SinnerSchrader

3RD QUARTERLY REPORT 2006|2007 OF SINNERSCHRADER AKTIENGESELLSCHAFT

Key Figures of the SinnerSchrader Group

in € 000s, € and number	Q3 2006/2007	Q3 2005/2006*	Change	9M 2006/2007	9M 2005/2006*	Change
Revenues	4,247	3,912	9 %	13,604	11,662	17 %
Gross profit	1,093	1,041	5 %	3,618	3,406	6 %
EBITDA	177	251	–29 %	874	823	6 %
EBITA	75	102	–26 %	571	382	49 %
Net income	96	160	–40 %	631	402	57 %
Net income per share	0.01	0.01	—	0.06	0.04	50 %
Cashflows from operating activities	181	772	–77 %	928	254	265 %
Employees, full time equivalents	146	127	15 %	146	127	15 %
	31.05.2007	28.02.2007	Change	31.05.2007	31.08.2006	Change
Cash and cash equivalents	10,675	10,561	1 %	10,675	10,005	7 %
Employees, end of period	152	157	–3 %	152	143	6 %

* Figures adjusted to IFRS

SinnerSchrader

Report of the Management Board

1

05 Development of Revenues
06 Order and Price Development
06 Operating Result
08 Net Income
08 Cash Flows
09 Balance Sheet
09 Employees
10 Risks and Opportunities
10 Forecast

Consolidated Financial Statements of SinnerSchrader AG

2

11 Consolidated Balance Sheets
12 Consolidated Statements of Operations
14 Consolidated Statements of Shareholders' Equity
16 Consolidated Statements of Cash Flows
17 Notes to the Consolidated Financial Statements

Events/Contact Information

1 Report of the Management Board

The third quarter (1 March to 31 May 2007) was marked by the decision to restructure the internal organisation of SinnerSchrader with a view to the opportunities that the Internet-driven revolution in the marketing and advertising industry presents to interactive agencies.

Thanks to consumer behaviour, the Internet is inexorably developing into a central platform on which companies establish, maintain and further develop relationships with their customers. And what’s more: the way in which customers experience a company on the Internet is increasingly characterising the customers’ image and view of this company and its brand. The Internet is therefore always right at the top of the agenda for marketing specialists and, with the Internet, those agencies that have mastered the interaction between creation and technology, and between communicative ideas and resolute process implementation.

This interaction is one of the key features of the interactive agencies, which thus currently have the opportunity to greatly gain in importance on the market – with positive effects on growth and profit margins.

So that it can profit better from this development, on 1 May 2007 SinnerSchrader put its four operating companies under a single management and organised the employees into new teams across the company. Furthermore, as of this date SinnerSchrader strengthened the operating management with Laurent Burdin; someone who has many years of consultancy experience in traditional advertising agencies. He will support the change that the marketing departments in the company are currently undergoing.

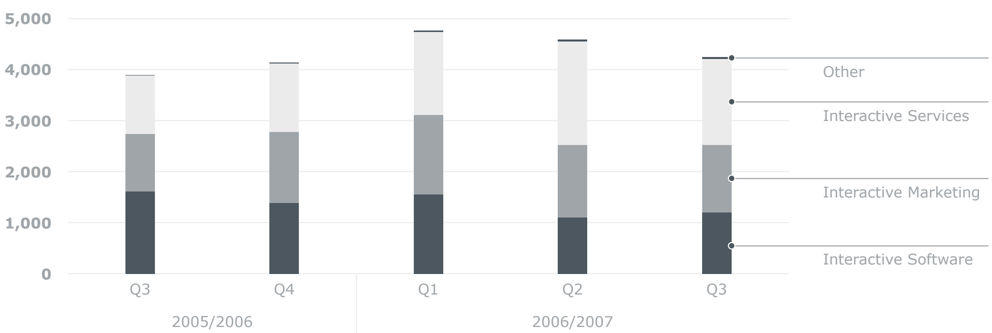
The announcement of the changes at SinnerSchrader as part of the successful next07 Congress attended by approx. 700 participants and organised by SinnerSchrader at the beginning of May, covering topical subjects concerning the Internet economy, was well received in the specialist press. The change in the meaning of the Internet and interactive agencies was discussed under headings such as “Web experts become leaders of the pack” – a sign that SinnerSchrader is on the right lines with the action it has taken.

As a result of these extensive change processes in the third business quarter of 2006/2007, the rate of growth initially slowed down in comparison to the previous quarters. The revenues of the third quarter were just 9 % above the comparable value of the previous year – in comparison to 21 % and 20 % growth in revenues in the first and second quarters of the financial year, respectively. The main one-off costs of the change process incurred in the third quarter to the tune of € 0.2 to € 0.3 million also had an impact on the development of operating results. Owing to the burden, the quarterly EBITA was only € 0.1 million or around 1.8 % of the (gross) revenues. By contrast, incoming orders developed positively, which were 13 % higher than in the previous year: customers are showing that they view the changes at SinnerSchrader positively. The final fourth quarter will therefore probably tie in to the positive first two quarters. This means that SinnerSchrader will achieve its growth target for the year as a whole – an increase of 15 % in comparison to the previous year. However, on the results side, it will no longer be possible to compensate for the costs of the restructuring with the result that the total annual target of an EBITA of € 1.2 million will probably fall short by € 0.2 to € 0.3 million.

1.1 Development of Revenues

In the third quarter of 2006/2007 SinnerSchrader achieved (gross) revenues of just under € 4.2 million. This therefore fell below the revenue level of the two previous quarters, but was an increase of just under 9 % over the comparable period of the previous year.

