SinnerSchrader

2ND QUARTERLY REPORT 2006|2007 OF SINNERSCHRADER AKTIENGESELLSCHAFT

Key Figures of the SinnerSchrader Group

in € 000s, € and number	Q2 2006/2007	Q2 2005/2006*	Change	H1 2006/2007	H1 2005/2006*	Change
Revenues	4,579	3,826	20 %	9,357	7,751	21 %
Gross profit	1,179	1,110	6 %	2,525	2,365	7 %
EBITDA	263	268	–2 %	698	572	22 %
EBITA	161	114	41 %	496	280	77 %
Net income	294	117	151 %	535	242	121 %
Net income per share	0.03	0.01	200 %	0.05	0.01	400 %
Cashflows from operating activities	209	–245	185 %	747	–517	244 %
Employees, full time equivalents	146	128	14 %	146	127	14 %
	28.02.2007	30.11.2006	Change	28.02.2007	31.08.2006	Change
Cash and cash equivalents	10,561	10,418	1 %	10,561	10,005	6 %
Employees, end of period	157	155	1 %	157	143	10 %

* Figures adjusted to IFRS

SinnerSchrader

1 Report of the Management Board

In the second quarter of 2006/2007 (1 December 2006 to 28 February 2007) SinnerSchrader continued its dynamic business development with organic revenue growth of just under 20 %. For the first half of the 2006/2007 financial year, revenues were thus just under € 9.4 million – 21 % above the value of the previous year and slightly above the Company's own plans.

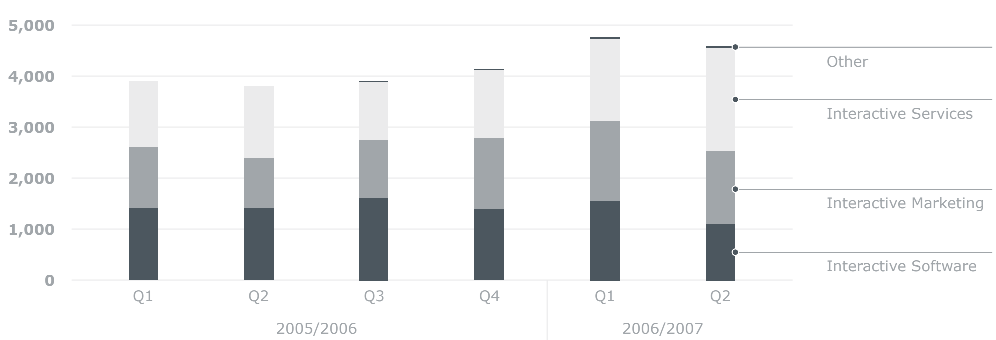
In the half-year covered by the report, 22 % of the revenues resulted from transactions with customers with whom SinnerSchrader did not have business relations in the comparable period of the previous year, including the OTTO Group. As a result of the cooperation with the OTTO Group, the OTTO Store was launched at the end of January 2007, one of 20 reference projects around the world for the launch of the new Microsoft Windows Vista operating system.

The OTTO Store is an example of SinnerSchrader's innovative expertise, which has developed from the interaction of creation and technology. Since it is precisely this interaction on the market that has gained in importance again, in the second quarter of 2006/2007 SinnerSchrader started to gear its structures to this development.

In the first half of the financial year, the operating result improved by 77 % to € 0.5 million. The development of the results was also well according to plan, meaning that the goals for the year – 15 % growth in revenues to over € 18 million and an EBITA of € 1.2 million – can be confirmed.

