



## Key Figures of the SinnerSchrader Group

in € 000s, € and number	Q1 2006/2007	Q1 2005/2006*	Change
Revenues	4,778	3,925	22 %
Gross profit	1,346	1,255	7 %
EBITDA	435	303	44 %
EBITA	336	166	102 %
Net income	241	124	94 %
Net income per share	0.02	0.01	100 %
Cash flows from operating activities	538	-272	298 %
Employees, full time equivalents	145	128	13 %
	30.11.2006	31.08.2006	Change
Cash and cash equivalents	10,418	10,005	4 %
Employees, end of period	155	143	8 %

\* Figures adjusted to IFRS

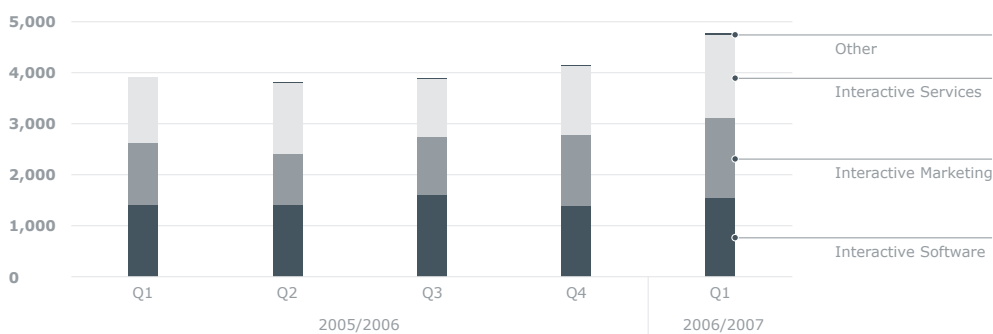
		<b>Report of the Management Board</b>
1	04	Development of Revenues
	05	Order and Price Development
	06	Operating Result
	07	Consolidated Income
	08	Cash Flows
	08	Balance Sheet
	08	Employees
	09	Risks and Opportunities
	09	Forecast
		<b>Consolidated Financial Statements of SinnerSchrader AG</b>
2	10	Consolidated Balance Sheets
	11	Consolidated Statements of Operations
	12	Consolidated Statements of Shareholders' Equity
	14	Consolidated Statements of Cash Flows
	15	Notes to the Consolidated Financial Statements
		Events/Contact Information

## 1 Report of the Management Board

SinnerSchrader successfully started the new financial year with revenue growth of 22 % and an operating margin of 7 % in the first quarter of 2006/2007 (1 September 2006 to 30 November 2006). Thanks to positive market development, SinnerSchrader was able to increase its revenues more strongly than planned. This growth was fuelled above all by customer relationships which did not exist a year ago. After moving into new offices in Hamburg at the start of August 2006, the operating margin finally jumped to a level that is comparable with that of the competition. This performance in the first quarter of 2006/2007 provides a solid foundation for achieving the goals for the entire year: 15 % growth in revenue to over € 18 million and an EBITA of € 1.2 million.

### 1.1 Development of Revenues

#### Development of revenues<sup>1)</sup> according to segments in € 000s



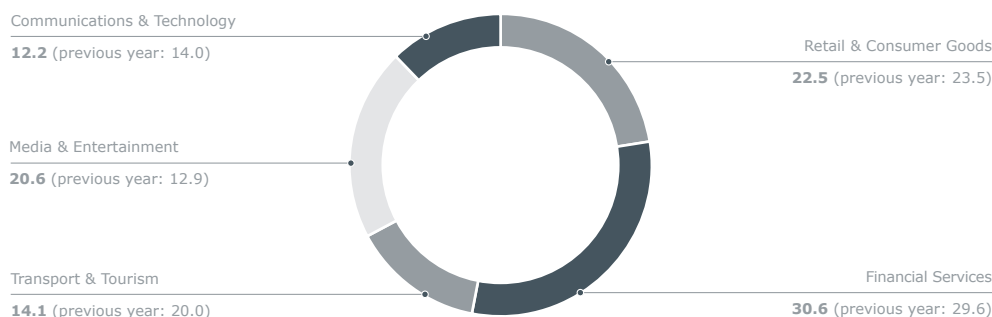
<sup>1)</sup> Revenues from business with external customers

In the first quarter of 2006/2007, SinnerSchrader earned (gross) revenues of € 4.8 million. This was 22 % higher than the revenues of € 3.9 million in the same quarter of the previous year, and 15 % higher than the revenues of € 4.1 million in the fourth quarter of 2005/2006.