Development of revenues[1] according to segments – quarterly view in € 000s

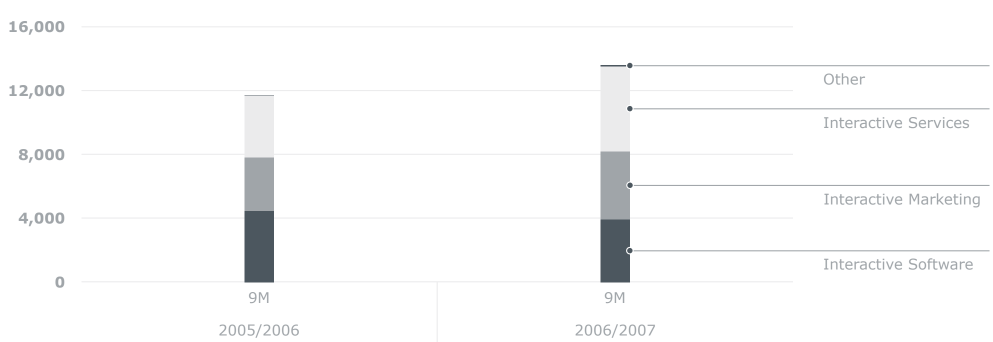


[1] Revenues from business with external customers

The reason for the falling trend in revenues in comparison to the second quarter was the seasonal normalisation of business with medial services, which resulted in a marked fall in revenues in the Interactive Services segment, which could not be balanced out by increasing revenues in project business in the two other segments. The flat development of revenues in the Interactive Software and Interactive Marketing segments is mainly a consequence of the restructuring carried out in the third quarter.

The growth in comparison to the same quarter in the previous year was achieved in the Interactive Services and Interactive Marketing segments. There was a marked fall in revenues with external customers in Interactive Software.

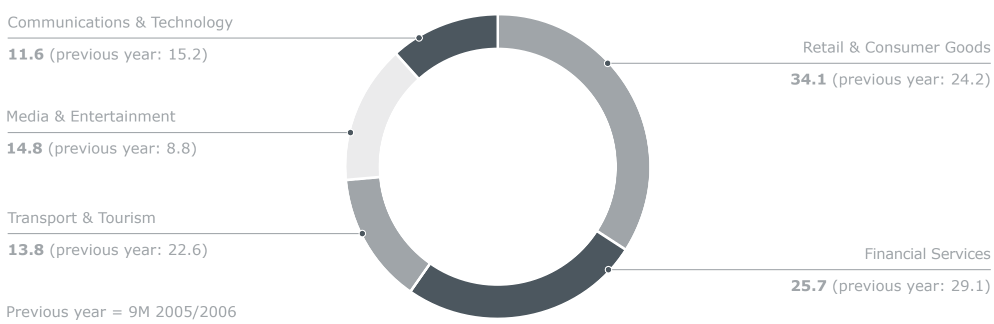
Development of revenues[1] according to segments – nine-month view in € 000s



[1] Revenues from business with external customers

For the first nine months of the financial year, there were overall (gross) revenues of € 13.6 million in comparison to € 11.7 million in the comparable period of the previous year. The growth by € 1.9 million corresponds to an increase of just under 17 %, which – very much like the situation in the third quarter – was achieved by the Interactive Marketing (+29 %) and Interactive Services (+39 %) segments. By contrast, revenues in the Interactive Software segment fell by around 13 %. The development of segment revenues is a consequence of the continuing rise in the budgets for online advertising which is, above all, beneficial to the media business in Interactive Services. The other reason for the development is the orientation of SinnerSchrader's business to its customers' marketing and sales activities.

Revenues according to sectors in %



After nine months, the revenue distribution according to sectors had a similar structure to that after the first six months. Due to the strong growth in media business, the Retail & Consumer Goods sector was the most important sector for SinnerSchrader, with a share of 34.1 % and with a big rise in share in comparison to the comparable period of the previous year. The Media & Entertainment sector has also greatly gained in importance; Sinner-Schrader earned 14.8 % of its total revenues for the first nine months of 2006/2007 here.

In this nine-month period, the five biggest customers accounted for 68.3 % of the revenues. The share for the ten biggest customers was 83.5 %. This means that the revenue concentration was more or less stable in comparison to the previous year.

1.2 Order and Price Development

In the third quarter of 2006/2007, the weak development of revenues was accompanied by a good development in incoming orders, which were around 13 % above the level of the third quarter of 2005/2006 – an indication that the new structure of SinnerSchrader is meeting with a good response on the market. Among other things, business relations with the Scandinavian shoe brand Ecco have developed well; in this quarter we received a first order to implement a new Internet platform.

On the price side, the easing following the good development of the German economy and the demand for Internet services is continuing.

