the procurement of programming services in emerging nations becomes more important for competitiveness in relation to the individual developments offered by SinnerSchrader is also significant in this context. SinnerSchrader does not currently have sources for such services and, if necessary, could only build them up over time. Bigger competitors with an international market presence already have the relevant structures or would be able to establish them more quickly.

- **Operational Risks**

Sinner Schrader earns just under 25 % of its revenues with one customer; the five biggest customers have a joint share of slightly over 65 % of revenues. In the best case, it would only be possible to compensate for the loss of the business of these important customers after a considerable amount of time, and during this time it would not be possible to reduce costs correspondingly.

Since SinnerSchrader’s business revenues are not secured by long-term contracts, but instead largely come about on the basis of individual orders for a limited period, revenue plans are subject to a high degree of uncertainty. The tendency of SinnerSchrader’s customers to commission whole projects in small steps has not yet diminished, with the result that orders on hand do not extend beyond one quarter’s revenues.

SinnerSchrader processes a major part of its revenues within the framework of fixed price agreements. Because of complexity and high technical demands, the originally calculated costs may be exceeded, resulting in unplanned losses. Furthermore, SinnerSchrader assumes standard guarantee and liability stipulations within the framework of project contracts, which can result in considerable follow-up costs for individual projects.

The projects that SinnerSchrader undertakes for renowned customers sometimes have a considerable effect in the public sphere. Quality deficiencies in providing the service can therefore result in negative publicity, which could significantly impair the sale of services and thus future business development.

- **Personnel Risks**

The success of SinnerSchrader is heavily dependent on the qualification and motivation of its staff. Particular importance is attached to certain employees in key positions. If SinnerSchrader does not succeed in keeping these employees in the Company or in continuously hiring qualified employees, the success of SinnerSchrader may be significantly impaired because of the loss of expertise.

- **Technological Risks**

The market for IT and Internet services is characterised by a high rate of change in the basic technologies used and by a level of standardisation which remains low. The future market success of SinnerSchrader depends on the extent to which the breadth and depth of the technological expertise can be kept at an adequate level and technological dead-ends can be avoided in view of high employee training costs with limited resources.

- **Risks from Acquisitions**

SinnerSchrader is also interested in expanding its market position in Germany through targeted acquisitions. The success of acquisitions depends on the extent to which the acquired company can be integrated in the Group structure and the desired synergies are achieved. In this context, acquisitions in the field of professional services entail a particular risk in that the expertise, market knowledge, and customer relations which are being acquired are rarely permanently tied to the acquired company. Unsuccessful integration can therefore quickly lead to the need for considerable depreciation, or even a total loss of the investment.

In spite of the relevance of the risks listed above and on the basis of the available information, no risks are currently apparent that would threaten the future existence of the SinnerSchrader Group or SinnerSchrader AG. Because of the positive business development in the 2006/2007 financial year, the asset and financial situation of the Group is stable.

The risks are countered by opportunities, and SinnerSchrader could exceed its goals if they occur. The main opportunities lie with existing customers, the SinnerSchrader brand name, and the performance of some key members of staff, especially those with sales and customer support tasks. Above and beyond what is assumed in the plans, these three factors could result in currently unforeseeable individual orders from existing customers or a higher-than-planned new customer rate.

Another special opportunity lies in the development of the position of interactive agencies in the market for marketing and advertising services. Because of their growing importance, interactive agencies could take on a leading role among companies with respect to their marketing and advertising services and replace the service providers currently established there in the coming years. As a result, higher order volumes, longer-term customer relationships, and overall higher margins could be possible for SinnerSchrader.

Also, the rising demand for the services offered by SinnerSchrader alone could result in SinnerSchrader being able to achieve higher prices on the market than assumed in the plans.

Furthermore, a successful acquisition could bring about a very positive change in the planned development. The forecasts are based only on the organic development of SinnerSchrader.

9 Major Events after the Balance Sheet Date

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

10 Forecast

The Internet is bringing about lasting changes in the relationship between consumers and companies. All statistics tracing the development of the Internet and its use over recent years underline this. However, companies are only now beginning to use this knowledge to control their marketing and sales activities.

It is therefore not surprising that in 2007, the “Internet/IP” segment in the international Deloitte survey of CEOs of leading growth companies, the “2007 Global Survey of CEOs in the Deloitte Technology Fast 500”, emerged as the segment that most CEOs see as the strongest growth segment, both with respect to the next twelve months and for the coming three years. The gap between this segment and the second most commonly named segment has grown in comparison to the previous year.

In SinnerSchrader’s estimation, the upcoming developments in marketing and sales on the part of companies offer the opportunity for interactive agencies to move out of the second division and take on a leading role with customers with regard to the alignment and shape of the marketing and sales platforms in the years ahead. Together with the impetus from the economy in Germany and the resultant increased willingness of companies to invest, this change in marketing and sales therefore offers the best conditions for a pleasing development in the market for interactive services.

In the 2006/2007 financial year, SinnerSchrader grew successfully and, in parallel, has strengthened its core skills as an interactive agency through reorganisation. These skills involve thinking and working from the basis of the interaction of creation, technology, and consultation with a clear focus on interactive consumers. SinnerSchrader therefore assumes that it will be able to take advantage of the growth potential in the market by means of organic development, and it foresees revenue growth of 15 % to reach (gross) revenues of over € 21 million for the 2007/2008 financial year.

Following the reorganisation and adjustment of the cost item for renting vacant property, SinnerSchrader also assumes the operating margin in the 2007/2008 financial year will markedly improve to between 8.5 % and 9 %. Accordingly, the EBITA will be on the order of between € 1.8 million and € 1.9 million. The increase in operating business will also be reflected again in the net income and the earnings per share.

For the following year, SinnerSchrader is expecting double-digit revenue growth and a disproportionate development of the operating result and the net income. SinnerSchrader still intends – where practically possible – to expand, including by means of acquisitions, in order to tap into further growth and profit potential.

Hamburg, 24 October 2007

The Management Board

Matthias Schrader Thomas Dyckhoff

CONSOLIDATED FINANCIAL STATEMENTS 2006 | 2007

Consolidated Financial Statements of SinnerSchrader AG

Consolidated Balance Sheets

as of 31 August 2007

Assets in €	Notes no./Page	31.08.2007	31.08.2006
Current assets:			
Liquid funds	2.10/48	5,453,719	2,510,285
Marketable securities	4.5/56	4,996,007	7,495,189
Cash and cash equivalents		10,449,726	10,005,474
Accounts receivable, net of allowances for doubtful accounts of € 157,924 and € 156,759 at 31.08.2007 and 31.08.2006, respectively	2.8/48	3,962,166	2,774,928
Unbilled revenues	4.3/55	778,344	410,649
Tax reclaims	4.4/56	342,088	125,920
Other current assets and prepaid expenses	4.4/56	86,492	105,205
Total current assets		15,618,816	13,422,176
Non-current assets:			
Intangible assets	4.1/54	161,998	109,899
Property and equipment	4.1/54	989,363	1,028,960
Deferred tax assets	5.4/59	–	505,824
Total non-current assets		1,151,361	1,644,683
Total assets		**16,770,177**	**15,066,859**

Liabilities and shareholders' equity in €	Notes no./Page	31.08.2007	31.08.2006
Current liabilities:			
Trade accounts payable	2.12/49	1,687,560	1,240,316
Advance payments received		411,015	280,772
Accrued expenses	4.7/57	1,803,893	1,709,274
Deferred income and other current liabilities	4.8/58	290,870	305,234
Total current liabilities		4,193,338	3,535,596
Non-current liabilities:			
Deferred tax liability	5.4/59	28,537	–
Total non-current liabilities		28,537	–
Shareholders' equity:			
Common stock, stated value € 1, issued: 11,542,764 and 11,542,764, outstanding: 11,401,878 and 11,411,417 at 31.08.2007 and 31.08.2006, respectively	4.6/57	11,542,764	11,542,764
Additional paid-in capital	4.6/57	3,612,775	17,596,005
Reserves for share-based compensation		32,536	17,121
Treasury stock, 131,347 and 131,347 at 31.08.2006 and 31.08.2005, respectively	4.6/57	-217,350	-200,933
Accumulated deficit		-2,447,384	-17,449,040
Changes in shareholder's equity not affecting net income	4.6/57	24,961	25,346
Total shareholders' equity		12,548,302	11,531,263
Total liabilities and shareholders' equity		**16,770,177**	**15,066,859**

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

Consolidated Statements of Operations

for the 2006/2007 and 2005/2006 financial years

in €	Notes no./Page	2006/2007	2005/2006
Revenues, gross	2.16/49	18,588,117	15,818,961
Media costs		-4,427,326	-2,665,433
Total revenues, net		14,160,791	13,153,528
Costs of revenues		-9,104,832	-8,544,469
Gross profit		**5,055,959**	**4,609,059**
Selling and marketing expenses		-1,149,507	-1,114,709
General and administrative expenses		-2,815,601	-2,910,013
Research and development expenses	2.18/50	-119,629	-61,275
Operating income		**971,222**	**523,062**
Other income/expenses, net	5.2/59	71,783	77,123
Financial income, net	5.3/59	374,885	234,330
Income before provision for income tax		**1,417,890**	**834,515**
Income tax	5.4/59	-399,467	357,205
Net profit/loss		**1,018,423**	**1,191,720**
Net income/loss per share (basic)		0.09	0.10
Net income/loss per share (diluted)		0.09	0.10
Weighted average shares outstanding (basic)		11,416,751	11,411,417
Weighted average shares outstanding (diluted)		11,418,238	11,414,556

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

Consolidated Statements of Shareholders' Equity

for the 2006/2007 and 2005/2006 financial years

in €	Notes no./Page	Number of shares outstanding
Balance at 31.08.2005		**11,411,417**
Unrealised profits and losses on marketable securities	4.5/56	–
Foreign currency translation adjustment	2.4/46	–
Changes in shareholders' equity not affecting net income		–
Net income		–
Deferred compensation	4.6/57	–
Balance at 31.08.2006		**11,411,417**
Unrealised profits and losses on marketable securities	4.5/56	–
Foreign currency translation adjustment	2.4/46	–
Changes in shareholders' equity not affecting net income		–
Net income		–
Allocation	4.6/57	–
Deferred compensation	4.6/57	–
Purchase of treasury stock	4.6/57	-22,039
Re-issuance of treasury stock	4.6/57	12,500
Balance at 31.08.2007		**11,401,878**

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

Common stock	Additional paid-in capital	Reserves for share-based compensation	Treasury stock	Retained earnings/ losses	Changes in share-holders' equity not affecting net income	Total shareholders' equity
11,542,764	**17,596,005**	**9,165**	**-200,933**	**-18,640,760**	**27,796**	**10,334,037**
–	–	–	–	–	-2,447	-2,447
–	–	–	–	–	-3	-3
–	–	–	–	–	-2,450	-2,450
–	–	-	–	1,191,720	–	1,191,720
–	–	7,956	–	–	–	7,956
11,542,764	**17,596,005**	**17,121**	**-200,933**	**-17,449,040**	**25,346**	**11,531,263**
–	–	–	–	–	306	306
–	–	–	–	–	-691	-691
–	–	–	–	–	-385	-385
–	–	–	–	1,018,423	–	1,018,423
–	-13,983,233	–	–	13,983,233	–	–
–	–	15,415	–	–	–	15,415
–	–	–	-35,540	–	–	-35,540
–	3	–	19,123	–	–	19,126
11,542,764	**3,612,775**	**32,536**	**-217,350**	**-2,447,384**	**24,961**	**12,548,302**

Consolidated Statements of Cash Flows

for the 2006/2007 and 2005/2006 financial years

in €	Notes no./Page	2006/2007	2005/2006
Cash flows from operating activities:			
Net profit/loss		1,018,423	1,191,720
Adjustments to reconcile net profit/loss to net cash used in operating activities:			
Depreciation of property and equipment	4.1/54	412,055	552,198
Share-based compensation	6./62	15,415	7,956
Bad debt expenses		1,165	835
Gains/losses on the disposal of fixed assets	5.2/59	7,836	36,987
Deferred tax provision	5.4/59	534,154	-357,205
Foreign currency gains or losses	2.4/46	-691	–
Changes in assets and liabilities:			
Accounts receivable	2.8/48	-1,188,403	-1,221,957
Unbilled revenue	4.3/55	-367,695	-240,245
Tax reclaims	4.4/56	-216,168	52,354
Other current assets and prepaid expenses	4.4/56	18,713	47,673
Accounts payable, deferred revenues and other liabilities	4.8/58	563,123	-120,486
Other accrued expenses	4.7/57	94,619	243,876
Net cash provided by (used in) operating activities		**892,546**	**193,706**
Cash flows from investing activities:			
Purchase of property and equipment	4.1/54	-438,817	-763,586
Proceeds from sale of equipment		6,424	9,299
Net cash provided by (used in) investing activities		**-432,393**	**-754,287**
Cash flows from financing activities:			
Payment for treasury stock	4.6/57	-35,540	–
Incoming payment for treasury stock	4.6/57	19,126	–
Net cash provided by (used in) financing activities		**-16,414**	**–**
Net effect of rate changes on cash and cash equivalents		513	-4,096
Net increase/decrease in cash and cash equivalents		**444,252**	**-564,677**
Cash and cash equivalents at beginning of period	2.10/48	10,005,474	10,570,151
Cash and cash equivalents at end of period	2.10/48	10,449,726	10,005,474
thereof back-up of bank guarantees		171,450	680,563
For information only, contained in cash flows from operating activities:			
Interest payment received	5.3/59	369,475	191,427
Paid interest	5.3/59	-1,296	-1,476

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

Notes

1 General Foundations and Business Activities of the Company

The Consolidated Financial Statements of SinnerSchrader Aktiengesellschaft (hereinafter referred to as “SinnerSchrader AG” or “AG”) and its subsidiaries (hereinafter referred to as “SinnerSchrader Group”, “SinnerSchrader” or “Group”) for the 2006/2007 financial year were completed according to the International Financial Reporting Standards (“IFRS”) of the International Accounting Standards Board (“IASB”) in force on the reporting date, 31 August 2007, taking account of the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and correspond to the supplementary requirements of Article 315a of the German Commercial Code (“HGB”). The Consolidated Financial Statements as of 31 August 2007 shall be released for submission to the Supervisory Board on 24 October 2007. The Consolidated Financial Statements will be approved at the balance sheet meeting of the Supervisory Board on 2 November 2007; until this time, it is possible for the Supervisory Board to amend the Consolidated Financial Statements.