In this reporting period, SinnerSchrader achieved over one-fifth of its revenues with customers it did not yet have a relationship with one year ago. These customers included Arena and OTTO, for whom SinnerSchrader has worked since the start of 2006, as well as Ecco, which chose SinnerSchrader as its concept and implementation partner for its Internet strategy in the first quarter of 2006/2007.

Apart from these new customers, existing relationships with customers in the Financial Services sector contributed significantly to the good development of revenues.

### Revenues according to sectors in %



Previous year = 2005/2006 financial year

The proportion of revenues from the Financial Services sector thus rose to 30.6% in the first quarter. With a 20.6% share of revenues in the first quarter, Media and Entertainment was the sector with the most striking increase in importance for SinnerSchrader compared to 2005/2006. The proportion of revenues from Retail & Consumer Goods, Transport & Tourism and Communications & Technology declined, however, amounting to 22.5%, 14.1% and 12.2% respectively.

Each of the three business segments experienced growth of over 10%, thus contributing to the dynamic expansion of SinnerSchrader's business volume compared to the previous year and previous quarter. Most customers requested services from several segments. As regards revenues with external customers, the Interactive Software segment experienced growth of 10% compared to the same quarter in the previous year and 12% compared to the previous quarter. The volume of business in the Interactive Marketing segment was 30% higher in the reporting quarter than in the weak preceding quarter; the segment grew by 12% compared to the previous quarter. The Interactive Services segment grew by 26% compared to the same quarter in the previous year and 21% compared to the previous quarter.

Since several extensive projects were carried out for large customers after the 2006 summer break, the concentration of revenues in the first quarter of 2006/2007 was higher than that for the entire 2005/2006 financial year. With its five largest customers, SinnerSchrader achieved around 72% of its revenues; the ten largest customers were responsible for nearly 87% of the revenues.

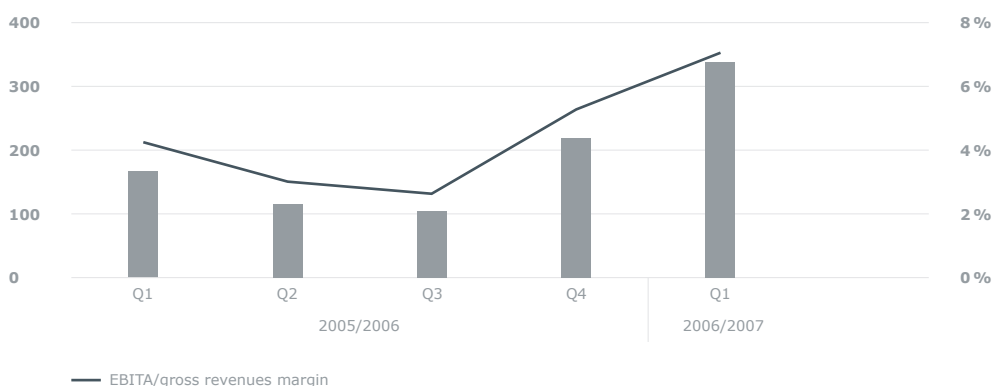
#### 1.2 Order and Price Development

After a large number of incoming orders for projects in the fourth quarter of the previous year, the incoming orders tailed off as expected in the reporting quarter, nearly reaching the level of the previous year. Due to a high level of activity with many customers in 2006, the budgets were largely exhausted by the end of the year in comparison to previous years; an increasing number of assignments were postponed until the new year.

The overall development of the economy in Germany and the positive development in demand for Internet services have led to a further relaxation on the price side. The trend now is towards slightly higher prices.