1.1 Development of Revenues

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

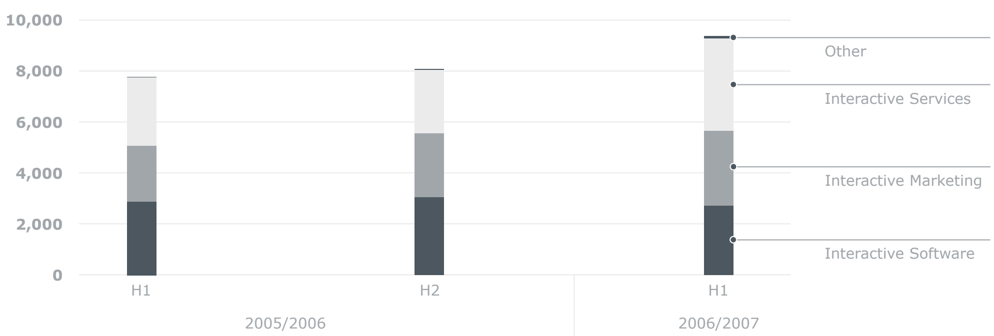


[1] Revenues from business with external customers

In the second quarter of 2006/2007 SinnerSchrader achieved gross revenues of just under € 4.6 million. As expected, the quarter covered by the report was thus below the preceding quarter, for seasonal reasons. Since the months of December and January both fall in the second SinnerSchrader quarter, the negative effects on project business of fewer working days in December and a slower resumption of work in January after the New Year accumulate. These revenue-reducing effects were partially compensated in the quarter covered by the report by good revenues with media services in the Interactive Services segment, just as in previous years as part of the advertising-intensive Christmas business.

In comparison to the comparable quarter of the previous year, revenues were increased by a good € 0.75 million and a growth rate of around 20 % was achieved. The growth was carried by the two segments Interactive Services and Interactive Marketing, which have greatly enhanced revenues with external customers, with a rate of 44 % and 42 % respectively. By contrast, revenues with external customers fell by 21 % in the Interactive Software segment.

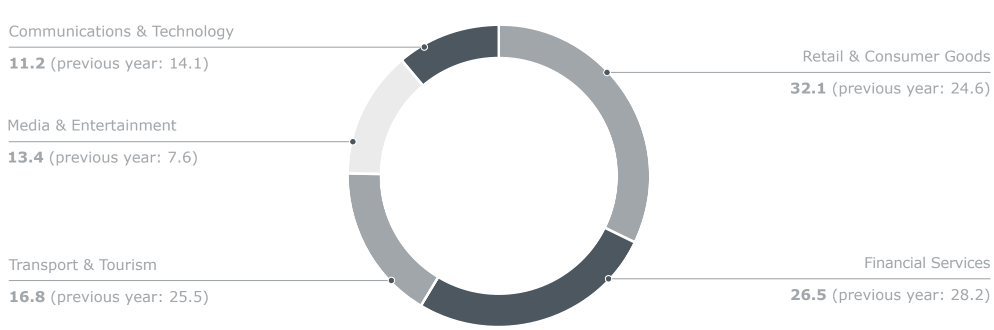
Development of revenues[1] according to segments – half year view in € 000s



[1] Revenues from business with external customers

Due to the even stronger first quarter, the revenue growth in the first half of the 2006/2007 financial year was around 21 %. Revenues thus rose from around € 7.75 in the first half of 2005/2006 to a good € 9.35 million in the half year covered by the report. With respect to this period, the drivers of growth, measured in terms of revenue with external customers, were the segments Interactive Services and Interactive Marketing with 35 % each and a slight fall in the Interactive Software segment. However, the total revenues of the Interactive Software segment with external and internal customers in the first half of the year were at the same level as the previous year.

Revenues according to sectors in %



Previous year = H1 2005/2006

Mainly because of the strong growth in business with media services, which was primarily earned with companies in the retail and consumer goods sector in the second quarter, revenue distribution according to sectors has shifted significantly in the first half of 2006/2007 in comparison to the previous year in favour of this sector – 32.1 % of revenues were earned with companies that belong to the Retail & Consumer Goods sector, in comparison to 24.6 % in the first half of the 2005/2006 financial year. This means that this sector had the highest revenues for SinnerSchrader for the first time in years. The proportion of revenues in the Media & Entertainment sector has also increased greatly; in the first half year it accounted for 13.4 % of total revenues, in comparison to 7.6 % a year ago. In comparison to the previous year, reduced shares were seen with companies in the Financial Services, Transport & Tourism, and Communications & Technology sectors, which accounted for 26.5 %, 16.8 % and 11.2 % of revenues in the half year covered by the report.