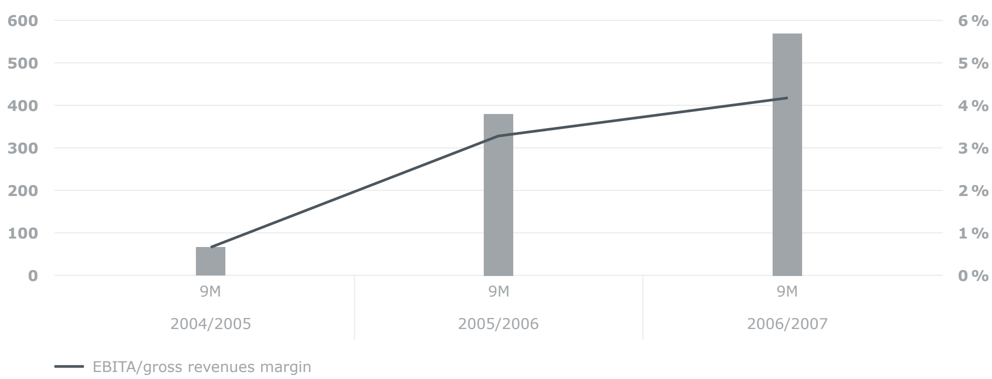
1.3 Operating Result

In the third quarter of 2006/2007, the operating result (EBITA) was positive in spite of the one-off burdens resulting from the restructuring of the internal organisation, but it only reached € 75,000 or 1.8 % of (gross) revenues. The costs of the restructuring which this includes, in particular for external support for the change process and for compensation payments to employees leaving the company, amounted to around € 0.2 million and, in the third quarter, resulted in increased general and administration costs.

At the end of the first nine months of the 2006/2007 financial year, the EBITA of Sinner-Schrader totalled € 571,000, which represents an increase of just under 50 % over the comparable period of the previous financial year. Growth-related increases of 6.2 % in the gross income and general and administration costs that were still 5.3 % below the comparable period of the previous year in spite of the burdens of the third quarter resulted in an improvement in the operating result. In contrast to this, expenditure on sales and research and development rose in the nine-month period.

In view of a disproportionate rise in the share of media business in the revenue mix, which has a weaker impact on gross margin, the 6.2 % increase in the gross income was well below the revenue growth of 16.6 %. In the nine-month period in 2006/2007, the gross margin fell by 2.6 percentage points to 26.6 % in comparison to the same period in the previous year.

EBITA and operating margin – nine-month view in € 000s and %



The reduction in the general and administration costs is the result of the move to new office premises in Hamburg at the end of the previous financial year, as a result of which considerable rental costs for vacant offices were no longer incurred in the current financial year.

In the first nine months, SinnerSchrader spent around € 109,000 on research and development – a good € 60,000 more than in the previous year. In this sector, the activities focused on continuously further developing SinnerSchrader's own development platform for e-commerce applications and on evaluating new software technologies and development methodologies.

Costs by cost type in € 000s and %	9M 2006/2007	9M 2005/2006	Change
Costs of material and services	–1,113	–1,093	2 %
Personnel costs*	–6,727	–5,877	14 %
Depreciation	–304	–441	–31 %
Other operating costs	–1,641	–2,090	–21 %

* including management bonuses

When looking at the development of costs according to cost type for the nine-month period in comparison to the previous year, it becomes clear that SinnerSchrader has returned to expanding its own personnel capacity in the 2006/2007 financial year: the personnel costs have increased greatly, while costs for outside services have hardly changed. However, some of the increase in personnel costs is a result of the compensation payments as part of the restructuring. There were marked improvements in comparison to the previous year in the sector of depreciation and other operating costs; these are largely a result of the reduction of rental charges and depreciation of tenant's fixtures and fittings following the move to new office premises in Hamburg.

1.4 Net Income

In the third quarter, too, the interest on investments with short-term fixed interest rose further, with the result that SinnerSchrader's financial income grew again to € 100,000 in the quarter covered by the report, against a background of more or less stable amounts invested. In the comparable period of the previous year, only € 58,000 were earned with the same investment policy – geared towards low fixed-rate interest periods, good credit ratings and short-term availability. For the first nine months, the financial income thus rose to € 269,000, a good 60 % more than in the previous year.

As a result of the tax-saving effects from the utilisation of tax loss carry-forwards being brought forward through the formation of deferred tax assets in the 2005/2006 Annual Financial Statements in accordance with international accounting standards, the Statement of Operations for the current financial year again shows deferred tax assets. In the third quarter of 2006/2007, a tax charge of € 79,000 was therefore posted. For the nine-month period, this resulted in overall deferred tax assets of € 357,000, which were partially compensated for by activation of the repayment claims from corporation tax credits identified of € 148,000.

The operating result, financial income and taxes resulted in a net income of € 96,000 or approx. € 0.01 per share in the third quarter. For the first nine months, the net income amounted to € 631,000 or € 0.06 per share, a rise of almost € 230,000 or € 0.02 per share over the previous year.

1.5 Cash Flows

In the third quarter of 2006/2007 SinnerSchrader's liquidity improved again by around € 0.1 million to € 10.7 million on 31 May 2007. In comparison to the situation at the end of the previous year this represents a liquidity rise of just under € 0.7 million. Funds in the amount of around € 0.9 million were earned from operating activities, of which SinnerSchrader has invested around € 0.3 million in new fixed assets.

The cash flow from operating activities originates from the net income corrected by depreciations and deferred tax provisions for the first nine months, a total of around € 1.3 million, of which € 0.4 million were tied up thanks to the rise in net current assets.

At € 0.3 million, investments in the first nine months were at the level of the previous year and mainly affected new equipment for workstations and investments to complete the fixtures and fittings of the new office premises.

Due to the exercise of 12,500 employee options at an exercise price of € 1.53, SinnerSchrader received a cash inflow of a good € 19,000 in the first nine months.

1.6 Balance Sheet

The balance sheet as of the report date of the third quarter of 2006/2007 basically has the same structure as at the end of the second quarter and as at the end of the previous financial year.