### 1.3 Operating Result

**EBITA and operating margin according to quarters** in € 000s



In the first quarter of 2006/2007, SinnerSchrader achieved an operating result (EBITA) of € 336,000. This is twice as high as the result in the first quarter in the previous year and around 54 % higher than the previous quarter. This jump in the result was possible because the growth in revenues was accompanied by a further reduction of the fixed cost basis thanks to the elimination of the rental costs for vacant offices. The operating margin – the relation of the EBITA to (gross) revenues – reached 7.0 %, compared to 4.2 % in the same quarter of the previous year and 5.2 % in the previous quarter.

The growth in revenues resulted in an increase in gross profit from € 1,255,000 in the first quarter of 2005/2006 to € 1,347,000 in the reporting quarter. However, when comparing the two quarters, the development of the gross margin still shows the effects of the significant margin decline in the media services business of the Interactive Services segment. Additionally, expenses for expanding the analysis services business in the Interactive Services segment had a negative impact on the gross margin in the first quarter.

In terms of percentage of revenues, marketing expenses were roughly on the level of the previous year at nearly 8 %. Administrative expenses, on the other hand, declined noticeably – both absolutely and in relation to revenue – from 19 % to 14 % once the rental costs for vacant offices were eliminated as planned in the reporting quarter after moving to new offices in Hamburg at the end of the last financial year.

#### Expenses for research and development

At € 13,000, the expenses for research and development remained at a low level and even declined slightly compared to the same quarter in the previous year. These activities focused on further developing SinnerSchrader's own development platform for e-commerce applications.

The balance from other income and expenses came to € 35,000, mostly from the dissolution of reserves, and thus formed another positive contribution to the operating result.

<b>Costs by cost type</b> in € 000s and %					
	Q1 2006/2007	Q4 2005/2006	Change	Q1 2005/2006	Change
Costs of material and services	-473	-473	—	-312	52 %
Personnel costs	-2,176	-1,828	19 %	-1,906	14 %
Depreciation	-99	-111	-11 %	-137	-28 %
Other operating costs	-614	-627	-2 %	-684	-10 %

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. However, the ratio of external services was not expanded further compared to the fourth quarter of 2005/2006. Instead, SinnerSchrader banked on expanding its own personnel capacity, which resulted in a corresponding increase in personnel costs. Depreciation and other operating costs were reduced both compared to the same quarter in the previous year and compared to the previous quarter. 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 declined from € 226,000 in the previous year to € 129,000 in the first quarter of 2006/2007 due to the reasons mentioned. However, this decline was more than compensated for by the positive development in the two other segments. Additionally, the holding costs not allocated to the segments fell by € 80,000 due to the elimination of the rental costs for vacant offices.

#### 1.4 Consolidated Income

The positive development of the operating result was supplemented by a further increase in the financial result. While maintaining an investment policy aimed at short-term availability, and thus at low fixed interest rate periods, and keeping investment amounts relatively constant, the continuous rise in short-term interest rates to a level of well above 3% led to financial income of € 77,000, compared to € 27,000 in the previous year and € 66,000 in the previous quarter.

Earnings before tax amounted to € 413,000 in the first quarter of 2006/2007 and therefore more than doubled compared to the first quarter of the previous year, just like the operating result.

Because the tax-saving effects from the utilisation of tax loss carry-forwards had to be 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 reporting quarter shows an income tax charge of € 172,000, which results in an effective tax rate of a little over the statutory tax rate of 40%. Last year, there was a tax charge of € 69,000 in the first quarter.

This means that the consolidated income also nearly doubled compared to the previous year, from € 124,000 to € 241,000, or from € 0.01 per share to € 0.02 per share.

### 1.5 Cash Flows

Thanks to its positive result, SinnerSchrader was able to improve its liquidity by € 0.4 million in the first quarter of 2006/2007.

With largely unchanged net current assets and only slight changes in accrued expenses, the consolidated income – adjusted for depreciation and tax charges which do not affect liquidity – resulted in cash flows from operating activities of € 0.5 million. In the comparable period of the previous year, an increase in funds tied down in net current assets led to liquidity in the amount of € 0.3 million being linked to operating business.