The SinnerSchrader Group is a service company mainly active in Germany with its headquarters in Hamburg. With its services, SinnerSchrader supports its customers in the use of interactive technologies, especially the Internet. In particular, SinnerSchrader provides the following services:

- Conception, implementation, and servicing of customised interactive IT systems
- Consulting, conception, design, and technical implementation of interactive advertising and marketing campaigns and measures for brand management on the Internet
- Planning and management of online marketing campaigns
- Technical operation and administration of Internet-based IT systems
- Structuring, analysis, and preparation of data on the behaviour of users of interactive systems

The SinnerSchrader Group started its work in 1996. SinnerSchrader AG was founded in 1999 as a new managing parent company. All 11,542,764 shares issued of SinnerSchrader AG have been approved for trade in the regulated market of the Frankfurt Stock Exchange in the Prime Standard.

2 Presentation of the Main Evaluation and Balancing Methods

2.1 Financial Year

The Consolidated Financial Statements of the SinnerSchrader Group refer to the financial years covering 1 September 2006 to 31 August 2007 (“2006/2007”) and 1 September 2005 to 31 August 2006 (“2005/2006”) as well as the reporting dates of 31 August 2007 and 31 August 2006, respectively.

2.2 New Accounting Principles

In the reporting period, the IASB issued standards as well as interpretations and amendments to existing standards, the application of which, however, was not mandatory in the Consolidated Financial Statements for this period. The application of these innovations assumes that they have been adopted within the context of the IFRS endorsement procedure of the EU.

The following standards are concerned:

IFRS/IFRIC	Content	To be applied for annual periods beginning on or after the following date
IFRS 7	Financial Instruments: Disclosures	1 January 2007
IFRS 8	Operating Segments	1 January 2009
IAS 23	Amendment: Borrowing Costs	1 January 2009
IFRIC 10	Interim Financial Reporting and Impairment	1 November 2006
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions	1 March 2007
IFRIC 12	Service Concession Arrangements	1 January 2008
IFRIC 13	Customer Loyalty Programmes	1 January 2008
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	1 January 2008

SinnerSchrader is not expecting any major impact on its consolidated assets or financial and income situation as a result of applying these regulations for the first time. Additional information in the Notes will probably be required as a result of the application of IFRS 7.

2.3 Consolidation Group and Principles
The Consolidated Financial Statements comprise the individual financial statements of SinnerSchrader AG and all direct and indirect subsidiaries in which the AG has a majority interest and over which it has de facto control. In the Consolidated Financial Statements for the 2006/2007 and 2005/2006 financial years, the consolidation group comprised SinnerSchrader Deutschland GmbH, SinnerSchrader UK Ltd., and SinnerSchrader Benelux BV alongside SinnerSchrader AG, as well as the indirect subsidiaries SinnerSchrader Neue Informatik GmbH, SinnerSchrader Studios GmbH, and SinnerSchrader Studios Frankfurt GmbH. All transactions and balances within the Group between affiliated companies were eliminated. The Consolidated Financial Statements were prepared on the basis of the individual financial statements of the above-mentioned Group companies, which are compiled according to the relevant local accounting regulations, in particular the regulations of the German Commercial Code, with any necessary adjustments to IFRS being made.

For the Consolidated Financial Statements, the same balancing and evaluation principles are used as a basis for the same business incidents and events under similar conditions. The financial statements of all of the companies included in the consolidation group, with the exception of SinnerSchrader Benelux BV, are prepared on the reporting date of the parent company. This is the same as the Group reporting date. An interim report will be drawn up for SinnerSchrader Benelux BV as of the reporting date of the parent company because it has a different financial year from the parent company.

2.4 Report Currency and Currency Conversion
The currency of the report is the euro (€). Figures are cited in full euro amounts.

The relevant national currency is used as the functional currency of the foreign subsidiaries outside the euro zone (the group of European countries that have introduced the euro as their currency). The financial statements of these foreign subsidiaries are converted into euros, with the assets and liabilities being converted at the exchange rate of the balance sheet date and the sales revenues, the costs of sales revenues, and expenditure being converted at the average rate for the financial year in question. The accumulated currency profits and currency losses from foreign currency conversion for the financial statements are identified in a separate balancing item in shareholders' equity. Currency profits and losses from foreign currency transactions are treated with an effect on profits.

2.5 Estimates and Assumptions
Drawing up Consolidated Financial Statements according to IFRS requires the management to make estimates and assumptions that have an influence on the values posted for assets and liabilities, on the information on contingent claims and contingent liabilities on the balance sheet date, and on the posted revenues and expenses for the period covered by the report. The actual results may deviate from these estimates. The primary estimates concern the use of the percentage-of-completion (POC) method and the posting of accrued expenses.

2.6 Fixed Assets
- **Intangible Assets**

Intangible assets are evaluated on receipt at their procurement or manufacturing costs. They are identified if it is probable that the future economic benefit of the assets will flow into the company and if the procurement or manufacturing costs of the assets can be reliably assessed. After initial reporting, intangible assets are evaluated at their procurement or manufacturing costs minus the accumulated regular depreciation and the accumulated costs for impairment of value. Depreciation for intangible assets is linear, in accordance with the estimated usage period. The depreciation period and method are reviewed annually at the end of each financial year.

Costs for the procurement of software should be activated under intangible assets if they are not to be considered a component of the associated hardware.

Currently, SinnerSchrader posts only purchased software under intangible assets. Depreciation for this is linear over an estimated usage period of three years. The costs that are incurred to reinstate or maintain the future economic benefit that a company can expect from the originally assessed performance of existing software should be recorded as an expense.

• Tangible Assets

According to International Accounting Standards ("IAS") 16, tangible assets are posted as an asset if it is probable that the future economic benefit associated with them will flow into the company and if the procurement or manufacturing costs of the assets can be reliably assessed. The tangible assets shall be evaluated at the procurement and manufacturing costs minus accumulated regular and non-scheduled depreciation.

The procurement and manufacturing costs of the tangible assets consist of the purchase price, import duties, and other non-reimbursable taxes, as well as all directly assignable costs that are incurred to make the asset operational. Reductions in the purchase price, such as discounts, bonuses, and deductions, are subtracted from the purchase price. Subsequently incurred costs, such as maintenance and repair costs, are recorded with an effect on expenses in the year in which they are incurred. If such costs demonstrably lead to an increase in the future economic benefit which results from the use of the asset and is above the original volume of performance, the costs shall be posted as subsequent procurement and manufacturing costs.

The property and equipment of SinnerSchrader comprises objects of company and business equipment, computer hardware, and leasehold improvements.

Depreciation is linear. A usage period of three years is usually assumed for computer hardware, four to eight years for other electronic and electrical devices and equipment, six years for cars, and eight to thirteen years for office furniture. Improvements to rented premises are depreciated over the estimated usage period of the improvements or the residual term to the end of the tenancy, if this is shorter.

The costs of depreciation are included in the costs of sales revenues and operating expenses. The costs of repair and maintenance work are recorded with an effect on expenses.

In the event of the sale or decommissioning of tangible asset items, the relevant procurement or manufacturing costs and the accumulated depreciation are debited, and any profit or loss is posted in the Statements of Operations as other revenues or other expenses.

• Reductions in Value of Fixed Assets

The posted value of fixed assets is reviewed if there are signs of a non-scheduled reduction in value. If the posted value of an asset exceeds its achievable amount, non-scheduled depreciation is carried out in accordance with IAS 36. The achievable amount is the net sale price or commercial value, whichever is higher. The net sale price is the amount that can be achieved from a sale under standard market conditions; the commercial value is the cash value of the expected income from further use of the asset and the sale value at the end of the usage period. The commercial value is determined individually for every asset or for the individual unit generating funds. If the reasons for the non-scheduled depreciation no longer apply, the original value is reinstated.

In the 2006/2007 and 2005/2006 financial years, there were no signs of a reduction in value of the intangible or tangible assets.

2.7 Financial Instruments

According to IAS 39, financial instruments are to be posted for the first time at their procurement costs which correspond to the current value of the benefit in kind. Transaction costs are included in the first evaluation. Purchases and sales of financial instruments should be posted as of the trading day.

With respect to the subsequent evaluation, a distinction is made between various categories of financial instruments, including financial instruments held for trading purposes, financial instruments to be held until they are finally due, credits and receivables submitted by the company, and financial instruments available for sale.

Financial instruments with fixed payments or ascertainable payments and a fixed term that the company intends to hold until they are finally due, excluding credits and receivables submitted by the company, are classified as financial instruments to be held until they are finally due.

All other financial instruments, excluding credits and receivables submitted by the company, are classified as financial assets available for sale.

Financial instruments held for trading purposes and financial assets available for sale are evaluated at the current value without deduction of transaction costs in the subsequent evaluation. The current values usually arise from reporting date prices on financial markets. Profits and losses from the evaluation at the current value of financial instruments held for trading purposes shall be reported with an effect on income. Profits and losses from the evaluation of the current value of financial instruments available for sale shall be recorded directly in the shareholders' equity with a neutral effect on income until the financial instrument is sold, is withdrawn or otherwise dispatched, or as soon as a permanent value reduction has been identified for the financial instrument. Profits and losses recorded directly in the shareholders' equity are posted in "Other Accrued Expenses".

Financial instruments to be held until they are finally due shall be assessed at their continued procurement costs using the effective interest method.

Financial instruments to be held until they are finally due with a remaining term of up to twelve months are posted in the current assets. Financial assets available for sale are posted in the current assets if the Company is planning to sell them in the next twelve months.

A financial asset is debited if the Company loses authority over the contractual rights which comprise the financial asset. A financial liability is debited if the obligation upon which this liability is based is fulfilled, terminated or deleted.

With respect to classification, securities are the financial instruments relevant to SinnerSchrader. As of 31 August 2007, these securities solely comprised commercial papers with original terms of up to one month. The commercial papers were classified as financial instruments to be held until they are finally due and were posted on the balance sheet accordingly with their continued procurement costs as of 31 August 2007 using the effective interest method. The shares in money market funds as of 31 August of the previous year that were also on hand were classified as available for sale and entered on the balance sheet accordingly. These shares were sold at the start of the 2006/2007 financial year. As of both reporting dates, the interest risks resulting from the financial instruments used by SinnerSchrader were negligible due to the short remaining term or duration.

2.8 Trade Accounts Receivable and Unbilled Services

Trade accounts receivable are posted at their nominal value minus appropriate value adjustments. The value of the receivables is regularly checked on an individual basis. Value adjustments are carried out in the case of identifiable individual risks.

Services provided from fixed-price projects, which were realised according to the POC method in accordance with their degree of completion but had not yet been billed, are posted with a proportion of the total payment agreed for the fixed-price project, i.e. including the profit margin, as unbilled services, with any deposits that may have been made for the project being offset.

2.9 Other Accrued Expenses

The other assets are entered on the balance sheet at their nominal value or the achievable amount, whichever is lower.

2.10 Liquid Funds and Cash Equivalents

Liquid funds comprise cash flows, bank credits available on a daily basis, and fixed deposits with a remaining period of less than three months. They are posted at their nominal value.

Securities with a period of less than three months qualify as cash equivalents. As of 31 August 2007 and 31 August 2006, all securities were thus to be classified as cash equivalents.

2.11 Statements of Cash Flows

The Statements of Cash Flows are prepared using the indirect method according to IAS 7. The financial funds whose change is reflected in the Statements of Cash Flows comprise the liquid funds and the cash equivalents. Value adjustments for the securities in the liquidity fund which have a neutral effect on income are posted in the Statements of Cash Flows together with the exchange-rate-related changes in the liquid funds under "Net effect of rate changes on cash and cash equivalents".

2.12 Trade Accounts Payable and Other Liabilities
Trade accounts payable and other liabilities are posted at their nominal value.

2.13 Other Accrued Expenses
According to IAS 37, other accrued expenses are formed for legal and actual obligations that were incurred economically by the reporting date if it is probable that fulfilment of the obligation will lead to a depletion of Group funds and if a reliable estimate of the level of the obligation can be made. Accrued expenses are reviewed on every balance sheet date and adjusted to the best estimate in each case. The amount of accrued expenses corresponds to the value of the expenses probably needed to fulfil the obligation. The other accrued expenses consider all recognisable obligations vis-à-vis third parties in accordance with IAS 37.