In the first half of the 2006/2007 financial year, 69.7 % of revenues was accounted for by the five biggest customers and 84.2 % by the ten biggest customers.

1.2 Order and Price Development

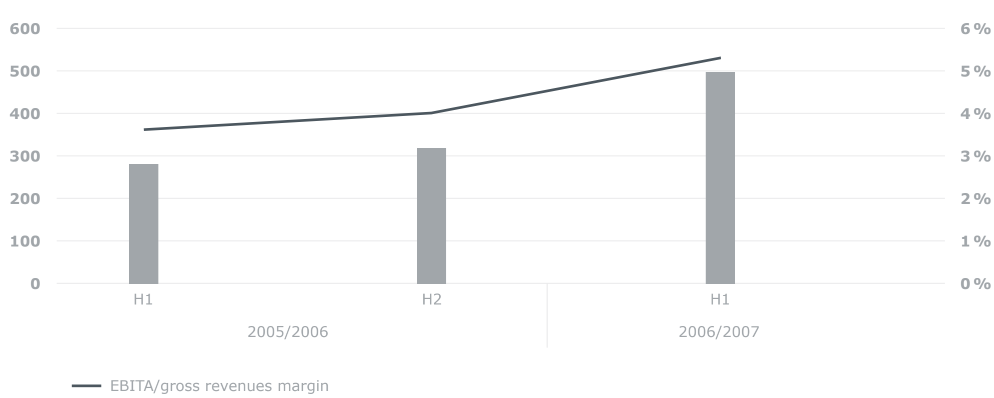
The overall positive market development is reflected in the development of incoming orders. In the second quarter, they were above those of the comparable period of the previous year and above those of the first quarter. After a very weak December, incoming orders in January reached the maximum value of the previous financial year and have been at a good level since then.

The positive overall development of the economy in Germany and the positive development in demand for Internet services continue to result in relaxation on the price side and leave scope for prices to rise again.

1.3 Operating Result

In the second quarter of 2006/2007, SinnerSchrader achieved an operating result (EBITA) of € 161,000, i.e. € 47,000 or around 41 % more than in the second quarter of the previous year, but well below the result of the previous quarter. The overall lower revenues and the shift in the revenue mix towards lower margin business with media services have led to the fall in comparison to the previous quarter.

EBITA and operating margin according to half years in € 000s



The total EBITA for the first half of the 2006/2007 financial year was € 496,000. This corresponds to a rise of € 216,000 or 77 % over the same period of the previous year. An improvement of € 160,000 in gross income and a reduction of € 254,000 in the general and administrative costs, largely due to the move to new offices in Hamburg at the start of the financial year, were partially used to increase the sales expenses by € 84,000 and research and development expense by € 49,000. The contribution to profit from other income and expenses also fell by € 63,000.

SinnerSchrader invested around € 83,000 in the research and development sector in the half year covered by the report, more than in the whole of the previous year. These activities focused on further developing SinnerSchrader's own development platform for e-commerce applications and on evaluating new software technology and development methodologies.

In the first half of the financial year, the operating margin (EBITA in relation to gross revenues) amounted to 5.3 % in comparison to 3.6 % in the first half of the previous year. The rise by 1.7 percentage points is due to a marked reduction in the general and administrative costs in relation to revenues, by means of which the fall in the gross margin was more than balanced out in comparison to the previous year. The falling gross margin is associated with the fall in the margin in the media services business and expenditure for expanding business with analysis services in the Interactive Services segment.