In comparison to the situation on 31 August 2006, the liquid funds and cash equivalents on the assets side and own shares on the liabilities and shareholders' equity side rose at around the same level of the net income, i.e. by around € 0.7 million.

Due to the change in tax legislation with regard to the treatment of corporation tax, the tax position on the assets side has increased by posting a discounted tax demand of around € 149,000. However, this was contrasted with the reduction in the active deferred tax assets of around € 0.4 million identified in the fixed assets in the wake of utilising the loss carry-forwards in the amount of the consolidated income.

The net current assets have risen by around € 0.4 million mainly due to an increase in the number of unbilled revenues. On the liabilities and shareholders' equity side, the other accrued expenses grew by € 0.2 million, mainly because of the reserves for compensation and bonus payments.

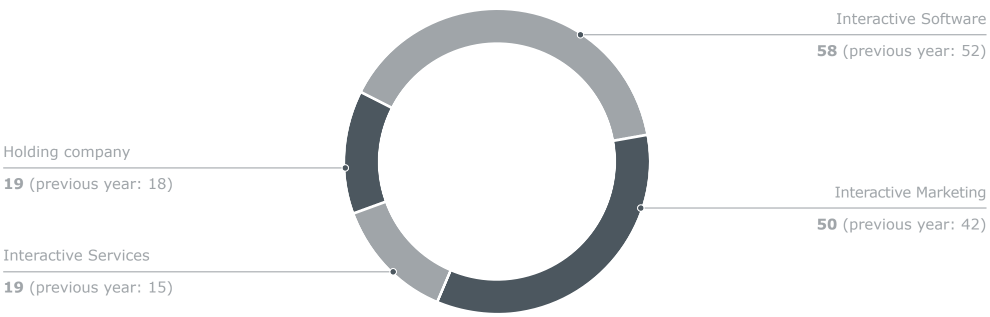
The balance sheet total thus rose overall by a good € 0.8 million to € 15.9 million between 31 August 2006 and 31 May 2007. As of 31 May 2007, the shareholders' equity ratio had hardly changed in comparison to 31 August 2006; it was 76.6 %.

1.7 Employees

Due to the low revenue dynamics in project business, SinnerSchrader did not further expand its personnel capacity in the third quarter of 2006/2007. The average number of full-time employees was thus stable at 146, the level of the second quarter. The comparison with the same quarter of the previous year, which shows a capacity increase of 19 full-time employees, documents the implementation of the goal of meeting the increased personnel requirements in the 2006/2007 financial year mainly from the company's own resources.

The figures for the nine-month period were similar to those for the third quarter: the personnel capacity was an average of 146 full-time employees in comparison to 127 in the first nine months of the previous year.

Employee structure Q3 2006/2007



Previous year = Q3 2005/2006

On 31 May 2007, there were 152 employees, 5 fewer than at the end of the previous quarter. The drop was associated with the new organisational structure introduced as of 1 May 2007. On 31 May 2006 there were 133 employees. A continuous expansion of personnel capacity remains the goal of SinnerSchrader with continuing positive revenue development.

1.8 Risks and Opportunities

As before, there are no risks apparent that could threaten the future existence of SinnerSchrader AG. In the first nine months of the 2006/2007 financial year, there was no significant change in comparison to the estimate of opportunities and risks in the 2005/2006 Annual Report.

Pleasingly high growth rates are still forecast for the Internet services market. However, the resultant demand for well trained personnel is reducing the supply of potential employees and is making a careful personnel policy and profile-raising of the SinnerSchrader brand in the personnel market, too, all the more important.

1.9 Forecast

In the third quarter of 2006/2007 SinnerSchrader has consciously accepted falls in revenue and, especially, profit development in order to position itself more clearly and better with an organisational restructuring for the current opportunities in the marketing and advertising agency market, which is undergoing radical change. SinnerSchrader is convinced that after the merger of the various units under a single management and the merger of the entire services portfolio under the SinnerSchrader brand, it will be in a good position to rise to be one of the leading agencies for marketing and advertising in Germany in the years ahead.

Since the commencement of the work in the new structure on 1 May 2007, SinnerSchrader has received extremely positive reactions from the market and customers. The good development on incoming orders in the third quarter seems set to continue in the fourth quarter following the placing of an extensive order in June by the Scandinavia shoe brand Ecco to implement a new Internet platform and this is a further indication that the restructuring will be successful.

In the fourth quarter, SinnerSchrader will therefore be able to tie in to the performance of the first quarter of the financial year. As a result, the planned 15 % revenue growth will probably be achieved in the 2006/2007 financial year, in spite of the indirect burdens from the restructuring process. However, in the fourth quarter SinnerSchrader will not be able to recover the costs of restructuring, which were mainly incurred in the third quarter, in the order of € 0.2 million to € 0.3 million. Therefore, SinnerSchrader is now expecting an operating result (EBITA) to the tune of € 0.9 million to € 1.0 million for the year as a whole, in contrast to the originally planned € 1.2 million.