2.14 Treasury Stock
Under IAS 32, treasury stock is posted at its procurement costs as a deducted item within the shareholders' equity.

2.15 Deferred Taxes
Under IAS 12, deferred tax claims or liabilities are to be posted in the balance sheet under IFRS if there are differences between the posted values of assets and liabilities in the balance sheet under IFRS and those in the tax balance sheet which reverse in future years ("temporary differences"). Furthermore, deferred tax claims must also be formed for the future use of tax loss carry-forwards. Deferred tax claims and liabilities are to be determined on the basis of the liability method.

The deferred tax claims and liabilities from temporary differences must be determined separately for every tax subject. Tax claims should be posted only if and to the extent in which they are countered by tax liabilities or in which their realisation can be classified as probable through future taxable profits. Tax claims and liabilities are posted in balanced form for a tax subject. Balancing between different tax subjects is not permitted.

For the evaluation of the temporary differences or loss carry-forwards, the tax rates valid on the balance sheet date or, for a future reversal of temporary differences, the tax rates which have become legally effective on the balance sheet date shall be used.

Deferred tax expenditures or revenues shall be directly offset in the shareholders' equity if they relate to differences that do not have an impact on the Statements of Operations, such as evaluation changes to financial assets available for sale.

2.16 Revenue Realisation
SinnerSchrader provides services of various kinds that are treated differently with respect to revenue realisation. In principle, SinnerSchrader only realises revenues, once the service has been performed according to the underlying contractual agreements and the risk has been transferred to the recipient of the service or the purchaser, if it is probable that the economic benefit from the business will flow into the company and the level of sales revenues can be reliably determined. The revenues are posted net, without turnover tax, discounts, customer bonuses or deductions. They contain reimbursable expenses, such as travel expenses, if the customer has been invoiced for them and has paid them.

- **Project and Consultancy Services**

Project and consultancy services are billed either according to actual expenditure or on the basis of a fixed price. The revenues from projects on a fixed-price basis are entered on the balance sheet according to the progress achieved using the POC method according to IAS 11.22 ff. In this connection, progress is determined as a proportion of the project costs already incurred in relation to the expected total costs for the project as a whole. To cover imminent losses from not-yet-completed projects, accrued expenses are formed on the basis of an individual evaluation of the project at the expense of the period in which such a loss is probable. Revenues within the scope of contracts based on actual expense are generally posted monthly according to the expenditure incurred to provide the service.

Revenues realised on the basis of the POC method, but as yet unbilled, are posted as unbilled services in the balance sheet. Amounts billed to and paid by customers which exceed the scope of the accrued revenues are posted as deposits received.

- **Media Services**

SinnerSchrader performs services for its customers for planning and implementing advertising campaigns on the Internet (media services). In the context of implementing advertising campaigns, SinnerSchrader buys advertising space at its own expense.

In the course of billing for these media services, the costs for buying advertising space (media costs) are passed on to the customers together with a fixed payment or a payment calculated on the basis of the actual media costs.

In principle, revenues for media services are realised with or after the appearance of the advertising. In this connection, the entire amount to be charged to the customer is recorded as gross revenues, and the amount reduced by the media costs that have been passed on to customers comprises the net revenues.

Realised revenues that have not yet been billed are posted as unbilled services in the balance sheet, reduced by deposits received for the advertising campaigns and including deposits paid for purchasing advertising space as part of advertising campaigns.

- **Operating Services**

SinnerSchrader performs operating services for its customers, which in particular also include the 24-hour monitoring and management of Internet applications with an on-call service. Payment for these services usually comprises a fixed monthly service fee plus variable, performance-related components, and the customers are billed for them monthly or quarterly. If the IT system monitored by SinnerSchrader is operated in SinnerSchrader's own computer centre, fixed usage fees are also charged monthly.

- **Sale of Hardware and Software**

In addition to other services, SinnerSchrader supplies its customers with hardware and standard software on request that SinnerSchrader itself buys on the market. The revenues from this are realised after billing or after the transfer of risk.

2.17 Advertising Costs

In principle, SinnerSchrader takes the expenditure for advertising and promotional campaigns into account under the marketing costs in the Statements of Operations at the time the expenditure is incurred. In the 2006/2007 and 2005/2006 financial years, these expenses amounted to € 120,597 and € 178,177, respectively.

2.18 Research and Development Expenditure

Expenditure for research and development is recorded as an expense in the period in which it is incurred. Development costs that can be activated are an exception if they completely meet the criteria according to IAS 38.57.

In 2006/2007, research and development costs in the amount of € 119,629 were recorded as an expense, in comparison to € 61,275 in 2005/2006. In both years, the criteria for the activation of the research and development costs according to IAS 38.57 were not met.

2.19 Leasing

Leasing payments should be recorded in a linear fashion as an expense in the Statements of Operations over the term of the leasing contract if they are incurred within an operating leasing relationship where all of the risks remain with the lessor. SinnerSchrader has concluded only operating leasing contracts. They mainly concern automobiles made available as company cars.

2.20 Share-based Compensation

IFRS 2 calls for costs resulting from the issue of employee options to be entered in the balance sheet on the basis of their current value with an effect on income. In this connection, the market value of the option on the issue date should be distributed over the waiting period for exercising the option and then proportionately entered in the Statements of Operations as personnel costs for the relevant period. The costs are recorded against the shareholders' equity in the reserve for share-based compensation.

As of 31 August 2007, there were three stock option plans at SinnerSchrader; their structure and effects on the Statements of Operations will be described in more detail in Section 6.1.

For cash payments based on the share price of the SinnerSchrader share, the evaluation is carried out according to IFRS 2 at its current value on the evaluation date. The costs are recorded in the personnel costs against personnel reserves. Share-based compensation is explained in more detail in Section 6.2.

2.21 Earnings per Share

SinnerSchrader calculates the earnings per share in agreement with IAS 33. The undiluted earnings per share are determined on the basis of the weighted average of the outstanding common stock. According to this, treasury stock is not considered in the calculation of the basis for the earnings per share on the date these shares were bought back.

The weighted average of the outstanding shares is increased by the dilution effect from the potential exercise of outstanding options, calculated according to the Treasury Stock Method, in order to determine the diluted earnings per share. As part of its employee option programmes of 1999, 2000, and 2007, SinnerSchrader issued options to employees to buy common stock. The outstanding options in the 2006/2007 and 2005/2006 financial years were considered accordingly in the calculation of the dilution effect.

3 Segment Reporting

In agreement with IAS 14, SinnerSchrader primarily divides its business into three segments by services: Interactive Software, Interactive Marketing, and Interactive Services.

In the Interactive Software segment, SinnerSchrader concentrates on the development, implementation, and servicing of custom-made interactive software. SinnerSchrader Neue Informatik GmbH is assigned to this segment. Business with consulting, creative, and implementation services for the establishment and management of brands and for marketing and advertising activities on the Internet and in other digital channels are brought together in the Interactive Marketing segment. SinnerSchrader Studios GmbH and SinnerSchrader Studios Frankfurt GmbH are assigned to this segment. SinnerSchrader bundles three areas that provide specialised services to support the management of existing transaction-oriented websites for its customers in the Interactive Services segment. These services include the planning and implementation of online advertising campaigns, the technical servicing of the hardware and software of interactive IT systems, as well as the statistical evaluation of data on the user behaviour of visitors to websites. These areas are managed together in SinnerSchrader Deutschland GmbH.

With respect to reporting on the basis of the geographical assignment of revenues, which is secondary to SinnerSchrader, SinnerSchrader assigns revenues to those countries from which the sale was initiated. Thus, in the 2006/2007 and 2005/2006 financial years, all revenues were assigned to Germany.

Table 1a shows the segment information for the 2006/2007 financial year and for the balance sheet date of 31 August 2007, whereas the comparative data from the previous year can be seen in Table 1b:

Table 1a | Segment information for the 2006/2007 financial year
in € and number

	Interactive Software	Interactive Marketing	Interactive Services	Segments total	Consolidation/ holding	Group
01.09.2006–31.08.2007:						
External revenues	5,576,246	5,686,638	7,231,578	18,494,462	93,655	18,588,117
Internal revenues	1,065,818	510,935	436,911	2,013,664	-2,013,664	–
Total revenues, gross	6,642,064	6,197,573	7,668,489	20,508,126	-1,920,009	18,588,117
Media costs	–	–	-4,427,326	-4,427,326	–	-4,427,326
Total revenues, net	6,642,064	6,197,573	3,241,163	16,080,800	1,920,009	14,160,791
Segment profit/loss (EBITA)	**732,471**	**436,215**	**556,871**	**1,725,557**	**-682,552**	**1,043,005**
Depreciation of property and equipment	63,419	54,939	78,095	196,453	215,602	412,055
Investments in property and equipment	45,875	46,745	124,471	217,091	221,726	438,817
Employees, full-time equivalents	56.3	50.5	19.3	126.1	19.2	145.3
31.08.2007:						
Total assets	**2,961,386**	**2,679,086**	**1,652,538**	**7,293,010**	**9,477,167**	**16,770,177**
Non-current assets	144,080	117,331	180,362	441,773	709,588	1,151,361
Current assets	2,817,306	2,561,755	1,472,176	6,851,237	8,767,579	15,618,816
Liabilities	**1,371,816**	**1,518,380**	**1,034,294**	**3,924,490**	**297,385**	**4,221,875**
Employees, end of period	54	54	21	129	23	152

Table 1b | Segment information for the 2005/2006 financial year
in € and number

	Interactive Software	Interactive Marketing	Interactive Services	Segments total	Consolidation/ holding	Group
01.09.2005–31.08.2006:						
External revenues	5,878,506	4,712,501	5,202,604	15,793,611	25,350	15,818,961
Internal revenues	858,993	387,141	308,826	1,554,960	-1,554,960	–
Total revenues, gross	6,737,499	5,099,642	5,511,430	17,348,571	-1,529,610	15,818,961
Media costs	–	–	-2,665,433	-2,665,433	–	-2,665,433
Total revenues, net	6,737,499	5,099,642	2,845,997	14,683,138	-1,529,610	13,153,528
Segment profit/loss (EBITA)	**706,791**	**346,958**	**802,119**	**1,855,868**	**-1,255,683**	**600,185**
Depreciation of property and equipment	68,658	41,926	55,188	165,772	386,426	552,198
Investments in property and equipment	102,015	93,559	115,662	311,236	452,350	763,586
Employees, full-time equivalents	52.8	43.5	14.4	110.7	18.2	128.9
31.08.2006:						
Total assets	**2,853,400**	**1,796,191**	**1,089,847**	**5,739,438**	**9,327,421**	**15,066,859**
Non-current assets	182,784	137,360	135,919	456,063	1,188,620	1,644,683
Current assets	2,670,616	1,658,831	953,928	5,283,375	8,138,801	13,422,176
Liabilities	**1,389,074**	**841,906**	**1,284,517**	**3,515,497**	**20,099**	**3,535,596**
Employees, end of period	55	52	15	122	21	143

Accounting for the individual segments follows the accounting principles that are also used in the Group. Administrative costs incurred by SinnerSchrader AG are charged to the operative segments, where they can be assigned. Costs that cannot be assigned are not distributed to the segments. These are mainly costs for original holding tasks, such as investor relations work, as well as, in the previous year, costs resulting from overcapacity in the office at the Hamburg location that was rented by SinnerSchrader AG. Transactions between reporting segments are executed as among external third parties and posted accordingly.