Costs by cost type in € 000s and %	Q1 2006/2007	Q4 2005/2006	Change	Q1 2005/2006	Change
Costs of material and services	–829	–959	–14 %	–607	37 %
Personnel costs	–4,231	–3,672	15 %	–3,797	11 %
Depreciation	–202	–261	–23 %	–292	–31 %
Other operating costs	–1,174	–1,331	–12 %	–1,386	–15 %

In the cost breakdown according to cost types, the development of operating costs compared to the previous year clearly shows the expansion of external costs which was deliberately undertaken to make the cost structure more flexible. In comparison to the level achieved in the second half of 2005/2006, however, there was no further increase in the ratio of external services. Instead, SinnerSchrader once again relied on expanding its own personnel capacity, with the consequence of corresponding increases in personnel costs. Depreciation and other operating costs were reduced both compared to the first and the second half of the 2005/2006 financial year. This was primarily due to the move to new offices, which led both to lower rental costs and to a reduction of the depreciation of tenant's fixtures and fittings.

The development of the results in each segment was subtly differentiated. The contribution of the Interactive Services segment to the EBITA decreased from € 556,000 in the previous year to € 347,000 in the first half of 2006/2007 due to the reasons mentioned. This fall was more than balanced out by the positive development of results in the other two segments and by the elimination of the rental costs for vacant offices in the holding costs not allocated to specific segments.

1.4 Consolidated Income

Thanks to a continuous rise in short-term interest rates in the course of the first half of the 2006/2007 financial year, caused by rises to the base rates on 11 October 2006 and 13 December 2006, the financial result also underwent a positive development in comparison to the previous year with a slight rise in the amounts invested. In the second quarter of 2006/2007, the income from investing liquid funds was € 91,000, just about 10 % over that of the previous year. In the whole of the first half of the financial year, the financial result amounted to € 168,000 and was thus over 50 % above the result of the comparable period of the previous year. In this connection, the investment policy remained geared towards low fixed-rate interest periods, good credit ratings and short-term availability.

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 shows earnings before tax once again encumbered at the statutory tax rate of approx. 40 %. In the second quarter of 2006/2007, however, repayment claims from corporation tax credits identified were posted; a fixed instalment payment in the period 2008 to 2017 has been agreed within the context of amendments to tax regulations (cf. Note 2.5 on page 19 f.). As a result, an overall current tax overpayment of € 42,000 was identified in the quarter covered by the report.
For the first half of the financial year, there was a tax charge of just under € 130,000 or 19.5 % of earnings before tax.

This resulted in consolidated income of € 294,000 for the second quarter of 2006/2007 and € 535,000 for the first half of the financial year, which was over twice as high as the comparable results from the previous year. The earnings per share were € 0.03 in the quarter and € 0.05 in the half year.

1.5 Cash Flows

In the first half of the 2006/2007 financial year SinnerSchrader's liquidity rose by just under € 0.6 million to € 10.6 million in comparison to the status on 31 August 2007.

Cash flow of € 0.7 million was generated from operating activity. With only minor changes to the net current assets, including the reserves, the flow roughly corresponded to the consolidated result for the half year corrected by non-cash-effective depreciation. In the first half of the previous financial year, the cash flow from operating activities was negative at € –0.5 million due to a marked rise in funds tied down in net current assets.

SinnerSchrader invested around € 0.2 million in fixed assets in the half year covered by the report. In addition to new acquisitions and the replacement of computer equipment for the workstations, investments were mainly made in completing the equipment of the new office space. Investments in fixed assets were thus below the level of the previous year.

Due to the exercise of 12,500 employee options at an exercise price of € 1.53, in the first half of the year there was cash inflow of € 19,125 from financing activities.

1.6 Balance Sheet
In comparison to the status at the end of the previous financial year on 31 August 2006, the balance sheet of 28 February 2007 primarily had the same structure. The liquid funds and cash equivalents on the assets side and treasury stock on the liabilities and shareholders' equity side rose at around the same level of the consolidated income, i.e. by around € 0.6 million.