## Investments

Just over € 0.1 million of the liquid funds freed up from operating activities were used for investments in tangible assets. In the previous year, the investment level was considerably under € 0.1 million. The increase in investment activities was associated on the one hand with the completion of tenant improvements and the furnishing of the new offices with furniture and technical equipment. On the other hand, the growth in employees made it necessary to invest in equipping new workstations.

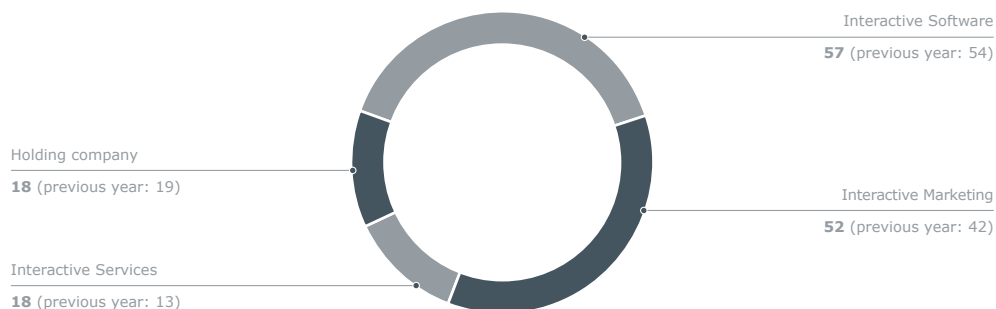
### 1.6 Balance Sheet

The balance sheet structure changed only slightly in the reporting quarter compared to 31 August 2006. The balance sheet total rose by nearly € 0.4 million to € 15.5 million. A good € 0.2 million of this increase is due to an 0.2 million increase in shareholders' equity caused, in turn, by the consolidated income. Therefore, the shareholders' equity ratio sank slightly from 76.5 % as of 31 August 2006 to 76.0 % as of 30 November 2006.

The net current assets hardly changed. A slight increase in accounts receivable was compensated for by the decrease in unbilled revenues and an increase in down payments received. The deferred tax asset position declined in the amount of the € 0.2 million tax charge reported in the Statement of Operations.

### 1.7 Employees

#### Employee structure Q1 2006/2007



Previous year = Q1 2005/2006



After a marginal expansion of SinnerSchrader's own capacity in the 2005/2006 financial year and an increase in the use of external service providers to make its cost structure more flexible, SinnerSchrader expanded its own personnel to an average of 145 full-time employees in the first quarter of 2006/2007. This is an increase of 17 employees compared to the previous year and 11 employees compared to the previous quarter.

The expansion in capacity focused on the Interactive Marketing segment, which experienced an increase of 10 full-time employees compared to the previous year, reaching an average of 52 full-time employees in the reporting quarter. The Interactive Services segment grew by 5 employees to reach 18 full-time employees, while the number of employees in the Interactive Software segment grew by 3 to reach 57 full-time employees. In the managing holding company, there was a total of 18 full-time employees on average, including the Management Board; this is one less employee than the previous year.

At the close of the first quarter on 30 November 2006, a total of 155 people were employed full- or part-time by SinnerSchrader. On the same day one year earlier, there were 130 employees, and at the end of the 2005/2006 financial year on 31 August 2006, there were 143 employees.

#### **1.8 Risks and Opportunities**

In the current quarter, there were no notable changes to the risk and opportunity profile of SinnerSchrader compared to the information provided in the 2005/2006 Annual Report. In light of the considerable revival of the market for Internet services and the recent success of Internet-based business models, the significance of personnel-related risks has increased once again. There are still no risks apparent that would threaten the future existence of SinnerSchrader AG.

#### **1.9 Forecast**

SinnerSchrader began the 2006/2007 financial year with a good first quarter; both revenue growth and the operating result slightly exceeded plans. Furthermore, the market for Internet services does not appear to be losing momentum. In this respect, SinnerSchrader is optimistic that it will achieve its goals for the year, even if the second quarter is somewhat weaker than the first, as has seasonally been the case in previous years. This means that SinnerSchrader would achieve total revenues of over € 18 million in the 2006/2007 financial year, which would correspond to a growth rate of 15%. The operating result would be € 1.2 million.