Table 1c explains the transfer of the total of the segment earnings to the earnings before tax in the Group for the 2006/2007 and 2005/2006 financial years:

Table 1c | Reconciliation of total segment earnings to Group before tax in €

	2006/2007	2005/2006
Segment earnings (EBITA) of all reportable segments	**1,725,557**	**1,855,868**
Central holding costs not attributable to reportable segments	-681,624	-1,254,765
Earnings before tax of foreign subsidiaries	-928	-918
EBITA of the Group	**1,043,005**	**600,185**
Interest income/expenses of the Group	374,885	234,330
Earnings before tax of the Group	**1,417,890**	**834,515**

4 Information on the Balance Sheet

4.1 Development of Fixed Assets

The development of the fixed assets in the 2006/2007 and 2005/2006 financial years is shown in Tables 2a and 2b:

Table 2a | Fixed assets in the 2006/2007 financial year in €

	01.09.2006	Additions	Disposals	31.08.2007
Acquisition costs:				
Software	482,377	119,323	5,398	596,302
Total intangible assets	482,377	119,323	5,398	596,302
Computer hardware	1,363,324	198,972	360,588	1,201,708
Furniture and fixtures	1,151,575	98,873	297,495	952,953
Leasehold improvements	387,053	21,649	10,149	398,553
Total tangible assets	2,901,952	319,494	668,232	2,553,214
Total fixed assets	**3,384,329**	**438,817**	**673,630**	**3,149,516**
	01.09.2006	Additions	Disposals	31.08.2007
Accumulated depreciation, amortisation and write-downs:				
Software	372,478	67,221	5,395	434,304
Total intangible assets	372,478	67,221	5,395	434,304
Computer hardware	1,050,698	179,042	356,415	873,325
Furniture and fixtures	737,057	100,497	287,414	550,140
Leasehold improvements	85,237	65,295	10,146	140,386
Total tangible assets	1,872,992	344,834	653,975	1,563,851
Total fixed assets	**2,245,470**	**412,055**	**659,370**	**1,998,155**
	31.08.2006			31.08.2007
Net book value:				
Software	109,899			161,998
Total intangible assets	109,899			161,998
Computer hardware	312,626			328,383
Furniture and fixtures	414,518			402,813
Leasehold improvements	301,816			258,167
Total tangible assets	1,028,960			989,363
Total fixed assets	**1,138,859**			**1,151,361**

Table 2b | Fixed assets in the 2005/2006 financial year in €

	01.09.2005	Additions	Disposals	31.08.2006
Acquisition costs:				
Software	425,398	59,478	2,499	482,377
Total intangible assets	425,398	59,478	2,499	482,377
Computer hardware	1,210,653	303,003	150,332	1,363,324
Furniture and fixtures	1,157,800	94,017	100,242	1,151,575
Leasehold improvements	1,159,392	307,088	1079,427	387,053
Total tangible assets	3,527,845	704,108	1,330,001	2,901,952
Total fixed assets	**3,953,243**	**763,586**	**1,332,500**	**3,384,329**
	01.09.2005	Additions	Disposals	31.08.2006
Accumulated depreciation, amortisation and write-downs:				
Software	324,226	50,750	2,498	372,478
Total intangible assets	324,226	50,750	2,498	372,478
Computer hardware	1,061,873	138,689	149,864	1,050,698
Furniture and fixtures	698,924	98,261	60,128	737,057
Leasehold improvements	894,462	264,498	1,073,723	85,237
Total tangible assets	2,655,259	501,448	1,283,715	1,872,992
Total fixed assets	**2,979,485**	**552,198**	**1,286,213**	**2,245,470**
	31.08.2005			31.08.2006
Net book value:				
Software	101,172			109,899
Total intangible assets	101,172			109,899
Computer hardware	148,780			312,626
Furniture and fixtures	458,876			414,518
Leasehold improvements	264,930			301,816
Total tangible assets	872,586			1,028,960
Total fixed assets	**973,758**			**1,138,859**

4.2 Deferred Taxes

Both in the 2006/2007 and the 2005/2006 financial years, deferred taxes had to be posted in the Group because of differences in the postings for assets and liabilities according to IFRS and according to the relevant tax regulations, as well as because of tax loss carry-forwards. Section 5.4 contains more details on this.

4.3 Unbilled Services

As of 31 August 2007 and 31 August 2006, ongoing fixed-price projects were activated as unbilled services with an amount of € 778,344 and € 410,649, respectively. In this connection, deposits received for the projects in the amount of € 669 and € 103,726 were deducted from the POC evaluation of the projects, which totalled € 779,013 and € 514,375, respectively.

4.4 Tax Reclaims, Other Current Assets and Prepaid Expenses
The tax reclaims as of 31 August 2007 and 31 August 2006 in the amount of € 342,088 and € 125,920, respectively, consist of paid tax collected at source in the amounts of € 203,127 and € 125,920, respectively, on capital and interest earnings upon which SinnerSchrader has a claim for reimbursement vis-à-vis the tax authorities due to existing loss carry-forwards. In the current financial year, a tax liability in the amount of € 12,990 was balanced against the claims. In the 2006/2007 and 2005/2006 financial years, € 129,968 and € 73,163, respectively, was paid in withholding tax and allowable corporation tax.

The tax reclaim in the amount of € 151,952 as of 31 August 2007 comprises payment claims from identified corporation tax credits which were to be activated in full as of 31 December 2006 due to the introduction of the Act on Tax Measures Accompanying the Introduction of the European Company and on Amending Other Tax Regulations ("SEStEG"). In the past, an existing corporation tax credit could be realised only by means of profit dividends. Upon introduction of the SEStEG, this system will be replaced by payment in instalments – starting in 2008 with a term of 10 years – which will be separate from any dividends paid. The claim was adequately specified by publication in the Federal Law Gazette. In economic terms, the reimbursement claim is an overpayment within the meaning of IAS 12.12, meaning that the entire claim was to be treated as current tax according to IAS 1.68 (m) in spite of its long-term character. The cash value was used because the claims for reimbursement cannot bear interest. Discounting was effected at a risk-free interest rate. As of 31 August 2007, the discounted reimbursement claim was € 151,952.

As of 31 August 2007 and 31 August 2006, other current assets and prepaid expenses were valued at the amount listed in Table 3:

Table 3 | Other current assets and prepaid expenses in €

	31.08.2007	31.08.2006
Remaining other current assets	21,676	50,267
Prepaid expenses	64,816	54,938
Total	**86,492**	**105,205**

4.5 Securities
Table 4 shows the total of marketable securities and the unrealised profits and losses they accounted for as of 31 August 2007 and 31 August 2006, respectively:

Table 4 | Marketable securities in €

	Acquisition costs	Change in acquisition costs	Unrealised profits	Unrealised losses	Recorded basis
31.08.2007:					
Money market and profit-participation certificate funds	–	–	–	–	–
Corporate debt securities	4,996,007	–	–	–	4,996,007
Total marketable securities	**4,996,007**	**–**	**–**	**–**	**4,996,007**
31.08.2006:					
Money market and profit-participation certificate funds	503,003	–	–	-513	502,490
Corporate debt securities	6,985,291	7,408	–	–	6,992,699
Total marketable securities	**7,488,294**	**7,408**	**–**	**-513**	**7,495,189**

Money market funds were classified as available for sale and commercial papers from industrial emitters were classified as to be kept until they are finally due. Commercial papers are securities that were acquired at a discount and fully repaid after the expiry of a fixed term. As of the balance sheet date of 31 August 2007 and 31 August 2006, they were recorded at their ongoing procurement costs according to the effective interest method. In accordance with IAS 39, the money market funds were posted at the market value as of 31 August 2006, with unrealised profits or unrealised losses being directly recorded in shareholders' equity under "Changes to Shareholders' Equity with a Neutral Effect on Income".

On 31 August 2007, all securities had a remaining term of up to one month.

4.6 Shareholders' Equity

- **Share Capital**

As of 31 August 2007 and 31 August 2006, the share capital of SinnerSchrader AG was € 11,542,764 and was divided into 11,542,764 no-par-value share certificates in the names of the bearers, each with a calculated value of € 1 per share.

On 31 August 2007 and 31 August 2006, 11,401,878 and 11,411,417 shares, respectively, of all issued shares were in circulation. The remaining 140,886 and 131,347 shares, respectively, were held as SinnerSchrader AG treasury stock.

- **Authorised Capital**

On 28 January 2004, the Annual General Meeting authorised the Management Board to increase the share capital of the Company once or repeatedly by up to a total of € 5,770,000 until 15 January 2009 with the approval of the Supervisory Board by issuing new shares. This became legally effective upon entry of the decision in the Commercial Register on 13 April 2004. In the 2006/2007 and 2005/2006 financial years, no capital increases were carried out using the authorised capital.

- **Conditional Capital**

As of 31 August 2007 and 31 August 2006, SinnerSchrader AG had conditional capital in the amount of € 896,538 which was created in 1999 ("Conditional Capital I"), 2000 ("Conditional Capital II"), and 2007 ("Conditional Capital III") for the issue of stock options to employees. With the Annual General Meeting resolution of 23 January 2007, Conditional Capital I and Conditional Capital II were reduced in scope because they were no longer needed to service subscription rights and were correspondingly lowered by € 375,000 each to € 127,909 and € 168,629, respectively. Until 31 December 2011, options can be issued to employees from Conditional Capital III in the amount of € 600,000, which was newly created by the Annual General Meeting resolution of 23 January 2007. In the 2006/2007 financial year, 75,000 options were issued to the members of the management of a subsidiary. Details on the option programmes and outstanding options are in Section 6.

- **Capital Reserve, Accumulated Loss**

As of 31 August 2007, the capital reserve was offset against the accumulated loss in such a way that the capital reserve of the parent company in the amount of € 3,612,775 is reflected in the Consolidated Balance Sheet pursuant to IFRS.

- **Reserve for Share-based Compensation**

The reserve comprises the accumulated costs from issuing share-based compensation. As of 31 August 2007 and 31 August 2006, the reserve reached a value of € 32,536 and € 17,121, respectively.

- **Treasury Stock**

As of 31 August 2007, the treasury stock amounted to 140,886 shares. The average price of all shares of treasury stock held was € 1.54 as of 31 August 2007.

As of 31 August 2006, the treasury stock amounted to 131,347 shares with an average price of € 1.53. In the 2006/2007 financial year, 12,500 shares were issued from treasury stock within the context of exercising employee options, and 22,039 shares of treasury stock were bought from the stock exchange for an average price of € 1.61.

140,886 shares of treasury stock represent 1.22 % of the share capital. In accordance with IFRS, a deducted item in the shareholders' equity representing procurement costs has been set up for treasury stock.

- **Changes to Shareholders' Equity with a Neutral Effect on Income**

Changes to shareholders' equity with a neutral effect on income in the amount of € 24,961 (previous year: € 25,652) come from currency conversion as part of consolidating the companies in the consolidation group that report in foreign currencies. The changes from the year before in the amount of € -306 came from recording unrealised profits or losses from securities that were classified as available for sale. The reserve in the shareholders' equity for unrealised profits/losses from securities was completely dissolved upon the sale of the securities in the financial year.

4.7 Other Accrued Expenses

The other accrued expenses are made up as shown in Table 5:

Table 5 | Accrued expenses in €

	31.08.2006	Utilised	Allocated	Dissolved	31.08.2007
Accrued compensation	920,220	-907,385	991,832	-12,836	991,832
Accrued project-oriented expenses for warranties, allowances, and losses on contracts	475,021	-417,612	377,864	-6,996	428,277
Accrued rent and related expenses	177,996	-49,520	105,638	–	234,114
Reporting and auditing expenses	74,084	-70,854	49,770	–	53,000
Other accruals	61,953	-39,703	74,420	–	96,670
Total	**1,709,274**	**-1,485,074**	**1,599,524**	**-19,832**	**1,803,893**

4.8 Other Non-current Liabilities and Deferred Revenues

As of 31 August 2007, the other non-current liabilities and deferred revenues had a remaining term of less than one year and were broken down into the main components listed in Table 6:

Table 6 | Other liabilities and deferred revenues in €

	31.08.2007	31.08.2006
Liabilities from income tax	153,049	107,647
Liabilities from value-added tax	92,098	103,846
Other liabilities	9,290	4,442
Deferred revenues and deferred income	36,433	89,299
Total	**290,870**	**305,234**

4.9 Financial Liabilities and Contingent Liabilities

SinnerSchrader rents its office premises at the Hamburg and Frankfurt am Main locations as well as company vehicles in the context of rental and operating leasing contracts. The minimum remaining term of the rental contracts for the offices in Hamburg and Frankfurt am Main was 46 and 44 months, respectively, as of 31 August 2007. The leasing contracts for the company vehicles had a remaining term of between 5 and 28 months on the balance sheet date. In the years ahead, the rental and leasing contracts will result in financial liabilities in the amount shown in Table 7:

Table 7 | Financial liabilities in €

	31.08.2007	31.08.2006
01.09.2006–31.08.2007	–	767,237
01.09.2007–31.08.2008	745,321	755,937
01.09.2008–31.08.2009	741,974	740,034
01.09.2009–31.08.2010	739,116	738,357
01.09.2010–31.08.2011	1,007,505	1,007,922
After 31.08.2011	–	–
Total	**3,233,916**	**4,009,487**

In the 2006/2007 and 2005/2006 financial years, the total expenditure for rental and leasing contracts was € 575,082 and € 1,058,565, respectively. This expenditure was countered by income from subletting in the amount of € 11,100.

In addition, SinnerSchrader has certain regular contingent liabilities that arise in the ordinary course of business activities. The Company will form accrued expenses for these if it is probable that future expenditures will be made here and that such expenditures can be estimated with sufficient reliability.

As of the balance sheet date, the consolidated companies that are part of the SinnerSchrader Group were open to one legal claim, which is based on the conversion of the former company building. As of 31 August 2007 and 31 August 2006, the accrued expenses related to this legal claim amounted to € 100,000. It is part of the other accrued expenses shown in Section 4.7.

In the course of renting office space at the Hamburg and Frankfurt am Main locations, the landlords each demanded securities which were provided in the form of bank guarantees. As of 31 August 2007, the volume of this guarantee was € 171,450 (previous year: € 680,563). With a guarantee of this scope, SinnerSchrader can dispose of its liquid funds only with the explicit approval of the guaranteeing bank.

5 Elements of the Statements of Operations

5.1 Breakdown of Expenses According to the Total Cost Method

The total revenues, marketing, administrative, and research and development costs of the 2006/2007 and 2005/2006 financial years was broken down according to cost types, as shown in Table 8:

Table 8 | Operating costs (excluding restructuring costs) by expenditure in €

	2006/2007	2005/2006
Personnel expenses	8,957,386	7,793,611
Costs of materials	439,796	353,619
Costs of services	1,279,659	1,212,833
Depreciation of property and equipment	412,055	552,198
Other operating expenses	2,100,673	2,718,206
Total	**13,189,569**	**12,630,467**

The personnel expenditure refers to an average personnel capacity of 145 full-time employees in the 2006/2007 financial year and 129 full-time employees in the 2005/2006 financial year. The expenditure for purchased materials was largely incurred for hardware and software which SinnerSchrader acquired to sell on to its customers. The expenditure for purchased services mainly comprises costs resulting from using freelancers and sub-contractors. Within the other operating expenses, € 638,659 and € 1,163,223 were incurred for renting and operating the office space in the 2006/2007 and 2005/2006 financial year, respectively.