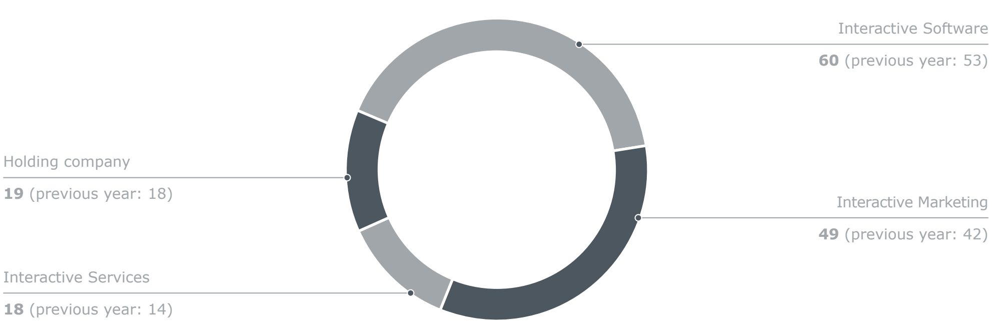
As a result of the amendment of tax legislation with respect to the treatment of the corporation tax credit, a discounted tax demand of around € 148,000 had to be posted which, however, was contrasted with the reduction in deferred tax assets as a result of the income tax due on the earnings before tax reported in the Statement of Operations.

There were only minor changes in the net current asset items and other accrued expenses on the balance sheet in comparison to the status on 31 August 2006. As the amount of investments roughly corresponded to the amount of depreciation, there were also only slight rises in fixed assets and intangible assets.

The balance sheet total rose overall by a good € 0.4 million to € 15.5 million. The shareholders' equity ratio thus rose to 77.8 % compared to 76.5 % as at 31 August 2006.

1.7 Employees
In the second quarter of 2006/2007 SinnerSchrader moderately continued the expansion of personnel capacity started in the first quarter of the new financial year. In comparison to the first quarter, the capacity was once again increased by one full-time employee to 146. In the second financial quarter the number of employees converted into full-term employees was thus 19 full-time employees higher than in the same quarter of the previous year.

Employee structure Q2 2006/2007



Previous year = Q2 2005/2006

At the end of the first half of 2006/2007 on 28 February 2007 there were a total of 157 employees at SinnerSchrader, an increase of 14 employees in comparison to the level on 31 August 2006. At the end of the first half of the previous financial year, there were 25 fewer employees.

1.8 Risks and Opportunities

As before, there are no risks apparent that could threaten the future existence of SinnerSchrader AG. In the past half year, there has been no significant change in comparison to the situation in the 2005/2006 Annual Report.

In the field of personnel acquisition, a further scarcity of excellently trained candidates was seen. This is contrasted with the opportunities of a continuing booming market for Internet services, for which marked growth rates up to 2010 have been predicted.

1.9 Forecast

The course of the first half of the 2006/2007 financial year confirmed SinnerSchrader's expectations for business development. What was achieved slightly exceeded the Company's own plans. No signs of dwindling dynamism can be seen in the market for Internet services.

SinnerSchrader therefore assumes that the goals set for the 2006/2007 financial year – 15 % growth in revenues to over € 18 million and an operating result (EBITA) of € 1.2 million – are achievable. In the second half of the financial year, SinnerSchrader will pay particular attention to strengthening the SinnerSchrader divisions' integrated services.

Hamburg, April 2007

The Management Board

Consolidated Balance Sheets
as of 28 February 2007

Assets in €	28.02.2007	31.08.2006
Current assets:		
Liquid funds	4,019,963	2,510,285
Marketable securities	6,541,198	7,495,189
Cash and cash equivalents	10,561,161	10,005,474
Accounts receivable, net of allowances for doubtful accounts of € 155,924 and € 156,759 at 28.02.2006 and 31.08.2006, respectively	2,802,819	2,774,928
Unbilled revenues	342,235	410,649
Tax receivables	274,167	125,920
Other current assets and prepaid expenses	181,419	105,205
Total current assets	14,161,802	13,422,176
Non-current assets:		
Intangible assets	112,060	109,899
Property and equipment	1,035,868	1,028,960
Deferred tax assets	228,355	505,824
Total non-current assets	1,376,283	1,644,683
Total assets	**15,538,085**	**15,066,859**