Hamburg, July 2007

The Management Board

Consolidated Balance Sheets
as of 31 May 2007

Assets in €	31.05.2007	31.08.2006
Current assets:		
Liquid funds	718,539	2,510,285
Marketable securities	9,956,185	7,495,189
Cash and cash equivalents	10,674,724	10,005,474
Accounts receivable, net of allowances for doubtful accounts of € 157,924 and € 156,759	2,830,350	2,774,928
Unbilled revenues	741,372	410,649
Tax receivables	311,623	125,920
Other current assets and prepaid expenses	91,238	105,205
Total current assets	14,649,307	13,422,176
Non-current assets:		
Intangible assets	120,263	109,899
Property and equipment	992,455	1,028,960
Deferred tax assets	148,468	505,824
Total non-current assets	1,261,186	1,644,683
Total assets	**15,910,493**	**15,066,859**

Liabilities and shareholders' equity in €	31.05.2007	31.08.2006
Current liabilities:		
Trade accounts payable	1,447,243	1,240,316
Advance payments received	59,726	280,772
Accrued expenses	1,906,840	1,709,274
Deferred income and other current liabilities	305,884	305,234
Total current liabilities	3,719,693	3,535,596
Shareholders' equity:		
Common stock, stated value € 1, issued: 11,542,764 and 11,542,764, outstanding: 11,423,917 and 11,411,417 at 31.05.2007 and 31.08.2006, respectively	11,542,764	11,542,764
Additional paid-in capital	17,596,008	17,596,005
Reserves for share-based compensation	26,561	17,121
Treasury stock, 118,847 and 131,347 at 31.05.2007 and 31.08.2006, respectively	–181,810	–200,933
Accumulated deficit	–16,818,374	–17,449,040
Changes in shareholders' equity not affecting net income	25,651	25,346
Total shareholders' equity	12,190,800	11,531,263
Total liabilities and shareholders' equity	**15,910,493**	**15,066,859**

Consolidated Statements of Operations
from 1 September 2006 to 31 May 2007

in €	9M 2006/2007	9M 2005/2006
Revenues, gross	13,604,226	11,662,385
Media costs	−3,315,551	−1,893,630
Total revenues, net	10,288,675	9,768,755
Costs of revenues	−6,670,418	−6,363,135
Gross profit	**3,618,257**	**3,405,620**
Selling and marketing expenses	−930,368	−899,519
General and administration expenses	−2,077,870	−2,194,305
Research and development expenses	−109,759	−41,496
Operating profit	**500,260**	**270,300**
Other income, net	70,789	111,758
Financial income, net	269,087	168,425
Profit before provision for income tax	**840,136**	**550,483**
Income tax	−209,470	−148,412
Net profit	**630,666**	**402,071**
Net income per share (basic)	0.06	0.04
Net income per share (diluted)	0.06	0.04
Weighted average shares outstanding (basic)	11,416,556	11,411,417
Weighted average shares outstanding (diluted)	11,418,268	11,415,170

Consolidated Statements of Operations
from 1 March 2007 to 31 May 2007

in €	Q3 2006/2007	Q3 2005/2006
Revenues, gross	4,247,213	3,911,586
Media costs	–1,049,569	–574,472
Total revenues, net	3,197,644	3,337,114
Costs of revenues	–2,104,807	–2,296,547
Gross profit	**1,092,837**	**1,040,567**
Selling and marketing expenses	–275,628	–328,270
General and administration expenses	–740,855	–605,368
Research and development expenses	–26,143	–7,318
Operating profit	**50,211**	**99,611**
Other income, net	24,410	2,885
Financial income, net	100,812	57,670
Profit before provision for income tax	**175,433**	**160,166**
Income tax	–79,886	—
Net profit	**95,547**	**160,166**
Net income per share (basic)	0.01	0.01
Net income per share (diluted)	0.01	0.01
Weighted average shares outstanding (basic)	11,423,917	11,411,417
Weighted average shares outstanding (diluted)	11,425,356	11,416,955

Consolidated Statements of Shareholders' Equity

from 1 September 2006 to 31 May 2007

in €	Number of shares outstanding	Common stock
Balance at 31.08.2005	**11,411,417**	**11,542,764**
Unrealised gains and losses on marketable securities	—	—
Foreign currency translation adjustment	—	—
Changes in shareholders' equity not affecting net income	—	—
Net income	—	—
Deferred compensation	—	—
Balance at 31.05.2006	**11,411,417**	**11,542,764**
Balance at 31.08.2006	**11,411,417**	**11,542,764**
Unrealised gains and losses on marketable securities	—	—
Foreign currency translation adjustment	—	—
Changes in shareholders' equity not affecting net income	—	—
Net income	—	—
Deferred compensation	—	—
Treasury stock purchases	—	—
Re-issuance of treasury stock	12,500	—
Balance at 31.05.2007	**11,423,917**	**11,542,764**

Common stock	Reserves for share-based compensation	Treasury stock	Retained earnings/ losses	Changes in shareholders' equity not affecting net income	Total shareholders' equity
17,596,005	**9,165**	**–200,933**	**–18,640,760**	**27,796**	**10,334,037**
—	—	—	—	–6,439	–6,439
—	—	—	—	—	—
—	—	—	—	6,439	6,439
—	—	—	402,071	—	402,071
—	11,535	—	—	—	11,535
17,596,005	**20,700**	**–200,933**	**–18,238,689**	**21,357**	**10,741,204**
17,596,005	**17,121**	**–200,933**	**–17,449,040**	**25,346**	**11,531,263**
—	—	—	—	305	305
—	—	—	—	—	—
—	—	—	—	305	305
—	—	—	630,666	—	630,666
—	9,440	—	—	—	9,440
—	—	—	—	—	—
3	—	19,123	—	—	19,126
17,596,008	**26,561**	**–181,810**	**–16,818,374**	**25,651**	**12,190,800**