5.2 Other Income/Expenses

Table 9 shows the composition of the other income/expenses:

Table 9 | Other income and expenses in €

	2006/2007	2005/2006
Income from dissolving of accrued expenses	36,276	115,136
Compensation for damages	31,184	–
Expenses from disposal of fixed assets	-7,836	-36,987
Other	12,159	-1,026
Total	**71,783**	**77,123**

5.3 Financial Income

The financial income comprises income from interest, income from the sale of marketable securities, and interest expenditure, as shown in Table 10:

Table 10 | Financial income in €

	2006/2007	2005/2006
Interest income	373,748	191,427
Realised gains/losses, net on the sale of marketable securities	2,433	44,379
Interest expenses	-1,296	-1,476
Total financial income	**374,885**	**234,330**

Expenditure on interest and interest-like expenses was largely incurred for the guarantees provided by banks.

5.4 Taxes from Income and from Earnings

The taxes from income and earnings posted in the 2006/2007 and 2005/2006 financial years are made up of current and deferred components, as shown in Table 11a:

Table 11a | Income tax in €

	2006/2007	2005/2006
Current	-134,687	–
Deferred	534,154	-357,205
Total	**399,467**	**-357,205**

In the 2006/2007 financial year, the payment claims from the corporation tax credits identified (see Section 4.4) were posted as current tax according to IAS 1.68 (m). This was contrasted with current income tax expenses of € 12,990 in the 2006/2007 financial year. Tax loss carry-forwards were used in the amount of around € 1,045,000 in accordance with Article 10d of the Income Tax Act (“EStG”). Since the tax profit exceeded the threshold for an unlimited loss deduction of € 1 million laid down in Article 10d para. 2 EStG, only 60 % of the remaining profit could be offset against loss carry-forwards. In the previous financial year, no current taxes were incurred because the pre-tax profits incurred solely in Germany could be completely offset against tax loss carry-forwards.

Deferred taxes had to be formed because of the evaluation differences between the balance sheet items according to IFRS and the postings in the relevant tax balances, as well as on the basis of the remaining loss carry-forwards that can be used for tax purposes. Table 11b shows the composition of the deferred tax item as of 31 August 2007 and 31 August 2007, broken down according to the items where there was an evaluation difference:

Table 11b | Deferred tax items in €

	31.08.2007	31.08.2006
Deferred tax assets:		
Loss carry-forwards	759,040	1,188,738
Valuation of accrued expenses	15,378	35,437
Valuation allowance	-512,854	-495,363
Total deferred tax assets	261,564	728,812
Deferred tax liabilities:		
Valuation of unfinished/unbilled services	273,090	203,997
Valuation of marketable securities available for sale	–	-2,572
Valuation of fixed assets	6,070	10,498
Valuation of current assets	10,941	11,065
Total deferred tax liabilities	290,101	222,988
Total deferred tax assets/liabilities, net	**-28,537**	**505,824**

As of 31 August 2006 and 31 August 2007, the calculation of deferrals was based on tax loss carry-forwards in Germany, the UK, and the Netherlands. In these three countries, the relevant loss carry-forwards could be brought forward without limitation. The extents of the loss carry-forwards and the tax rates used to calculate them are listed in Table 11c:

Table 11c | Loss carry-forwards and statutory income tax rates in € and %

	31.08.2007		31.08.2006	
For corporate tax	Loss carry-forwards	Tax rate	Loss carry-forwards	Tax rate
Germany	-615,518	15.8 % [1]	-1,657,002	26.4 % [2]
thereof in tax group	-485,620	15.8 % [1]	-1,527,104	26.4 % [2]
Great Britain	-1,068,862	30.0 %	-1,027,069	30.0 %
Netherlands	-191,680	34.5 %	-182,968	34.5 %
	31.08.2007		31.08.2006	
For municipal trade tax	Loss carry-forwards	Tax rate	Loss carry-forwards	Tax rate
Germany	-1,670,796	16.5 %	-2,715,697	19.0 %
thereof in tax group	-1,029,398	16.5 %	-2,074,299	19.0 %
Great Britain	–	–	–	–
Netherlands	–	–	–	–

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

[2] 25 % corporate tax plus 5.5 % solidarity surcharge

Deferred tax assets may be posted only to the extent that the future realisation of the relevant advantage is sufficiently probable or if they are countered by deferred tax liabilities. Correspondingly, as of 31 August 2007 and 31 August 2006, the values of the tax claims from loss carry-forwards in the UK and the Netherlands were adjusted because the operating business in these countries continues to be inactive. The same applies to tax claims from loss carry-forwards prior to tax consolidation of a domestic subsidiary because here, too, realisation cannot yet be forecast with sufficient probability.

As of 31 August 2007 and 31 August 2006, the deferred tax assets for the tax claims from loss carry-forwards in the German group of companies could be fully activated, because it is to be assumed that it will be possible to fully realise the deferred tax claims in future periods.

The deferred tax claims are to be calculated according to IAS 12.48 on the basis of the currently valid tax rates. In tax legislation, where the announcement of new tax rates by the government has the material effect of an entry into force, the new tax rate must be applied from the time of this announcement. On 6 July 2007, the Bundesrat agreed to the company tax reform. In this connection, the statutory tax rate of 32.3 % was applied to the calculation of deferred tax assets and liabilities as of 31 August 2007. It was made up of the trade tax rate of 16.5 %, the corporation tax rate of 15 %, and the solidarity surcharge of 5.5 % on the corporation tax. When determining the overall rate, the fact that the trade tax can no longer be deducted as an operating expense and thus no longer reduces the income subject to corporation tax had to be taken into account.

The deferred tax assets and liabilities were posted separately for every tax subject for identification on the balance sheet.

The tax expenditure or income identified in the Statements of Operations deviates from the value that would result from the use of the statutory tax rates on the pre-tax profits. For the financial years ending on 31 August 2007 and 31 August 2006, the statutory tax rate for SinnerSchrader AG was 40.4 %. It was made up of the trade tax rate of 19 %, the corporation tax rate of 25 %, and the solidarity surcharge of 5.5 % on the corporation tax, and it takes account of the fact that the trade tax reduces the income subject to corporation tax (including the solidarity surcharge).

Table 11d explains the difference between the calculated tax expenditure or income on the basis of the statutory tax rate and the tax expenditure or income recorded in the Statements of Operations for the 2006/2007 and 2005/2006 financial years:

Table 11d | Tax reconciliation in €

	2006/2007	2005/2006
Tax provision (+), tax credit (-) at statutory rate	**572,609**	**337,016**
Permanent difference for share-based compensation	6,225	3,213
Other non-deductible expenses/non-taxable income	9,796	7,511
Changes in valuation allowance for deferred tax assets due to decrease of the tax rate	-44,864	–
Changes in valuation allowance for deferred tax assets of domestic group companies	1,948	-705,316
Changes in valuation allowances for deferred tax assets and differences in tax rates concerning losses in foreign group companies, net of tax effects on consolidation	102	371
Taxes for previous years	-147,678	–
Other	1,329	–
Income tax corresponding to income statement	**399,467**	**-357,205**

5.5 Earnings per Share

The derivation of the undiluted and diluted earnings per share for the 2006/2007 and 2005/2006 financial years is shown in Table 12:

Table 12 | Earnings per share in € and number

	2006/2007	2005/2006
Net profit/loss	**1,018,423**	**1,191,720**
Basic weighted average shares of common stock outstanding	11,416,751	11,411,417
Basic earnings per share	**0.09**	**0.10**
Weighted average shares of common stock outstanding	11,416,751	11,411,417
add: stock option grant	1,487	3,139
Diluted average share of common stock outstanding	11,418,238	11,414,556
Diluted earnings per share	**0.09**	**0.10**

6 Share-based Compensation

6.1 Stock Option Plans

- **SinnerSchrader Stock Option Plan 1999**

In October 1999, the Annual General Meeting of SinnerSchrader AG approved the SinnerSchrader Stock Option Plan 1999 ("1999 Plan"), which provides for the granting of stock options to allocate a total of 375,000 shares to the members of the Management Board of SinnerSchrader AG (40,000 options), to the management of the affiliated companies (10,000 options), to all employees of SinnerSchrader AG (55,000 options) as well as to all employees of the affiliated companies (270,000 options) by 8 November 2004.

Options granted under the 1999 Plan have an exercise price of 120 % of the average closing price of the SinnerSchrader share on the Frankfurt Stock Exchange during the ten trading days prior to the allocation date. The options of the 1999 Plan can be exercised in equal instalments of one-third each two, three, and four years after allocation at the earliest. They have to be exercised within six years after the allocation date. In the 2006/2007 and 2005/2006 financial years, no options from the 1999 Plan were allocated. In the 2006/2007 financial year, 5,000 options from the 1999 Plan were exercised at an exercise price of € 1.53 per share. In the 2005/2006 financial year, no options were exercised. As of 31 August 2007, a total of 110,209 options from the 1999 Plan were still outstanding with an average exercise price of € 14.64.

- **SinnerSchrader Stock Option Plan 2000**

In December 2000, the Annual General Meeting of SinnerSchrader AG approved the SinnerSchrader Stock Option Plan 2000 ("2000 Plan"), which provides for the granting of stock options to allocate a total of 375,000 shares to the members of the Management Board of SinnerSchrader AG (40,000 options), to the management of the affiliated companies (40,000 options), to all employees of SinnerSchrader AG (55,000 options) as well as to all employees of the affiliated companies (240,000 options) by 10 January 2006.

Options granted under the 2000 Plan have an exercise price of 120 % of the average closing price of the SinnerSchrader share on the Frankfurt Stock Exchange during the ten trading days prior to the allocation date. The options of the 2000 Plan can be exercised in equal instalments of one-third each two, three, and four years after allocation at the earliest. They have to be exercised within six years after the allocation date. In the 2006/2007 financial year, no options from the 2000 Plan were newly allocated; 12,500 options were exercised at an exercise price of € 1.53 per share. In the 2005/2006 financial year, 148,200 options from the 2000 Plan were newly allocated; no options were exercised. As of 31 August 2007, a total of 157,129 options from the 2000 Plan were still outstanding with an average exercise price of € 2.31.

- **SinnerSchrader Stock Option Plan 2007**

In January 2007, the Annual General Meeting of SinnerSchrader AG approved the SinnerSchrader Stock Option Plan 2007 ("2007 Plan"), which provides for the granting of stock options to allocate a total of 600,000 shares to the members of the Management Board of SinnerSchrader AG (200,000 options) and to the members of the management of the affiliated companies (200,000 options) as well as to selected employees performing managerial tasks within SinnerSchrader AG and affiliated companies (200,000 options).

Options granted under the 2007 Plan have an exercise price of at least the mean value of the closing price of SinnerSchrader AG shares in the Xetra trading system of Deutsche Börse AG (or an equivalent successor system) during the five trading days prior to the allocation date. The options can be exercised in equal instalments of one-third each three, four, and five years after allocation at the earliest. The options of the first third may be exercised only if the mean value of the closing price of SinnerSchrader AG shares in the Xetra trading system of Deutsche Börse AG (or an equivalent successor system) during the five trading days before the day of exercise (reference price) is 30 % above the exercise price. The options of the second third may be exercised only if the reference price is 40 % above the exercise price. The options of the last third may be exercised only if the reference price is 50 % above the exercise price. The latest exercise period is seven years after the allocation date. On 1 May 2007, 75,000 stock options from the 2007 plan with an average exercise price of € 1.71 were allocated to members of the management of affiliated companies.

Table 13a shows the parameters used for the evaluation of the options newly assigned on 1 May 2007 on the basis of a binomial model according to Cox/Ross/Rubinstein:

Table 13a | Parameters for valuation of stock options at valuation date

	2006/2007
Expected life of option	3.5–5.5 years
Risk-free interest rate	4.39 %
Expected dividend yield	0 %
Expected volatility	42 %–54 %
Exercise price	€ 1.71
Share price at valuation date	€ 1.74

The volatility was determined by the closing prices of the last 840, 1,080, and 1,320 trading days before the date of issue.

Table 13b summarises the changes in the number of options outstanding from the 1999 Plan, the 2000 Plan, and the 2007 Plan in the 2006/2007 and 2005/2006 financial years:

Table 13b | Outstanding stock options in € and number

	Number of options	Weighted average exercise price	Weighted average grant date fair value
Outstanding at 31 August 2005	**294,137**	**13.51**	**6.56**
Granted	148,200	2.08	0.62
Exercised	–	–	–
Cancelled	-88,199	2.11	1.26
Expired	-57,600	32.00	15.69
Outstanding at 31 August 2006	**296,538**	**7.60**	**3.40**
Granted	75,000	1.71	0.80
Exercised	-12,500	1.53	0.67
Cancelled	-4,000	2.01	0.62
Expired	-12,700	2.33	0.60
Outstanding at 31 August 2007	**342,338**	**6.79**	**3.06**

Additional information on all options outstanding on 31 August 2007 from both option plans is listed in Table 13c:

Table 13c | Outstanding stock options according to exercise price in €, number, and years

31.08.2007	Options outstanding			Options exercisable	
Range of exercise price in €	**Number**	**Weighted average remaining contractual life** in years	**Weighted average exercise price** in €	**Number**	**Weighted average exercise price** in €
0.00–5.00	283,085	2.56	2.25	149,385	2.61
5.01–10.00	4,870	0.00	7.27	4,870	7.27
10.01–30.00	28,240	0.00	15.47	28,240	15.47
30.01–50.00	14,304	0.00	35.29	14,304	35.29
50.01–90.00	11,839	0.00	60.07	11,839	60.07
Total	**342,338**	**2.12**	**6.79**	**208,638**	**9.96**

6.2 Share-based Bonus

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 in January 2008 based on the share price performance of the SinnerSchrader share until 31 December 2007. The bonus will be 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.