Liabilities and shareholders‘ equity in €	28.02.2007	31.08.2006
Current liabilities:		
Trade accounts payable	1,273,609	1,240,316
Advance payments received	151,417	280,772
Accrued expenses	1,751,827	1,709,274
Deferred income and other current liabilities	269,814	305,234
Total current liabilities	3,446,667	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 28.02.2007 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	22,724	17,121
Treasury stock, 118,847 and 131,347 at 28.02.2007 and 31.08.2006, respectively	–181,810	–200,933
Accumulated deficit	–16,913,921	–17,449,040
Changes in shareholders‘ equity not affecting net income	25,653	25,346
Total shareholders‘ equity	12,091,418	11,531,263
Total liabilities and shareholders‘ equity	**15,538,085**	**15,066,859**

Consolidated Statements of Operations
from 1 September 2006 to 28 February 2007

in €	H1 2006/2007	H1 2005/2006
Revenues, gross	9,357,013	7,750,799
Media costs	−2,265,982	−1,319,158
Total revenues, net	7,091,031	6,431,641
Costs of revenues	−4,565,611	−4,066,588
Gross profit	**2,525,420**	**2,365,053**
Selling and marketing expenses	−654,740	−571,249
General and administrative expenses	−1,337,015	−1,588,937
Research and development expenses	−83,616	−34,178
Operating profit	**450,049**	**170,689**
Other income, net	46,379	108,873
Financial income, net	168,275	110,755
Profit before provision for income tax	**664,703**	**390,317**
Income tax	−129,584	−148,412
Net profit	**535,119**	**241,905**
Net income per share (basic)	0.05	0.01
Net income per share (diluted)	0.05	0.01
Weighted average shares outstanding (basic)	11,412,875	11,411,417
Weighted average shares outstanding (diluted)	11,414,724	11,414,277

Consolidated Statements of Operations
from 1 December 2006 to 28 February 2007

in €	Q2 2006/2007	Q2 2005/2006
Revenues, gross	4,579,376	3,825,895
Media costs	−1,289,181	−693,812
Total revenues, net	3,290,195	3,132,083
Costs of revenues	−2,111,258	−2,021,750
Gross profit	**1,178,937**	**1,110,333**
Selling and marketing expenses	−295,597	−257,698
General and administrative expenses	−664,336	−836,865
Research and development expenses	−70,370	−10,042
Operating profit	**148,634**	**5,728**
Other income, net	12,099	108,032
Financial income, net	91,534	83,764
Profit before provision for income tax	**252,267**	**197,524**
Income tax	42,169	−80,071
Net profit	**294,436**	**117,453**
Net income per share (basic)	0.03	0.01
Net income per share (diluted)	0.03	0.01
Weighted average shares outstanding (basic)	11,414,334	11,411,417
Weighted average shares outstanding (diluted)	11,416,387	11,416,156

Consolidated Statements of Shareholders' Equity
from 1 September 2006 to 28 February 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 28.02.2006	**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	—	—
Re-issuance of treasury stock	12,500	—
Balance at 28.02.2007	**11,423,917**	**11,542,764**

Additional paid-in capital	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**
—	—	—	—	– 8,488	– 8,488
—	—	—	—	1	1
—	—	—	—	8,487	8,487
—	—	—	241,905	—	241,905
—	5,340	—	—	—	5,340
17,596,005	**14,505**	**– 200,933**	**– 18,398,855**	**19,309**	**10,572,795**
17,596,005	**17,121**	**– 200,933**	**– 17,449,040**	**25,346**	**11,531,263**
—	—	—	—	306	306
—	—	—	—	1	1
—	—	—	—	307	307
—	—	—	535,119	—	535,119
—	5,603	—	—	—	5,603
3	—	19,123	—	—	19,126
17,596,008	**22,724**	**– 181,810**	**– 16,913,921**	**25,653**	**12,091,418**