Consolidated Statements of Cash Flows
from 1 September 2006 to 31 May 2007

in €	9M 2006/2007	9M 2005/2006
Cash flows from operating activities:		
Net profit	630,666	402,071
Adjustments to reconcile net profit to net cash used in operating activities:		
Depreciation of property and equipment	303,217	440,860
Stock-based compensation	9,440	11,535
Bad debt expense	1,165	—
Gains/losses on the disposal of fixed assets	895	−1,116
Deferred tax provision	357,149	148,412
Changes in assets and liabilities:		
Accounts receivable	−56,587	−522,743
Unbilled revenues	−330,723	−264,670
Tax receivables	−185,703	−51,494
Other current assets and prepaid expenses	13,967	−6,480
Accounts payable, deferred revenues and other liabilities	−13,469	6,077
Other accrued expenses	197,566	91,636
Net cash provided by (used in) operating activities	**927,583**	**254,088**
Cash flows from investing activities:		
Purchase of property and equipment	−282,351	−294,385
Proceeds from sale of equipment	4,380	2,043
Net cash provided by (used in) investing activities	**−277,971**	**−292,342**
Cash flows from financing activities:		
Incoming payment from sale of treasury stock	19,125	—
Net cash provided by (used in) financing activities	**19,125**	**—**
Net effect of rate changes on cash and cash equivalents	513	−10,802
Net increase/decrease in cash and cash equivalents	**669,250**	**−49,056**
Cash and cash equivalents at beginning of period	10,005,474	10,570,151
Cash and cash equivalents at end of period	10,674,724	10,521,095
Thereof back-up of bank guarantees	680,563	895,820
For information only, contained in cash flows from operating activities:		
Interest payment received	267,690	148,842
Paid interest	−1,036	−1,171

2 Notes as of 31 May 2007

2.1 General Foundations

The Consolidated Financial Statements as of 31 May 2007 of SinnerSchrader AG and its subsidiaries (hereinafter referred to as the “SinnerSchrader Group”, “SinnerSchrader” or “Group”) for the third quarter and the first nine months of the 2006/2007 financial year from 1 March 2007 or 1 September, 2006, respectively, to 31 May 2007 were drawn up according to the International Financial Reporting Standards (“IFRS”) of the International Accounting Standards Board (“IASB”) in force on the report date, taking account of the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). It was not subject to an audit and is to be read in conjunction with the Consolidated Financial Statements of SinnerSchrader Aktiengesellschaft as of 31 August 2006.

The accounting, valuation and consolidation methods of the Quarterly Report at hand were unchanged from the Consolidated Financial Statements as of 31 August 2006. They are disclosed and explained in the Consolidated Financial Statements as of 31 August 2006, which are published in the 2005/2006 Annual Report.

Due to the change from US-GAAP to IFRS accounting principles which took place with the Consolidated Financial Statements as of 31 August 2006, the comparative figures from the third quarter of 2005/2006, which had been reported according to US-GAAP, were adjusted accordingly for IFRS in the 2005/2006 Consolidated Financial Statements. With regard to the adjustments made necessary by the change in accounting principles, please refer to the explanation under Section 2 of the Notes to the 2005/2006 Annual Report on pages 46 to 49.

2.2 Consolidation Group

The consolidation group as of 31 May 2007 was unchanged from 31 August 2006. It comprises SinnerSchrader Aktiengesellschaft, the wholly owned domestic subsidiary SinnerSchrader Deutschland GmbH, its wholly owned subsidiaries SinnerSchrader Neue Informatik GmbH, SinnerSchrader Studios GmbH and SinnerSchrader Studios Frankfurt GmbH, as well as the two currently non-operational foreign subsidiaries SinnerSchrader UK Ltd. and SinnerSchrader Benelux BV, which are also wholly owned.

2.3 Segment Reporting

Tables 1a and 1b show the development of the segments in the first nine months of 2006/2007, as well as in the same period last year.

All revenues were earned by SinnerSchrader companies based in Germany.

Tab. 1a | Segment information for the first nine months 2006/2007 and as of 31 May 2007, respectively in € and number

	Interactive Software	Interactive Marketing	Interactive Services	Segments total	Consolidation/ holding	Group
01.09.2006–31.05.2007:						
External revenues	3,886,725	4,299,756	5,340,437	13,526,918	77,308	13,604,226
Internal revenues	753,001	231,110	299,450	1,283,561	−1,283,561	—
Total revenues, gross	4,639,726	4,530,866	5,639,887	14,810,479	−1,206,253	13,604,226
Media costs	—	—	−3,315,551	−3,315,551	—	−3,315,551
Total revenues, net	4,639,726	4,530,866	2,324,336	11,494,928	−1,206,253	10,288,675
Segment profit/loss (EBITA)	**315,451**	**263,607**	**501,897**	**1,080,955**	**−509,906**	**571,049**
Depreciation of property and equipment	48,745	42,158	55,298	146,201	157,016	303,217
Purchase of property, plant and equipment	45,875	46,745	35,645	128,265	154,086	282,351
Employees, full-time equivalents	57.6	50.2	18.8	126.6	19.5	146.1
31.05.2007:						
Total assets	**2,517,925**	**2,286,360**	**538,031**	**5,342,316**	**10,568,177**	**15,910,493**
Non-current assets	179,914	139,860	116,265	436,039	825,147	1,261,186
Current assets	2,338,011	2,146,500	421,766	4,906,277	9,743,030	14,649,307
Liabilities	**1,270,550**	**1,250,372**	**1,114,562**	**3,635,484**	**84,209**	**3,719,693**
Number of employees, end of period	59	48	21	128	24	152

Tab. 1b | Segment information for the first nine months 2005/2006 and as of 31 May 2006, respectively in € and number