Hamburg, January 2007

The Management Board

## Consolidated Balance Sheets

as of 30 November 2006 and 31 August 2006

Assets in €	30.11.2006	31.08.2006
Current assets:		
Liquid funds	2,442,951	2,510,285
Marketable securities	7,975,354	7,495,189
Cash and cash equivalents	10,418,305	10,005,474
Accounts receivable, net of allowances for doubtful accounts of € 155,924 and € 156,759	3,024,565	2,774,928
Unbilled revenues	259,400	410,649
Tax receivables	154,078	125,920
Other current assets and prepaid expenses	136,315	105,205
Total current assets	13,992,663	13,422,176
Non-current assets:		
Intangible assets	116,819	109,899
Property and equipment	1,048,978	1,028,960
Deferred tax assets	333,864	505,824
Total non-current assets	1,499,661	1,644,683
<b>Total assets</b>	<b>15,492,324</b>	<b>15,066,859</b>
Liabilities and shareholders' equity in €	30.11.2006	31.08.2006
Current liabilities:		
Trade accounts payable	1,146,961	1,240,316
Advance payments received	400,632	280,772
Accrued expenses	1,727,162	1,709,274
Deferred income and other current liabilities	442,448	305,234
Total current liabilities	3,717,203	3,535,596
Shareholders' equity:		
Common stock, stated value € 1, issued: 11,542,764 and 11,542,764, outstanding: 11,411,417 and 11,411,417 at 30.11.2006 and 31.08.2006, respectively	11,542,764	11,542,764
Additional paid-in capital	17,596,005	17,596,005
Reserves for share-based compensation	19,990	17,121
Treasury stock, 131,347 and 131,347 at 30.11.2006 and 31.08.2006, respectively	-200,933	-200,933
Accumulated deficit	-17,208,357	-17,449,040
Changes in shareholders' equity not affecting net income	25,652	25,346
Total shareholders' equity	11,775,121	11,531,263
<b>Total liabilities and shareholders' equity</b>	<b>15,492,324</b>	<b>15,066,859</b>

## Consolidated Statements of Operations

from 1 September to 30 November 2006

in €	Q1 2006/2007	Q1 2005/2006
Revenues, gross	4,777,637	3,924,904
Media costs	-976,801	-625,346
Total revenues, net	3,800,836	3,299,558
Costs of revenues	-2,454,353	-2,044,838
<b>Gross profit</b>	<b>1,346,483</b>	<b>1,254,720</b>
Selling and marketing expenses	-359,143	-313,551
General and administrative expenses	-672,679	-752,072
Research and development expenses	-13,246	-24,136
<b>Operating profit</b>	<b>301,415</b>	<b>164,961</b>
Other income, net	34,280	841
Financial income, net	76,741	26,991
<b>Profit before provision for income tax</b>	<b>412,436</b>	<b>192,793</b>
Income tax	-171,753	-68,341
<b>Net profit</b>	<b>240,683</b>	<b>124,452</b>
Net income per share (basic)	0.02	0.01
Net income per share (diluted)	0.02	0.01
Weighted average shares outstanding (basic)	11,411,417	11,411,417
Weighted average shares outstanding (diluted)	11,413,062	11,412,733

**Consolidated Statements of Shareholders' Equity**

from 1 September to 30 November 2006

in €	Number of shares outstanding	Common stock
<b>Balance at 31.08.2005</b>	<b>11,411,417</b>	<b>11,542,764</b>
Unrealised gains and losses on marketable securities	—	—
Foreign currency translation adjustment	—	—
Changes in shareholders' equity not affecting net income	—	—
Net income	—	—
Deferred compensation	—	—
<b>Balance at 30.11.2005</b>	<b>11,411,417</b>	<b>11,542,764</b>
<b>Balance at 31.08.2006</b>	<b>11,411,417</b>	<b>11,542,764</b>
Unrealised gains and losses on marketable securities	—	—
Foreign currency translation adjustment	—	—
Changes in shareholders' equity not affecting net income	—	—
Net income	—	—
Deferred compensation	—	—
<b>Balance at 30.11.2006</b>	<b>11,411,417</b>	<b>11,542,764</b>