The current value as of the key date for the share-based bonus was € 2,724 as of 31 August 2007. As of 31 August 2006, the value was assumed to be zero. It was reported under the accrued expenses for personnel costs.

7 Related Party Transactions

In the 2006/2007 and 2005/2006 financial years, SinnerSchrader generated revenues of € 4,569,606 and € 2,689,764, respectively, with companies in which members of its Supervisory Board hold Supervisory Board positions. The total of unbilled services and trade accounts receivable to these companies on 31 August 2007 and 31 August 2006 amounted to € 1,024,424 and € 205,354, respectively.

8 Major Events after the Balance Sheet Date

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

9 Supplementary Information Required by the German Commercial Code

9.1 Ownership of Participating Interests

See the Annual Financial Statements of SinnerSchrader Aktiengesellschaft, Section 5.5, page 76.

9.2 Employees

In the 2006/2007 financial year, an average of 154 people were employed by the SinnerSchrader Group. Of these, 2 employees were members of the Management Board and 4 employees were managing directors of subsidiaries. In the previous year, there was an average of 135 employees in the Group.

9.3 Payment of the Auditors

A total of € 43,500 was paid for the audit of the SinnerSchrader AG Annual and Consolidated Financial Statements as of 31 August 2007; € 18,155 of this was paid by the AG and € 25,345 by the subsidiaries. The auditor, BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, did not receive any other fees in the 2006/2007 financial year for other services.

9.4 Management Board

See the Annual Financial Statements of SinnerSchrader Aktiengesellschaft, Section 5.3, page 75.

9.5 Supervisory Board

See the Annual Financial Statements of SinnerSchrader Aktiengesellschaft, Section 5.4, page 76.

9.6 Directors’ Holdings of Shares and Subscription Rights to Shares (Directors’ Dealings), Unaudited

See the Annual Financial Statements of SinnerSchrader Aktiengesellschaft, Section 6.1, page 80.

9.7 Declaration of Compliance on the Acceptance of the Recommendations of the “Government Commission on the German Corporate Governance Code”

See the Annual Financial Statements of SinnerSchrader Aktiengesellschaft, Section 5.6, page 77.

Hamburg, 24 October 2007

Matthias Schrader Thomas Dyckhoff

Auditors' Opinion

We have audited the Consolidated Financial Statements prepared by SinnerSchrader Aktiengesellschaft, Hamburg, consisting of the Consolidated Balance Sheet, the Consolidated Statements of Operations, the Consolidated Statements of Shareholders' Equity, the Consolidated Statements of Cash Flows, and the Notes, as well as the Group Status Report, which was combined with the Status Report of the Company, for the financial year from 1 September 2006 to 31 August 2007. It is the responsibility of the Company's management to prepare the Consolidated Financial Statements and the Group Status Report in accordance with International Financial Reporting Standards (IFRS), as required in the EU, and with the commercial law regulations stipulated under Article 315a para. 1 HGB (German Commercial Code). It is our responsibility to express an opinion on the Consolidated Financial Statements and the Group Status Report based on our audit.

We conducted our audit of the Consolidated Financial Statements in accordance with Article 317 HGB and with the generally accepted German standards for the proper auditing of financial statements as promulgated by the Institut der Wirtschaftsprüfer in Deutschland (Institute of Public Auditors in Germany). These standards require that we plan and perform the audit in such a way that misstatements and contraventions materially affecting the presentation of the asset, financial, and income situation in accordance with the principles of proper accounting in the Consolidated Financial Statements and Group Status Report are detected with reasonable certainty. Knowledge of the business activities and the economic and legal environment of the Group as well as the evaluation of possible misstatements are taken into account when determining the audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the Consolidated Financial Statements and the Group Status Report are examined primarily on a test basis within the framework of the audit. The audit involves an evaluation of the Annual Financial Statements of the companies included in the Consolidated Financial Statements, the definition of the basis of consolidation, the accounting and consolidation principles used, and the key estimates of the Company's management, as well as an appraisal of the overall presentation of the Consolidated Financial Statements and the Group Status Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not give rise to any reservations.

In our opinion, based on the results of the audit, the Consolidated Financial Statements comply with IFRS, as required in the EU, and with the commercial law regulations stipulated under Article 315a para. 1 HGB, and they present a true and fair view of the asset, financial, and income situation of the Group in accordance with these regulations. The Group Status Report is consistent with the Consolidated Financial Statements, conveys an accurate view of the situation of the Group, and accurately presents the opportunities and risks for future development.

Hamburg, 30 October 2007

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr Probst	p.p. Brandt
Auditor	Auditor

ANNUAL FINANCIAL STATEMENTS 2006 | 2007

Annual Financial Statements of SinnerSchrader AG

Balance sheets of SinnerSchrader AG

as of 31 August 2007 and 31 August 2006

Assets in €	31.08.2007	31.08.2006
Fixed assets		
Intangible assets:		
Concessions, industrial property rights and similar rights and assets as well as licences in such rights and assets	141,815	84,878
Tangible assets:		
Other equipment, plant and office equipment	302,549	286,890
Leasehold improvements	258,168	301,817
Total tangible assets	560,717	588,707
Financial assets:		
Shares in affiliated companies	16,000,000	14,000,000
Total financial assets	16,000,000	14,000,000
Total fixed assets	**16,702,532**	**14,673,585**
Current assets		
Receivables and other assets:		
Trade receivables	21,516	20,461
Receivables from affiliated companies	1,174,625	2,037,073
Other assets	313,301	138,088
Total receivables and other assets	1,509,442	2,195,622
Securities:		
Treasury stock	217,350	200,933
Other securities	4,996,007	7,495,702
Total securities	5,213,357	7,696,635
Cash on hand and in banks	5,047,002	818,323
Total current assets	**11,769,801**	**10,710,580**
Prepaid expenses	42,611	25,077
Total assets	**28,514,944**	**25,409,242**

Liabilities and shareholdes' equity in €	31.08.2007	31.08.2006
Shareholders' equity		
Subscribed capital (conditional capital: € 750,000; previous year: € 750,000)	11,542,764	11,542,764
Capital surplus	2,603,673	2,603,673
Reserves:		
Reserve for treasury stock	217,350	200,933
Other reserves	12,088,999	9,508,336
Retained earnings/accumulated deficit	1,390,868	793,787
Total shareholders' equity	**27,843,654**	**24,649,493**
Accruals		
Other accrued liabilities	446,842	508,159
Total accrued liabilities	**446,842**	**508,159**
Liabilities		
Trade payables	107,868	129,167
thereof with a remaining term up to one year: € 107,868 (previous year: € 129,167)		
Other liabilites	116,580	122,423
thereof with a remaining term up to one year: € 116,580 (previous year: € 122,423)		
thereof taxes € 116,580 (previous year: € 119,291)		
thereof relating to social security and similar obligations € 0 (previous year: € 9)		
Total liabilities	**224,448**	**251,590**
Total liabilities and shareholders' equity	**28,514,944**	**25,409,242**

Statement of Operations of SinnerSchrader AG

for the 2006/2007 and 2005/2006 financial years

in €	2006/2007	2005/2006
Revenues	2,453,762	2,389,574
Other operating income	2,070,196	2,580,643
Material expense:		
Expense for purchased goods	–	-53
Expense for purchased services	-81,434	-90,307
Total material expense	-81,434	-90,360
Personnel expense:		
Wages and salaries	-1,075,054	-1,036,278
Social security	-230,894	-189,789
Total personnel expense	-1,305,948	-1,226,067
Depreciation of intangible assets, property and equipment	-214,333	-369,114
Other operating expense	-1,555,330	-1,565,690
Income from profit/loss transfer agreement	1,368,877	1,637,213
Other interest and similar income	359,944	195,945
thereof from affiliated companies: € 15.649 (previous year: € 6.475)		
Interest and similar expense	-30,529	-4,233
thereof from affiliated companies: € 29.325 (previous year: € 2.757)		
Income from ordinary activities	**3,065,205**	**3,547,911**
Income taxes	129,348	–
Other taxes	-391	-516
Net income	**3,194,162**	**3,547,395**
Profit brought forward from previous year	793,787	531,939
Withdrawal from reserves:		
– from other reserves	16,417	18,361
Additions to reserves:		
– to reserves for treasury stock	-16,417	-18,361
– to other reserves	-2,597,080	-3,285,547
Balance sheet profit	**1,390,869**	**793,787**

Notes of the SinnerSchrader AG

1 Statutory Foundations

The annual report of SinnerSchrader Aktiengesellschaft ("Sinner-Schrader AG" or "Company") has been compiled in accordance with the regulations of the German Commercial Code ("Handelsgesetz-buch") and the German Stock Corporation Act ("Aktiengesetz"). The Company is considered to be a large company limited by shares within the meaning of Article 267 of the German Commercial Code.

2 Accounting Principles and Standards of Valuation

The report has been compiled in euros (€).

The intangible assets and the property and equipment are reported at procurement or manufacturing costs, minus regular depreciation. Depreciation is linear in accordance with usage period. Low-value items with procurement costs of up to € 410 are fully depreciated in the year of acquisition. Depreciation of leasehold improvements is linear over the remaining term of the rental contract.

The financial assets are reported either at acquisition costs or at the value to be ascribed on the balance sheet date, whichever is lower.

If the value of the fixed assets determined according to the principles above is higher than the value to be ascribed to them on the report date, this shall be taken account of by means of non-scheduled depreciation. If the reasons for depreciation implemented in previous financial years no longer pertain, the original value will be reinstated.

Receivables and other assets are reported at their face value. Foreign currency debts are included on the balance sheet either at the original rate or at the rate applicable on the balance sheet date, whichever is lower.

Marketable securities are included on the balance sheet either at acquisition costs or at a value to be ascribed to them, whichever is lower.

Other accrued expenses cover all identifiable risks and uncertain liabilities. These expenses are evaluated at a level that appears necessary according to sound business judgement.

Liabilities are posted in the amount to be repaid. Foreign currency liabilities are included on the balance sheet either at the original rate or at the rate applicable on the balance sheet date, whichever is higher.

3 Explanations of Balance Sheet Items

3.1 Fixed Assets

The development of the Company's fixed assets is shown in the following assets table:

Table 1 | Assets table

Acquisition and manufacturing costs in €	01.09.2006	Additions	Disposals	31.08.2007
Intangible assets:				
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	310,383	108,009	2	418,845
Tangible assets:				
Other equipment, plant and office equipment	740,764	119,955	32,282	828,437
Leasehold improvements	318,995	21,649	10,149	330,495
Financial assets:				
Shares in affiliated companies	24,838,037	–	–	24,838,037
Investments	167,900	–	–	167,900
Loans to investee companies	51,129	–	–	51,129
Total	**26,427,663**	**249,613**	**42,433**	**26,634,843**
Accumulated depreciation in €	01.09.2006	Additions	Disposals/ Write-Ups	31.08.2007
Intangible assets:				
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	225,960	51,070	–	277,030
Tangible assets:				
Other equipment, plant and office equipment	453,874	97,968	25,954	525,888
Leasehold improvements	17,178	65,295	10,146	72,327
Financial assets:				
Shares in affiliated companies	10,838,037	–	2,000,000	8,838,037
Investments	167,900	–	–	167,900
Loans to investee companies	51,129	–	–	51,129
Total	**11,754,078**	**214,333**	**2,036,100**	**9,932,311**
Net book values in €	31.08.2006			31.08.2007
Intangible assets:				
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	84,878			141,815
Tangible assets:				
Other equipment, plant and office equipment	286,890			302,549
Leasehold improvements	301,817			258,168
Financial assets:				
Shares in affiliated companies	14,000,000			16,000,000
Investments	–			–
Loans to investee companies	–			–
Total	**14,673,585**			**16,702,532**

3.2 Other Securities
As of 31 August 2007, the other securities item was largely made up of commercial papers from industrial issuers with good credit with a remaining term of less than one month, which were reported at acquisition costs.

3.3 Treasury Stock
On 31 August 2007, the Company held 140,886 shares of treasury stock with a calculated face value of € 140,886. They represent 1.22 % of the share capital and, with regard to use, they are held for the purposes cited in the relevant resolutions of the Annual General Meetings. The acquisition cost for treasury stock held was € 1.54 per share on average.

As of 31 August 2006, the Company held 131,347 shares of treasury stock which had been purchased at an average acquisition cost of € 1.53 per share. In the second quarter of 2006/2007, 12,500 shares (calculated face value of € 12,500, corresponding to 0.11 % of the share capital) were issued from the treasury stock within the context of exercising employee options. In July and August 2007, 22,039 treasury stock shares (calculated face value of € 22,039, corresponding to 0.19 % of the share capital) were bought back via the stock market at an average acquisition cost of € 1.61 per share.