	Interactive Software	Interactive Marketing	Interactive Services	Segments total	Consolidation/ holding	Group
01.09.2005–31.05.2006:						
External revenues	4,476,183	3,321,305	3,851,679	11,649,167	13,218	11,662,385
Internal revenues	607,275	296,827	229,983	1,134,085	−1,134,085	—
Total revenues, gross	5,083,458	3,618,132	4,081,662	12,783,252	−1,120,867	11,662,385
Media costs	—	—	−1,893,630	−1,893,630	—	−1,893,630
Total revenues, net	5,083,458	3,618,132	2,188,032	10,889,622	−1,120,867	9,768,755
Segment profit/loss (EBITA)	**559,969**	**208,344**	**686,848**	**1,455,161**	**−1,073,103**	**382,058**
Depreciation of property and equipment	48,857	28,874	38,583	116,314	324,546	440,860
Purchase of property, plant and equipment	70,500	56,665	102,011	229,176	65,209	294,385
Employees, full-time equivalents	52.6	41.8	14.4	108.8	18.4	127.2
31.05.2006:						
Total assets	**2,717,434**	**1,622,517**	**339,437**	**4,679,388**	**9,571,722**	**14,251,110**
Non-current assets	173,182	114,829	138,878	426,889	399,468	826,357
Current assets	2,544,252	1,507,688	200,559	4,252,499	9,172,254	13,424,753
Liabilities	**1,296,326**	**777,321**	**825,315**	**2,898,962**	**610,944**	**3,509,906**
Number of employees, end of period	53	45	15	113	20	133

Accounting for the individual segments follows the accounting principles that are also used in the Group. Administrative costs incurred in SinnerSchrader AG are charged to the operative segments if they can be assigned. Costs that cannot be assigned are not distributed to the segments. These consist primarily of costs for original holding tasks, such as investor relations work, as well as costs in the previous year resulting from overcapacity in the former office at the Hamburg location. 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 income from all reporting segments to the earnings before tax of the Group:

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

	9M 2006/2007	9M 2005/2006
Segment profit/loss (EBITA) of all reportable segments	**1,080,955**	**1,455,161**
Central holding costs not attributable to reportable segments	–509,187	–1,072,473
Earnings before tax of foreign subsidiaries	–719	–630
EBITA of the Group	**571,049**	**382,058**
Interest income/expense of the Group	269,087	168,425
Earnings before tax of the Group	**840,136**	**550,483**

2.4 Other Income/Expenses, Net

The sum of other income and expenses is comprised as shown in Table 2:

Tab. 2 | Other income and expenses in €

	9M 2006/2007
Income from dissolving accrued expenses	35,030
Expense from disposal of plant and equipment	–895
Income from decreasing reserve for bad debt	835
Refund of expenses/compensation for damages	25,172
Other	10,647
Total	**70,789**

2.5 Taxes from Income and from Earnings

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

Tab. 3 | Income tax in €

	9M 2006/2007	9M 2005/2006
Current	147,678	—
Deferred	–357,148	–148,412
Total	**–209,470**	**–148,412**

As a result of the introduction of the Act on Accompanying Tax Measures to Introduce the European Company and on the Modification of Further Tax Regulations ("SEStEG") the claims for payment from any corporation tax credits identified had to be activated in full in the second quarter of 2007. To date, an existing corporation tax credit could be realised merely by means of dividend payments. With the introduction of the SEStEG, this system has been replaced by payment in instalments – starting in 2008 over a term of 10 years; this payment is separate from any dividend payments made. The entitlement is adequately specified by means of publication in the Federal Law Gazette. In economic terms, the entitlement to reimbursement is an overpayment as defined in IAS 12.12, with the result that the entire entitlement had to be treated in accordance with IAS 1.68 (m) in spite of its long-term character as current tax. Due to the fact that there is no interest on the entitlements to reimbursement, the amount is estimated at cash value. A risk-free interest rate (interest on federal loans) has been selected for discounting.

On 31 May 2007 the entitlement to reimbursement amounted to € 237,425. The discounted amount as of 31 May 2007 was € 149,815.

In the first nine months of 2006/2007, no current taxes were incurred because the pre-tax profits incurred exclusively in Germany could be completely offset against tax loss carry-forwards.

The income tax expenditure reported in the respective Statements of Operations was formed against deferred tax assets on loss carry-forwards.

2.6 Financial Obligations and Contingent Liabilities

The contingencies and other financial obligations as of 31 May 2007 were largely unchanged compared to the Consolidated Financial Statements as of 31 August 2006.

2.7 Treasury Stock

On 31 May 2007, the treasury stock of SinnerSchrader AG amounted to 118,847 shares with a calculated face value of € 118,847, representing 1 % of the common stock. On 31 August 2006, the treasury stock amounted to 131,347 shares or 1.14 % of the common stock. No shares were bought or sold in the third quarter 2006/2007, and no SinnerSchrader shares were issued to employees in the course of exercising employee stock options.

2.8 Share-based Compensation

2.8.1 Stock Option Plans

With resolutions of the Annual General Meetings of October 1999, December 2000, and January 2007, SinnerSchrader AG created the SinnerSchrader Stock Option Plan 1999, the SinnerSchrader Stock Option Plan 2000 and the SinnerSchrader Stock Option Plan 2007, along with the necessary conditional capital of € 375,000 each (Stock Option Plans 1999 and 2000) and € 600,000 (Stock Option Plan 2007). Detailed information about the first two option plans can be found in the Notes to the Consolidated Financial Statements of 31 August 2006.