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
<b>17,596,005</b>	<b>9,165</b>	<b>- 200,933</b>	<b>- 18,640,760</b>	<b>27,796</b>	<b>10,334,037</b>
—	—	—	—	10,284	10,284
—	—	—	—	32	32
—	—	—	—	10,316	10,316
—	—	—	124,452	—	124,452
—	197	—	—	—	197
<b>17,596,005</b>	<b>9,362</b>	<b>- 200,933</b>	<b>- 18,516,308</b>	<b>38,112</b>	<b>10,469,002</b>
<b>17,596,005</b>	<b>17,121</b>	<b>- 200,933</b>	<b>- 17,449,040</b>	<b>25,346</b>	<b>11,531,263</b>
—	—	—	—	306	306
—	—	—	—	—	—
—	—	—	—	306	306
—	—	—	240,683	—	240,683
—	2,869	—	—	—	2,869
<b>17,596,005</b>	<b>19,990</b>	<b>- 200,933</b>	<b>- 17,208,357</b>	<b>25,652</b>	<b>11,775,121</b>

**Consolidated Statements of Cash Flows**

from 1 September to 30 November 2006

in €	01.09.2006 30.11.2006	01.09.2005 30.11.2005
Cash flows from operating activities:		
Net profit/loss	240,683	124,452
Adjustments to reconcile net profit/loss to net cash used in operating activities:		
Depreciation of property and equipment	98,985	137,042
Stock-based compensation	2,869	197
Bad debt expense	-835	—
Gains/losses on the disposal of fixed assets	-22	-288
Deferred tax provision	171,753	68,341
Other non-cash expense/revenue	—	30
Changes in assets and liabilities:		
Accounts receivable	-248,802	-838,547
Unbilled revenues	151,249	-326,112
Tax receivables	-28,158	-2,273
Other current assets and prepaid expenses	-31,110	-5,114
Accounts payable, deferred revenues and other liabilities	163,719	852,167
Other accrued expenses	17,888	-281,856
<b>Net cash provided by (used in) operating activities</b>	<b>538,219</b>	<b>-271,961</b>
Cash flows from investing activities:		
Purchase of property and equipment	-126,073	-67,408
Proceeds from sale of equipment	172	1,176
<b>Net cash provided by (used in) investing activities</b>	<b>-125,901</b>	<b>-66,232</b>
Cash flows from financing activities:		
<b>Net cash provided by (used in) financing activities</b>	<b>—</b>	<b>—</b>
Net effect of rate changes on cash and cash equivalents	513	17,236
<b>Net increase/decrease in cash and cash equivalents</b>	<b>412,831</b>	<b>-320,957</b>
Cash and cash equivalents at beginning of period	10,005,474	10,570,151
Cash and cash equivalents at end of period	10,418,305	10,249,194
thereof back-up of bank guarantees	680,563	1,187,244
For information only, contained in cash flows from operating activities:		
Interest payment received	74,570	7,261
Paid interest	-262	-463

## Notes as of 30 November 2006

### 2.1 General Foundations

The Consolidated Financial Statements as of 30 November 2006 of SinnerSchrader AG and its subsidiaries (hereinafter referred to as the "SinnerSchrader Group", "SinnerSchrader" or "Group") for the first quarter of the 2006/2007 financial year from 1 September to 30 November 2006 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 first 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 30 November 2006 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 three 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 1<sup>st</sup> quarter 2006/2007 and as of 30 November 2006, respectively** in € and number