The treasury stock is either entered in the balance sheet at acquisition costs or at a value to be ascribed, whichever is lower. Accordingly, the number of treasury stock shares as of 31 August 2007 should be posted at the original acquisition cost given a closing price of € 1.57 per share on this date.

A reserve for the treasury stock is formed in the amount of the balance sheet item.

3.4 Accounts Receivable and Other Assets
With the exception of the other assets made up of corporation tax credits pursuant to Article 37 of the Corporation Tax Act in the amount of € 146,457, all other accounts receivable and other assets in the amount of € 1,375,975 (previous year: € 2,195,622) have a remaining term of up to one year. Accounts receivable from affiliated companies in the amount of € 1,174,625 (previous year: € 2,037,073) are balanced against liabilities to affiliated companies in the amount of € 1,121,505 (previous year: € 6,767). The gross item is made up of accounts receivable due to profit and loss transfer agreements (€ 1,368,877; previous year: € 1,637,213), accounts receivable from goods and services (€ 310,042; previous year: € 218,274), accounts receivable associated with tax integration (€ 140,953; previous year: € 154,349), as well as accounts receivable from a cash pool (€ 476,257; previous year: € 27,237).

The other assets largely comprise tax receivables from the tax authorities in connection with taxes paid on revenue from investing liquid funds (€ 163,120; previous year: € 105,363) and from a claim for reimbursement from corporation tax credits which was to be activated in the full amount as of 31 December 2006 due to the introduction of the Act on Tax Measures Accompanying the Introduction of the European Company and on Amending other Tax Regulations. The cash value was used because the claims for reimbursement bear no interest. A risk-free interest rate (interest on federal loans) was chosen for discounting.

The discounted claim for reimbursement as of 31 August 2007 was € 146,457 and has a remaining term of over one year.

3.5 Prepaid Expenses
The prepaid expenses in the amount of € 42,611 (previous year: € 25,077) largely consist of payments for investor relations services, insurance policies, maintenance contracts, and contributions, as well as an allotment of job advertisements relating to the year.

3.6 Share Capital
As of 31 August 2007, the Company's share capital amounted to € 11,542,764. It was made up of 11,542,764 individual no-par-value share certificates with a calculated face value of € 1 issued in the name of the owner.

The Annual General Meeting of 28 January 2004 authorised the Management Board to increase the share capital once or repeatedly by up to a total of € 5,770,000 until 15 January 2009 with the approval of the Supervisory Board by issuing individual share certificates issued in the name of the owner in return for a contribution in cash or a contribution in kind, excluding the shareholders' subscription right. Neither the Management Board nor the Supervisory Board made use of the approved capital in the 2005/2006 and 2006/2007 financial years, meaning that the approved capital still amounted to € 5,770,000 as of 31 August 2007.

The Annual General Meeting decision of 26 October 1999 created conditional capital in the amount of € 375,000 for granting rights to subscribe to 375,000 no-par-value individual share certificates to employees and members of the management of the Company or affiliated companies ("1999 Stock Option Plan"). Options from the 1999 Stock Option Plan could be assigned until 8 November 2004. The Annual General Meeting of 23 January 2007 decided to reduce the scope of the Conditional Capital I because it was no longer needed to service subscription rights at that time. It was correspondingly reduced from € 375,000 to € 127,909. As of 31 August 2007, 110,209 options from the 1999 Stock Option Plan with an average exercise price of € 16.64 were still in circulation. In the 2006/2007 financial year, 5,000 options from the 1999 Stock Option Plan were exercised at an average exercise price of € 1.53. In the previous year, no options from the 1999 Stock Option Plan were exercised.

The Annual General Meeting decision of 12 December 2000 created conditional capital in the amount of € 375,000 for granting rights to subscribe to 375,000 no-par-value individual share certificates to employees and members of the management of the Company or affiliated companies (“2000 Stock Option Plan”). Options from the 2000 Stock Option Plan could be assigned until 10 January 2006. The Annual General Meeting of 23 January 2007 decided to reduce the scope of the Conditional Capital II because it was no longer needed to service subscription rights at that time. It was correspondingly reduced from € 375,000 to € 168,629. As of 31 August 2007, 157,129 options from the 2000 Stock Option Plan with an average exercise price of € 2.31 were still in circulation. In the 2006/2007 financial year, 7,500 options from the 2000 Stock Option Plan were exercised at an average exercise price of € 1.53. In the previous year, no options from the 2000 Stock Option Plan were exercised.

The Annual General Meeting decision of 23 January 2007 created conditional capital in the amount of € 600,000 for granting rights to subscribe to 600,000 no-par-value individual share certificates to employees and members of the management of the Company or affiliated companies (“2007 Stock Option Plan”). Options from the 2007 Stock Option Plan can be assigned until 31 December 2011. In the 2006/2007 financial year, 75,000 options were issued to the members of the management of a subsidiary at an average exercise price of € 1.71.

3.7 Capital Reserve
The capital reserve remained unchanged in the 2006/2007 financial year compared to the previous year.

3.8 Reserve for Treasury Stock
As of 31 August 2007, the reserve for treasury stock had reached a level of € 217,350 (previous year: € 200,933). The reserve for treasury stock was made at the level of the balance sheet item for treasury stock; its change is explained in Section 3.3.

3.9 Other Revenue Reserves

Table 2 | Other reserves SinnerSchrader AG in €

Other reserves as at 31.08.2006	**9,508,336**
Allocation from dissolution of reserves for treasury stock	-16,417
Allocation to other reserves acc. § 58 (2a) AktG	2,000,000
Allocation to other reserves acc. § 58 (2) AktG	597,080
Other reserves as at 31.08.2007	**12,088,999**
thereof:	
from allocation to other reserves acc. § 58 (2a) AktG	8,000,000
from the rest of allocation to other reserves acc. § 58 (2) AktG	4,088,999

The other revenue reserves rose by € 2,580,663 in the 2006/2007 financial year to reach € 12,088,999 as of 31 August 2007. Items were allocated to other revenue reserves in the amount of € 2,000,000 according to Article 58 para. 2 a of the German Stock Corporation Act, since the net income of the 2006/2007 financial year arose in this amount due to the reversal of the impairment loss for the stake in shares in affiliated companies. By decision of the Management Board and Supervisory Board, 50 % of the remaining net income, or € 597,080, was reported in the other revenue reserves according to Article 58 para. 2 of the German Stock Corporation Act.

3.10 Accrued Expenses
The other accrued expenses in the amount of € 446,842 (previous year: € 508,159) have been formed for outstanding invoices, litigation risks, reporting and auditing expenses, as well as personnel expenses, especially for holiday and overtime claims and bonuses.

3.11 Liabilities
All liabilities in the amount of € 224,448 (previous year: € 251,590) had a remaining term of up to one year. The amount was made up of trade accounts payable, turnover tax liabilities for the German turnover tax authorities, as well as income tax and church tax levies that are not yet due.

4 Explanations of Statement of Operations Items

4.1 Revenues

Revenues in the amount of € 2,453,762 largely come from the management and administrative services provided by the Company for the consolidated affiliated companies and from charging for the costs of the centrally administered infrastructure in the consolidated Group.

4.2 Other Operating Income

The other operating income in the amount of € 2,070,195 largely comprises income from the reversal of the impairment loss according to Article 280 of the German Commercial Code for the shares of the 100 % subsidiary SinnerSchrader Deutschland GmbH (€ 2,000,000). Furthermore, the other operating income includes income from compensation for damages, reimbursements, the sale of other securities, insurance compensation, the resolution of accrued expenses, and from paying benefits with cash value to employees.

4.3 Income from the Transfer of Profits

In December 2003, the Company and its 100 % subsidiary SinnerSchrader Deutschland GmbH concluded a profit transfer agreement with effect from 1 September 2003, which the Annual General Meeting agreed to on 28 January 2004. Income of € 1,368,877 was earned from the profit transfer agreement in the 2006/2007 financial year.

4.4 Interest Income and Expenses

The interest income comes from investing the Company's liquid funds. Interest expenditure mainly arose within the context of the central liquidity management that the Company carries out for its German subsidiaries.

4.5 Other Operating Expenses

The other operating expenses in the amount of € 1,555,330 mainly consist of office space costs, communication costs, advertising costs, and legal and consulting costs.

The other operating expenses include expenditure and fees for the auditors in the amount of € 18,155 for auditing the Annual Financial Statements. Furthermore, € 25,345 was reserved with an effect on the results in the subsidiaries of the joint stock corporation for this activity, because this is the amount that the joint stock corporation will charge its subsidiaries for the costs it incurred for group auditing.

5 Other Information

5.1 Other Financial Liabilities

Table 3 | Obligations from rent and lease contracts in €

01.09.2007–31.08.2008	750,711
01.09.2008–31.08.2009	750,711
01.09.2009–31.08.2010	750,711
01.09.2010–31.08.2011	1,016,593
After 31.08.2011	–
Total	**3,268,726**

The financial liabilities largely concern fixed-term rental contracts for the office space in the Hamburg and Frankfurt am Main locations, which have a minimum remaining term of just under four years each.

5.2 Employees

On average for the 2006/2007 financial year, the Company had 17 employees (previous year: 18).

5.3 The Management Board

In the 2006/2007 financial year, the following persons were members of the Management Board:

- Matthias Schrader, Businessman, Chairman
- Thomas Dyckhoff, Businessman, Finance Director

The members of the Management Board performed their duties on a full-time basis. The remuneration of the Management Board members was made up as follows:

Table 4 | Remuneration of the Management Board members 2006/2007

	Fixed salary in €	Other benefits in €	Variable components in €	Stock options in number
Matthias Schrader	180,000	16,106	–	–
Thomas Dyckhoff	123,333	12,677	37,500	–
Total	**303,333**	**28,783**	**37,500**	**–**

In the 2006/2007 financial year, the total remuneration for the Management Board amounted to € 369,616.

5.4 Supervisory Board
In the financial year, the following persons were members of the Supervisory Board:

Prof. Dr. Reinhard Pöllath, Chairman
- Lawyer, Munich
- Chairman of the Supervisory Board of Deutsche Woolworth GmbH & Co. OHG, Frankfurt am Main
- Chairman of the Supervisory Board of maxingvest ag, Hamburg
- Member of the Supervisory Board of Beiersdorf AG, Hamburg
- Member of the Supervisory Board of Tchibo GmbH, Hamburg
- Member of the Supervisory Board of FERI Finance AG, Bad Homburg

Dieter Heyde, Deputy Chairman
- Businessman, Bad Nauheim
- Managing Partner of SALT Solutions GmbH, Würzburg

Frank Nörenberg
- Lawyer, Hamburg
- Managing Partner of Nörenberg Schröder, Rechtsanwälte – Wirtschaftsprüfer – Steuerberater (Attorneys, Auditors and Tax Consultants), Hamburg
- Deputy Chairman of the Supervisory Board of Graphit Kropfmühl AG, Hautzenberg
- Member of the Supervisory Board of Albis Leasing AG, Hamburg
- Member of the Advisory Council of ODS Optical Disc Service GmbH, Dassow

The remuneration of the Supervisory Board members in the 2006/2007 financial year was made up as follows:

Table 5 | Remuneration of the Management Board members 2006/2007

	Fixed salary in €	Other benefits in €	Variable components in €	Stock options in number
Prof. Dr. Reinhard Pöllath	8,000	223	–	–
Dieter Heyde	6,000	223	–	–
Frank Nörenberg	4,000	223	–	–
Total	**18,000**	**669**	**–**	**–**

Another benefit for every member of the Supervisory Board is the proportionate premium for the economic loss indemnity insurance for bodies of legal persons taken out by the Company.

5.5 Participations
The participations held by SinnerSchrader Aktiengesellschaft are broken down as follows:

Table 6a | Investments of SinnerSchrader AG

Company	Share in %	Currency	Nominal capital	Shareholders´ capital	Last annual result[1]	Profit/Loss transfer agreement	Reporting period
SinnerSchrader Deutschland GmbH, Hamburg	100.00	EUR	100,000	100,000	1,368,877	yes	01.09.06–31.08.07
SinnerSchrader UK Ltd., London, Great Britain[2]	100.00	GBP	100,000	-573,722	-28,274	no	01.09.06–31.08.07
SinnerSchrader Benelux BV, Rotterdam, Netherlands[2]	100.00	EUR	18,000	-185,833	-8,462	no	01.01.06–31.12.06
LetMeShip GmbH, Hamburg[3]	24.94	EUR	53,250	n.a.	n.a.	no	n.a.

[1] Before profit-transfer to SinnerSchrader AG

[2] The companies´ activities were temporarily discontinued in the previous years; respective shareholders were written off in the year the activity was discontinued.
Audited annual financial statements of the companies are not available.

[3] The company filed for insolvency, current information regarding shareholders´ equity and earnings is not available. The participation was completely written off.

Table 6b | Investments of SinnerSchrader Deutschland GmbH

Company	Share in %	Currency	Nominal capital	Shareholders' capital	Last annual result [1]	Profit/Loss transfer agreement	Reporting period
SinnerSchrader Neue Informatik GmbH, Hamburg	100.00	EUR	25,000	581,419	563,083	yes	01.09.06–31.08.07
SinnerSchrader Studios GmbH, Hamburg	100.00	EUR	25,000	341,030	377,905	yes	01.09.06–31.08.07
SinnerSchrader Studios Frankfurt GmbH, Frankfurt	100.00	EUR	25,000	125,932	-44,573	yes	01.09.06–31.08.07

[1] Before profit-transfer to SinnerSchrader AG

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

On 16 November 2006, the Management Board and Supervisory Board submitted the Declaration of Compliance with the Corporate Governance Code required by Article 161 of the German Stock Corporation Act and made it permanently accessible to the shareholders on the Company's website.