In past years, options were allocated to employees and Management Board members of SinnerSchrader AG and its subsidiaries from the Stock Option Plans 1999 and 2000.

In January 2007 the Annual General Meeting of SinnerSchrader AG adopted the SinnerSchrader Stock Option Plan 2007, which enables the granting of share options to draw a total of 600,000 shares to the members of the Management Board of SinnerSchrader AG (200,000 options) and the members of the management of companies affiliated to SinnerSchrader AG (200,000 options) as well as selected employees performing managerial tasks within SinnerSchrader AG and companies affiliated to it (200,000 options).

The options granted within the context of 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) on the five trading days before the day of allocation. The options can be exercised one third each at the earliest three, four and five years after allocation. 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) on the five trading days before the day of allocation (reference price) is 30 % above the exercise price. The options for the second third may be exercised only if the reference price is 40 % above the exercise price. The options for 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. In the third quarter 2006/2007 75,000 stock options from the SinnerSchrader Stock Option Plan 2007 were allocated to members of the management of companies affiliated to SinnerSchrader AG.

Table 4 summarises the changes in the number of outstanding options of the Stock Option Plans 1999, 2000 and 2007 in the first nine months of the 2006/2007 financial year:

Tab. 4 | **Outstanding stock options** in € and number

	Number	Weighted average exercise price
Outstanding at 31 August 2006	**296,538**	**7.60**
Granted	75.000	1.71
Exercised	−12.500	1.53
Cancelled	−1.000	1.69
Expired	−12.500	17.82
Outstanding at 31 May 2007	**345.538**	**6.19**

IFRS 2 calls for the costs resulting from the issue of employee options to be entered in the balance sheet on the basis of their fair value with an effect on income. The market value of the option on the issue date must be distributed over the waiting period for exercising the option and then proportionately entered in the Statement of Operations as personnel costs for the relevant period. The costs are recorded against the shareholders' equity in the reserve for share-based compensation. In the first nine months of 2006/2007, the costs to be considered amounted to € 9,440, compared to € 11,535 in the same period in 2005/2006.

2.8.2 Share-based Bonuses

On 1 January 2005, a share-based bonus was promised to a member of the Management Board. According to this, the member is entitled to a bonus payment in cash in January 2008 depending on the price development of the SinnerSchrader share until 31 December 2007. The bonus entitlement shall be calculated from the difference between the average closing price of the SinnerSchrader share on the ten trading days before 1 January 2008 and the reference price of € 1.61 per share multiplied by 200,000. The reserve to be formed for this share-based bonus as of 31 May 2007 amounted to € 16,111 in comparison to € 16,150 as of 31 May 2006. These amounts each had to be posted in full against administrative costs.

2.9 Related Party Transactions

In the first nine months of the 2006/2007 and 2005/2006 financial years, SinnerSchrader achieved revenues in the amount of € 3,328,534 and € 2,112,356, respectively, with companies in which members of the Supervisory Board of SinnerSchrader hold supervisory board positions.

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

Table 5 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 2006 and their changes in the first nine months of 2006/2007:

Tab. 5 | Directors' holdings of shares and subscription rights to shares in number

Shares	31.08.2006	Additions	Withdrawals	31.05.2007
Management Board member:				
Matthias Schrader	2,342,675	—	—	2,342,675
Thomas Dyckhoff	49,950	12,500	—	62,450
Management Board, total	2,392,625	12,500	—	2,405,125
Supervisory Board member:				
Reinhard Pöllath	—	—	—	—
Dieter Heyde	—	—	—	—
Frank Nörenberg	1,000	—	—	1,000
Supervisory Board, total	1,000	—	—	1,000
Board members, total	**2,393,625**	**12,500**	**—**	**2,406,125**

Subscription rights	31.08.2006	Additions	Withdrawals	31.05.2007
Management Board member:				
Matthias Schrader	—	—	—	—
Thomas Dyckhoff	25,000	—	12,500	12,500
Management Board, total	25,000	—	12,500	12,500
Supervisory Board member:				
Reinhard Pöllath	—	—	—	—
Dieter Heyde	—	—	—	—
Frank Nörenberg	—	—	—	—
Supervisory Board, total	—	—	—	—
Board members, total	**25,000**	**—**	**12,500**	**12,500**

In the second quarter of the 2006/2007 financial year, Board member Thomas Dyckhoff exercised 12,500 of his stock options at an exercise price of € 1.53 per share. As a result, his share holdings rose to 62,450 shares and his drawing rights holdings decreased to 12,500 on 28 February 2007. In the third quarter of 2006/2007 there were no changes in the number of shares and subscription rights to shares held by Board members.

Events

Financial Calendar 2006/2007	
Annual Report 2006/2007	13 November 2007
Balance sheet press conference	13 November 2007
Analyst conference at the Eigenkapitalforum, Frankfurt/Main	13 November 2007
Annual General Meeting	December 2007

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

Contact Information

Investor Relations

Kirsten Schütt
Völckersstraße 38
22765 Hamburg
Germany

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

Editorial Information	
Published by	SinnerSchrader Aktiengesellschaft, Hamburg, Germany
Concept and design	heureka! – Profitable Communication, Essen, Germany
Photographs	Schlüter Fotografie, Essen, Germany
Printed by	MEDIADRUCKWERK Gruppe GmbH, Hamburg, Germany

SinnerSchrader Aktiengesellschaft
Völckersstraße 38
22765 Hamburg
Germany

www.sinnerschrader.de