	Interactive Software	Interactive Marketing	Interactive Services	Segments total	Consolidation/ holding	Group
01.09.2006–30.11.2006:						
External revenues	1,566,147	1,561,082	1,629,890	4,757,119	20,518	4,777,637
Internal revenues	286,073	71,923	88,318	446,314	-446,314	–
Total revenues, gross	1,852,220	1,633,005	1,718,208	5,203,433	-425,796	4,777,637
Media costs	–	–	-976,801	-976,801	–	-976,801
Total revenues, net	1,852,220	1,633,005	741,407	4,226,632	-425,796	3,800,836
<b>Segment profit/loss (EBITA)</b>	<b>293,301</b>	<b>193,754</b>	<b>128,964</b>	<b>616,019</b>	<b>-280,324</b>	<b>335,695</b>
Depreciation of property and equipment	16,617	13,819	17,852	48,288	50,697	98,985
Purchase of investments	31,720	26,504	9,589	67,813	58,260	126,073
Employees, full-time equivalents	56.6	52.5	17.6	126.7	18.3	145.0
30.11.2006:						
<b>Total assets</b>	<b>2,406,421</b>	<b>2,037,547</b>	<b>351,745</b>	<b>4,795,713</b>	<b>10,696,611</b>	<b>15,492,324</b>
Non-current assets	197,887	150,044	127,656	475,587	1,024,074	1,499,661
Current assets	2,208,534	1,887,503	224,089	4,320,126	9,672,537	13,992,663
<b>Liabilities</b>	<b>1,154,865</b>	<b>1,098,128</b>	<b>1,327,677</b>	<b>3,580,670</b>	<b>136,533</b>	<b>3,717,203</b>
Number of employees, end of period	60	55	18	133	22	155

**Tab. 1b | Segment information for the 1<sup>st</sup> quarter 2005/2006 and as of 30 November 2005, respectively** in € and number

	Interactive Software	Interactive Marketing	Interactive Services	Segments total	Consolidation/ holding	Group
01.09.2005–30.11.2005:						
External revenues	1,430,196	1,201,044	1,293,664	3,924,904	—	3,924,904
Internal revenues	209,229	106,493	71,120	386,842	–386,842	—
Total revenues, gross	1,639,425	1,307,537	1,364,784	4,311,746	–386,842	3,924,904
Media costs	—	—	–625,346	–625,346	—	–625,346
Total revenues, net	1,639,425	1,307,537	739,438	3,686,400	–386,842	3,299,558
<b>Segment profit/loss (EBITA)</b>	<b>141,935</b>	<b>158,415</b>	<b>225,671</b>	<b>526,021</b>	<b>–360,219</b>	<b>165,802</b>
Depreciation of property and equipment	14,065	7,442	8,975	30,482	106,554	137,036
Purchase of investments	5,955	9,349	24,625	39,929	27,479	67,408
Employees, full-time equivalents						
	53.7	42.1	13.4	109.2	18.6	127.8
30.11.2005:						
<b>Total assets</b>	<b>3,019,375</b>	<b>2,055,549</b>	<b>716,068</b>	<b>5,790,992</b>	<b>8,660,524</b>	<b>14,451,516</b>
Non-current assets	143,452	88,955	91,093	323,500	579,736	903,236
Current assets	2,875,923	1,966,594	624,975	3,467,492	8,080,788	13,548,280
<b>Liabilities</b>	<b>2,133,643</b>	<b>1,272,983</b>	<b>1,817,906</b>	<b>5,224,532</b>	<b>–1,242,018</b>	<b>3,982,514</b>
Number of employees, end of period						
	52	44	14	110	20	130

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 office at the Hamburg location which 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 income from all reporting segments to the earnings before tax of the Group:

<b>Tab. 1c   Reconciliation of total segment earnings to Group before tax</b> in €	01.09.2006	01.09.2005
	30.11.2006	30.11.2005
<b>Segment profit/loss (EBITA) of all reportable segments</b>	<b>616,019</b>	<b>526,021</b>
Central holding costs not attributable to reportable segments	–280,145	–360,072
Earnings before tax of foreign subsidiaries	–179	–147
<b>EBITA of the Group</b>	<b>335,695</b>	<b>165,802</b>
Interest income/expense of the Group	76,741	26,991
<b>Earnings before tax of the Group</b>	<b>412,436</b>	<b>192,793</b>



## 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 €		Q1 2006/2007
Income from dissolving of accrued expenses		31,138
Expense from disposal of plant and equipment		22
Other		3,120
<b>Total</b>		<b>34,280</b>

## 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 €		
	Q1 2006/2007	Q1 2005/2006
Current	—	—
Deferred	-171,753	-68,341
<b>Total</b>	<b>-171,753</b>	<b>-68,341</b>

In the first quarter of 2006/2007 and the first quarter of 2005/2006, 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 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 30 November 2006 were largely unchanged compared to the Consolidated Financial Statements as of 30 August 2006.