Consolidated Statements of Cash Flows
from 1 September 2006 to 28 February 2007

in €	H1 2006/2007	H1 2005/2006
Cash flows from operating activities:		
Net profit	535,119	241,905
Adjustments to reconcile net profit to net cash used in operating activities:		
Depreciation of property and equipment	201,586	291,595
Stock-based compensation	5,603	5,340
Bad debt expense	1,165	—
Gains/losses on the disposal of fixed assets	224	–541
Deferred tax provision	277,262	148,412
Other non cash expense/revenue	—	—
Changes in assets and liabilities:		
Accounts receivable	–29,056	–688,243
Unbilled revenues	68,414	–217,483
Tax receivables	–148,247	–32,860
Other current assets and prepaid expenses	–76,216	–1,702
Accounts payable, deferred revenues and other liabilities	–131,482	–153,886
Other accrued expenses	42,553	–109,983
Net cash provided by (used in) operating activities	**746,926**	**–517,446**
Cash flows from investing activities:		
Purchase of property and equipment	–213,564	–235,387
Proceeds from sale of equipment	2,685	1,434
Net cash provided by (used in) investing activities	**–210,879**	**–233,953**
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	515	–14,231
Net increase/decrease in cash and cash equivalents	**555,687**	**–765,630**
Cash and cash equivalents at beginning of period	10,005,474	10,570,151
Cash and cash equivalents at end of period	10,561,161	9,804,521
Thereof back-up of bank guarantees	680,563	895,820
For information only, contained in cash flows from operating activities:		
Interest payment received	166,376	90,903
Paid interest	–533	–901

Notes as of 28 February 2007

2.1 General Foundations

The Consolidated Financial Statements as of 28 February 2007 of SinnerSchrader AG and its subsidiaries (hereinafter referred to as the “SinnerSchrader Group”, “SinnerSchrader” or “Group”) for the first half of the year and the second quarter of the 2006/2007 financial year from 1 September 2006 and 1 December 2006 to 28 February 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 second quarter of 2005/2006 and the first half 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 28 February 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 half 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 half year 2006/2007 and as of 28 February 2007, respectively in € and number

	Interactive Software	Interactive Marketing	Interactive Services	Segments total	Consolidation/ holding	Group
01.09.2006–28.02.2007:						
External revenues	2,693,117	2,962,418	3,653,289	9,308,824	48,189	9,357,013
Internal revenues	479,493	119,166	161,932	760,591	−760,591	—
Total revenues, gross	3,172,610	3,081,584	3,815,221	10,069,415	−712,402	9,357,013
Media costs	—	—	−2,265,982	−2,265,982	—	−2,265,982
Total revenues, net	3,172,610	3,081,584	1,549,239	7,803,433	−712,402	7,091,031
Segment profit/loss (EBITA)	**351,264**	**329,844**	**347,011**	**1,028,119**	**−531,691**	**496,428**
Depreciation of property and equipment	33,162	28,087	36,777	98,026	103,560	201,586
Purchase of property, plant and equipment	36,098	41,110	19,239	96,447	117,117	213,564
Employees, full-time equivalents	58.1	50.7	17.9	126.7	18.8	145.5
28.02.2007:						
Total assets	**2,286,624**	**2,087,002**	**496,032**	**4,869,658**	**10,668,427**	**15,538,085**
Non-current assets	185,721	150,381	118,380	454,482	921,801	1,376,283
Current assets	2,100,903	1,936,621	377,652	4,415,176	9,746,626	14,161,802
Liabilities	**1,002,929**	**978,878**	**1,245,089**	**3,226,896**	**219,771**	**3,446,667**
Number of employees, end of period	61	52	21	134	23	157

Tab. 1b | Segment information for the first half year 2005/2006 and as of 28 February 2006, respectively in € and number