5.7 Act7 Information According to Article 160 para. 1 No. 8 of the German Stock Corporation

The Company has published the following notifications about major participations in an authorised journal of stock exchange announcements according to Article 25 para. 1 of the Securities Trading Act:

- Thomas Dyckhoff, Germany, informed us of the following as of 9 February 2007, as a correction to his notifications of 18 January 2007 made on the basis of the state of knowledge as of 15 January 2007, on his own behalf and as an agent and by proxy for the persons mentioned under letters b) to e), pursuant to Article 21 para. 1 of the Securities Trading Act:

  a) The share of voting rights of Mr Thomas Dyckhoff, Germany, in SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, fell below the threshold of 50 % on 13 February 2006 and now amounts to 49.9110 % (corresponding to 5,761,106 shares). Of this, 49.4782 % of the voting rights (5,711,156 shares) were assigned to him pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act. Among other things, the shares of voting rights of the following shareholders, whose shares of voting rights were 3 % or more each, were added to this pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act: Matthias Schrader, Oliver Sinner and Debby Vermögensverwaltung GmbH.

  b) The share of voting rights of Mr Matthias Schrader, Germany, in SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, fell below the threshold of 50 % on 13 February 2006 and now amounts to 49.9110 % (corresponding to 5,761,106 shares). Of this, 29.6154 % of the voting rights (3,418,431 shares) were assigned to him pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act. Among other things, the shares of voting rights of the following shareholders, whose shares of voting rights were 3 % or more each, were added to this pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act: Oliver Sinner and Debby Vermögensverwaltung GmbH.

  c) The share of voting rights of Mr Oliver Sinner, Germany, in SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, fell below the threshold of 50 % on 13 February 2006 and now amounts to 49.9110 % (corresponding to 5,761,106 shares). Of this, 40.8211 % of the voting rights (4,711,879 shares) were assigned to him pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act. Among other things, the shares of voting rights of the following shareholders, whose shares of voting rights were 3 % or more each, were added to this pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act: Matthias Schrader and Debby Vermögensverwaltung GmbH.

  d) The share of voting rights of Mr Detlef Wichmann, Germany, in SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, fell below the threshold of 50 % on 13 February 2006 and now amounts to 49.9110 % (corresponding to 5,761,106 shares). Of this, 48.9147 % of the voting rights (5,646,106 shares) were assigned to him pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act. Among other things, the shares of voting rights of the following shareholders, whose shares of voting rights were 3 % or more each, were added to this pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act: Matthias Schrader, Oliver Sinner and Debby Vermögensverwaltung GmbH.

  e) The share of voting rights of Mr Sebastian Dröber, Germany, in SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, fell below the threshold of 50 % on 13 February 2006 and now amounts to

49.9110 % (corresponding to 5,761,106 shares). Of this, 49.3045 % of the voting rights (5,691,106 shares) were assigned to him pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act. Among other things, the shares of voting rights of the following shareholders, whose shares of voting rights were 3 % or more each, were added to this pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act: Matthias Schrader, Oliver Sinner and Debby Vermögensverwaltung GmbH.

- Torsten Kautz, Germany, notified us pursuant to Article 21 para. 1 of the Securities Trading Act that as of 26 January 2006, his share of voting rights in SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, fell below the thresholds of 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % and have been 0 % since then.

- Mr Holger Blank, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1231 %, whereby he has a share of voting rights of 49.1223 % under the terms of Article 22 para. 2 of the Securities Trading Act.

- Mr Bernward Beuleke, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.2256 %, whereby he has a share of voting rights of 49.0718 % under the terms of Article 22 para. 2 of the Securities Trading Act.

- Mr Dirk Lehmann, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1322 %, whereby he has a share of voting rights of 49.0718 % under the terms of Article 22 para. 2 of the Securities Trading Act.

- Ms Marion Sinner, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that her share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1231 %, whereby she has a share of voting rights of 49.0365 % under the terms of Article 22 para. 2 of the Securities Trading Act.

- Ms Jessica Schmidt, Germany, notified us on 19 January 2005, amended on 4 February 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that her share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1244 %, whereby she has a share of voting rights of 48.9065 % under the terms of Article 22 para. 2 of the Securities Trading Act.

- Dr Markus Conrad, Germany, notified us on 20 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that he received notification on 17 January 2005 to the effect that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 due to sales in the syndicate and now amounts to 49.1231 %, whereby he has a share of voting rights of 48.0185 % under the terms of Article 22 para. 2 of the Securities Trading Act.

- Debby Vermögensverwaltung GmbH, Germany, acting on its own behalf and on behalf of the persons mentioned under letters b to e, notified us on 20 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act, of the following:

  a. Debby Vermögensverwaltung GmbH, Germany, received notification on 20 January 2005 that its share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 due to sales in the syndicate and now amounts to 49.1231 %, whereby it has a share of voting rights of 37.8823 % under the terms of Article 22 para. 2 of the Securities Trading Act.

  b. Mr Wolfgang Herz, Germany, received notification on 17 January 2005 that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1231 %, whereby he has a share of voting rights of 4.9713 % under the terms of Article 22 para. 1 No. 2 of the Securities Trading Act and a share of voting rights of 44.1518 % under the terms of Article 22 para. 2 of the Securities Trading Act.

  c. Ms Agneta Peleback-Herz, Germany, received notification on 17 January 2005 that her share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1231 %, whereby she has a share of voting rights of 0.6491 % under the terms of Article 22 para. 1 No. 2 of the Securities Trading Act and a share of voting rights of 48.474 % under the terms of Article 22 para. 2 of the Securities Trading Act.

d. Mr Michael Herz, Germany, received notification on 17 January 2005 that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1231 %, whereby he has a share of voting rights of 4.9713 % under the terms of Article 22 para. 1 No. 2 of the Securities Trading Act and a share of voting rights of 44.1518 % under the terms of Article 22 para. 2 of the Securities Trading Act.

e. Ms Cornelia Herz, Germany, received notification on 17 January 2005 that her share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1231 %, whereby she has a share of voting rights of 0.6491 % under the terms of Article 22 para. 1 No. 2 of the Securities Trading Act and a share of voting rights of 48.474 % under the terms of Article 22 para. 2 of the Securities Trading Act.

- Mr Gerd Stahl, Germany, notified us on 4 July 2003, amended on 10 July 2003, pursuant to Article 21 para. 1 of the Securities Trading Act in conjunction with Article 22 of the Securities Trading Act, in accordance with the obligation on his part and as an agent and by proxy for the persons mentioned under letters b to c, that:

a. As of 30 June 2003, Mr Gerd Stahl, Germany, has fallen below the threshold of 50 % of the voting rights in SinnerSchrader AG. He is now entitled to 49.95 % of the voting rights in SinnerSchrader AG pursuant to Article 21 para. 1 of the Securities Trading Act, of which 47.18 % of the voting rights are to be assigned under the terms of Article 22 para. 2 of the Securities Trading Act.

b. As of 30 June 2003, Mr Alexander Spohr, Germany, has fallen below the threshold of 50 % of the voting rights in SinnerSchrader AG. He is now entitled to 49.95 % of the voting rights in SinnerSchrader AG pursuant to Article 21 para. 1 of the Securities Trading Act, of which 47.69 % of the voting rights are to be assigned under the terms of Article 22 para. 2 of the Securities Trading Act.

c. As of 30 June 2003, Mr Matthias Fricke, USA, has fallen below the threshold of 50 % of the voting rights in SinnerSchrader AG. He is now entitled to 49.95 % of the voting rights in SinnerSchrader AG pursuant to Article 21 para. 1 of the Securities Trading Act, of which 47.85 % of the voting rights are to be assigned under the terms of Article 22 para. 2 of the Securities Trading Act.

6 Additional Information (Unaudited)

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

The following table shows the number of shares in SinnerSchrader AG and the number of subscription rights to these shares held by directors of SinnerSchrader AG as of 31 August 2007 and any changes in the 2006/2007 financial year:

Table 7 | Shares and options of the board members in number of shares

	31.08.2006	Additions	Disposals	31.08.2007
Management board member				
Matthias Schrader	2,342,675	–	–	2,342,675
Thomas Dyckhoff	49,950	12,500	–	62,450
Total shares of the Management Board	2,392,625	12,500	–	2,405,125
Supervisory board member:				
Prof. Dr. Reinhard Pöllath	–	–	–	–
Dieter Heyde	–	–	–	–
Frank Nörenberg	1,000	–	–	1,000
Total shares of the Supervisory Board	1,000	–	–	1,000
Total shares of the board members	**2,393,625**	**12,500**	**–**	**2,406,125**
Options	31.08.2006	Additions	Disposals	31.08.2007
Management board member:				
Matthias Schrader	–	–	–	–
Thomas Dyckhoff	25,000	–	12,500	12,500
Total shares of the Management Board	25,000	–	12,500	12,500
Supervisory board member:				
Prof. Dr. Reinhard Pöllath	–	–	–	–
Dieter Heyde	–	–	–	–
Frank Nörenberg	–	–	–	–
Total options of the Supervisory Board	–	–	–	–
Total options of the board members	**25,000**	**–**	**12,500**	**12,500**

Hamburg, 24 October 2007

Matthias Schrader Thomas Dyckhoff

Auditors' Opinion

We have audited the Annual Financial Statements, consisting of the Balance Sheet, the Statements of Operations, and the Notes, together with the bookkeeping system, and the Status Report, which was combined with the Group Status Report, of SinnerSchrader Aktiengesellschaft, Hamburg, for the financial year from 1 September 2006 to 31 August 2007. The keeping of the books and records and the preparation of the Annual Financial Statements and Status Report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the Annual Financial Statements, together with the bookkeeping system, and the Status Report based on our audit.

We conducted our audit of the Annual Financial Statements in accordance with Article 317 HGB (German Commercial Code) and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW: Institute of Public Auditors in Germany). These standards require that we plan and perform the audit so that misstatements and contraventions materially affecting the presentation of the asset, financial, and income situation in the Annual Financial Statements in accordance with generally accepted accounting principles as well as in the Status Report are detected with reasonable certainty. Knowledge of the business activities and the economic and legal environment of the Company and the evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the Annual Financial Statements, and the Status Report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall presentation of the Annual Financial Statements and Status Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not give rise to any reservations.

In our opinion, based on the results of the audit, the Annual Financial Statements give a true and fair view of the asset, financial, and income situation of the Company in accordance with generally accepted accounting principles and commercial law regulations. The Status Report is consistent with the Annual Financial Statements, conveys an accurate view of the situation of the Company, and accurately presents the opportunities and risks for future development.

Hamburg, 30 October 2007

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Probst	p.p. Brandt
Auditor	Auditor

Events

Financial calendar 2007/2008	
Annual General Meeting	19 December 2007
1st Quarterly Report 2007/2008 (September 2007– November 2007)	10 January 2008
2nd Quarterly Report 2007/2008 (December 2007– February 2008)	10 April 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.de.

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Key Figures, Four Quarters 2006/2007

Key figures of the SinnerSchrader Group, four quarters 2006/2007
in € 000s, € and number

	Q4	Q3	Q2	Q1
Revenues	4,984	4,247	4,579	4,778
Gross income	1,438	1,093	1,179	1,346
EBITDA	581	176	263	435
EBITA	472	75	161	336
Net income	388	96	294	241
Net income per share	0.03	0.01	0.03	0.02
Cash flows from operating activities	-35	181	209	538
Employees, full-time equivalents	144	146	146	145
	31.08.2007	31.05.2007	28.02.2007	30.11.2006
Cash and cash equivalents	10,450	10,675	10,561	10,418
Employees, end of period	152	152	157	155

Key Figures, Five Years

Key figures of the SinnerSchrader Group, five years
in € 000s, € and number

	IFRS 01.09.2006 31.08.2007	IFRS 01.09.2005 31.08.2006	IFRS 01.09.2004 31.08.2005	US-GAAP 01.09.2003 31.08.2004	US-GAAP 01.09.2002 31.08.2003
Revenues	18,588	15,819	14,315	12,325	12,359
Gross income	5,056	4,609	4,698	3,649	3,000
EBITDA	1,455	1,152	718	-752	-929
EBITA	1,043	600	177	-1,384	-1,621
Net income	1,018	1,192	544	-531	-923
Net income per share [1]	0.09	0.10	0.05	-0.05	-0.08
Shares outstanding [1]	11,417	11,411	11,334	10,933	11,165
Cash flows from operating activities	893	194	2,788	2,291	-1,637
Employees, full-time equivalents	145	129	132	139	169
	31.08.2007	31.08.2006	31.08.2005	31.08.2004	31.08.2003
Cash and cash equivalents	10,450	10,005	10,570 [2]	27,038	24,603
Shareholders' equity	12,548	11,531	10,334	8,054 [2]	29,375
Balance sheet total	16,770	15,067	13,746 [2]	31,252	31,473
Employees, end of period	152	143	130	145	166

[1] Weighted average shares outstanding

[2] Effect of special distribution to shareholders of € 20.8 million

SinnerSchrader
Aktiengesellschaft

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