## 2.7 Treasury Stock

As of 30 November 2006, the treasury stock of SinnerSchrader AG still amounted to 131,347 shares with a calculated face value of € 131,347, representing 1.1 % of the share capital. No shares were bought or sold in the first quarter of 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 and December 2000, SinnerSchrader AG created the SinnerSchrader Stock Option Plan 1999 and the SinnerSchrader Stock Option Plan 2000, along with the necessary conditional capital of € 375,000 each. Detailed information on the stock option plans can be found in the Notes to the Consolidated Financial Statements as of 31 August 2006. Within the framework of these stock option plans, options have been allocated to employees and members of the Management Board of SinnerSchrader AG and its subsidiaries in the past years.

Table 4 summarises the changes in the number of outstanding options from the 1999 Plan and the 2000 Plan in the first three months of the 2006/2007 financial year:

Tab. 4   Outstanding stock options in €		
	Number	Weighted average exercise price
<b>Outstanding at 31 August 2006</b>	<b>296,538</b>	<b>7.60</b>
Granted	—	—
Exercised	—	—
Cancelled	—	—
Expired	-5,400	31.81
<b>Outstanding at 30 November 2006</b>	<b>291,138</b>	<b>7.15</b>

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 quarter of 2006/2007, the costs affecting income amounted to € 2,869, compared to € 1,904 in the first quarter 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 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 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. Evaluated in accordance with the rules of IFRS 2, the reserve to be formed for this share-based bonus amounted to € 17,889 as of 30 November 2006, compared to € 3,422 as of 30 November 2005. Each of these amounts was set in its entirety against administrative costs in the first quarter of the financial year.

### 2.9 Related Party Transactions

In the first quarters of the 2006/2007 and 2005/2006 financial years, SinnerSchrader achieved revenues in the amount of € 761,202 and € 678,763 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")

The following 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 quarter of 2006/2007:

<b>Tab. 5   Directors' holdings of shares and subscription rights to shares</b> in number				
Shares	31.08.2006	Additions	Withdrawals	30.11.2006
Management Board member:				
Matthias Schrader	2,342,675	—	—	2,342,675
Thomas Dyckhoff	49,950	—	—	49,950
<b>Management Board, total</b>	<b>2,392,625</b>	<b>—</b>	<b>—</b>	<b>2,392,625</b>
Supervisory Board member:				
Reinhard Pöllath	—	—	—	—
Dieter Heyde	—	—	—	—
Frank Nörenberg	1,000	—	—	1,000
<b>Supervisory Board, total</b>	<b>1,000</b>	<b>—</b>	<b>—</b>	<b>1,000</b>
<b>Board members, total</b>	<b>2,393,625</b>	<b>—</b>	<b>—</b>	<b>2,393,625</b>
Subscription rights				
	31.08.2006	Additions	Withdrawals	30.11.2006
Management Board member:				
Matthias Schrader	—	—	—	—
Thomas Dyckhoff	25,000	—	—	25,000
<b>Management Board, total</b>	<b>25,000</b>	<b>—</b>	<b>—</b>	<b>25,000</b>
Supervisory Board member:				
Reinhard Pöllath	—	—	—	—
Dieter Heyde	—	—	—	—
Frank Nörenberg	—	—	—	—
<b>Supervisory Board, total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Board members, total</b>	<b>25,000</b>	<b>—</b>	<b>—</b>	<b>25,000</b>

## Events

### Financial Calendar 2006/2007

Annual General Meeting	23 January 2007
2 <sup>nd</sup> Quarterly Report 2006/2007 (December 2006–February 2007)	12 April 2007
3 <sup>rd</sup> Quarterly Report 2006/2007 (March 2007–May 2007)	12 July 2007
Annual Report 2006/2007	November 2007

Our previous reports are available online and for download in the “Investors” section of the [www.sinnerschrader.de](http://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](http://www.sinnerschrader.de)  
[ir@sinnerschrader.de](mailto: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