	Interactive Software	Interactive Marketing	Interactive Services	Segments total	Consolidation/ holding	Group
01.09.2005–28.02.2006:						
External revenues	2,852,536	2,190,671	2,705,246	7,748,453	2,346	7,750,799
Internal revenues	446,186	191,730	170,861	808,777	−808,777	—
Total revenues, gross	3,298,722	2,382,401	2,876,107	8,557,230	−806,431	7,750,799
Media costs	—	—	−1,319,158	−1,319,158	—	−1,319,158
Total revenues, net	3,298,722	2,382,401	1,556,949	7,238,072	−806,431	6,431,641
Segment profit/loss (EBITA)	**307,834**	**159,422**	**555,649**	**1,022,905**	**−743,343**	**279,562**
Depreciation of property and equipment	31,706	18,456	22,675	72,837	218,758	291,595
Purchase of property, plant and equipment	52,454	45,641	95,923	194,018	41,369	235,387
Employees, full-time equivalents	53.3	41.6	14.0	108.9	18.6	127.5
28.02.2006:						
Total assets	**2,228,062**	**1,504,608**	**1,027,882**	**4,760,552**	**8,960,574**	**13,721,126**
Non-current assets	172,308	114,232	148,697	435,237	481,420	916,657
Current assets	2,055,754	1,390,376	879,185	4,325,315	8,479,154	12,804,469
Liabilities	**1,126,253**	**720,502**	**642,004**	**2,488,759**	**659,571**	**3,148,330**
Number of employees, end of period	55	42	15	112	20	132

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 €

	H1 2006/2007	H1 2005/2006
Segment profit/loss (EBITA) of all reportable segments	**1,028,119**	**1,022,905**
Central holding costs not attributable to reportable segments	–531,193	–743,050
Earnings before tax of foreign subsidiaries	–498	–293
EBITA of the Group	**496,428**	**279,562**
Interest income/expense of the Group	168,275	110,755
Earnings before tax of the Group	**664,703**	**390,317**

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 €

	H1 2006/2007
Income from dissolving of accrued expenses	31,138
Expense from disposal of plant and equipment	–224
Income from decreasing reserve for bad debt	835
Refund of expenses/compensation for damages	4,053
Other	10,577
Total	**46,379**

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 €

	H1 2006/2007	H1 2005/2006
Current	147,678	—
Deferred	–277,262	–148,412
Total	**–129,584**	**–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 2006/2007. 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 the cash value. A risk-free interest rate (interest on federal loans) has been selected for discounting.

On 28 February 2007 the entitlement to reimbursement amounted to € 237,425. The discounted amount as of 28 February 2007 was € 147,678.

In the first half 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 28 February 2007 were largely unchanged compared to the Consolidated Financial Statements as of 31 August 2006.

2.7 Treasury Stock

On 28 February 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. In the second quarter of 2006/2007, 12,500 shares of treasury stock were issued within the context of exercising employee stock options. No shares were bought or sold.

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. To date, no options have been allocated from the Stock Option Plan 2007.

Table 4 summarises the changes in the number of outstanding options in the first six months of the 2006/2007 financial year:

Tab. 4 | Outstanding stock options in €

	Number	Weighted average exercise price
Outstanding at 31 August 2006	**296,538**	**7.60**
Granted	—	—
Exercised	–12,500	1.53
Cancelled	–1,000	1.74
Expired	–8,200	26.02
Outstanding at 28 February 2007	**274,838**	**7.34**

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 half of 2006/2007, the costs to be considered amounted to € 5,603, compared to € 5,340 in the first half of 2005/2006.

2.8.2 Share-based Bonuses

As of 1 January 2005, a share-based bonus was promised to a member of the Management Board. According to this, 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. Calculated according to the rules of IFRS 2, the reserve to be formed for this share-based bonus as of 28 February 2007 amounted to € 26,000 in comparison to € 35,856 as of 28 February 2006. These amounts each had to be posted in full against administrative costs in the first half of the financial year.

2.9 Related Party Transactions

In the first six months of the 2006/2007 and 2005/2006 financial years, SinnerSchrader achieved revenues in the amount of € 2,176,441 and € 1,461,652 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 half of 2006/2007:

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

Shares	31.08.2006	Additions	Withdrawals	28.02.2007
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	28.02.2007
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 as of 28 February 2007.

Events

Financial Calendar 2006/2007	
UBJ. Investor Conference, Dresdner Bank AG, Jungfernstieg 22, Hamburg, Germany	13 June 2007
3rd Quarterly Report 2006/2007 (March 2007–May 2007)	12 July 2007
Annual Report 2006/2007	November 2007

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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

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