2002/2003

interactivate
your
business

SinnerSchrader

ANNUAL REPORT 2002/2003 OF THE SINNERSCHRADER AKTIENGESELLSCHAFT

Key figures of the SinnerSchrader Group

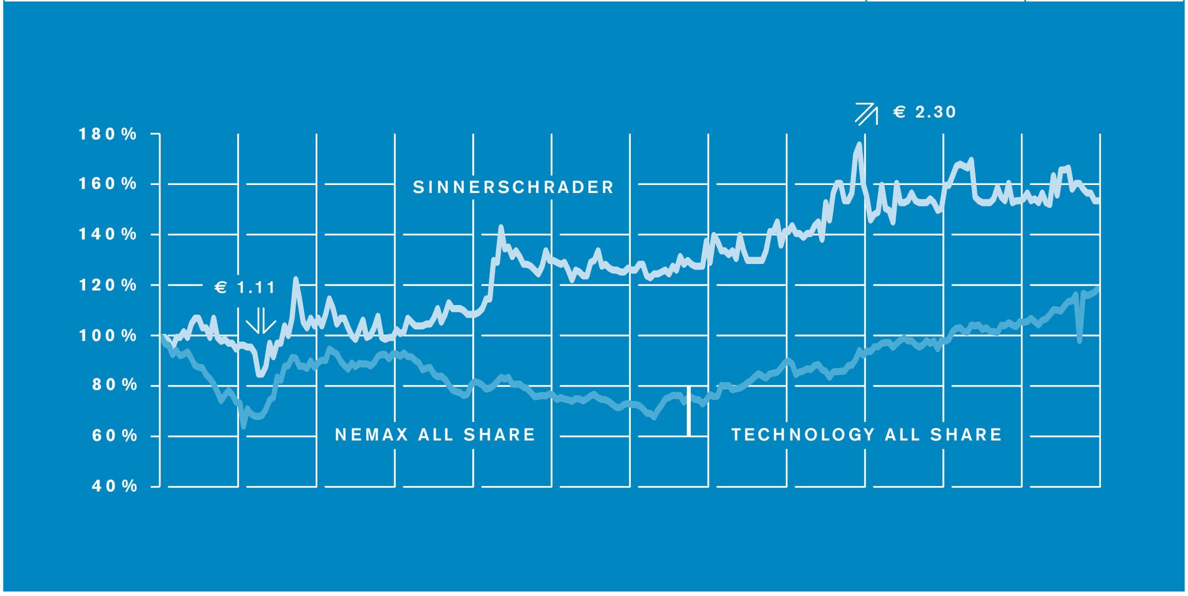
		01.09.2002 31.08.2003	01.09.2001 31.08.2002	Change in %
Revenues	in € 000s	12,359	14,544	-15
Gross profit	in € 000s	3,000	2,954	2
EBITDA	in € 000s	-929	-3,608	74
EBITA	in € 000s	-1,621	-4,284	62
Net loss	in € 000s	-923	-17,901[1]	95
Net loss per share[2]	in €	-0.08	-1.55[1]	95
Shares outstanding[2]	in 000s	11,165	11,533	-3
Cash flows from operating activities	in € 000s	-1,637	-328	-399
Full-time equivalent employees – average		169	221	-24

		31.08.2003	31.08.2002	Change in %
Liquid funds and marketable securities	in € 000s	24,603	27,465	-10
Shareholders' equity	in € 000s	29,375	30,985	-5
Balance sheet total	in € 000s	31,473	35,026	-10
Employees – end of period		166	205	-19

[1] Including cumulative effect of accounting change of € -14.6 million or € -1.26 per share.

[2] Weighted average shares outstanding.

SinnerSchrader share price performance (index-linked)



CONTENTS

MISSION STATEMENT // 04
SERVICE OFFERING // 05
LETTER TO THE SHAREHOLDERS // 06
SINNERSCHRADER SHARE // 12
CORPORATE GOVERNANCE // 15

JOINT STATUS REPORT

I. GENERAL // 18
II. MARKET AND COMPETITIVE ENVIRONMENT // 18
III. DEVELOPMENT AND POSITION OF THE GROUP // 20
IV. DEVELOPMENT AND POSITION OF THE AG // 30
V. RISKS OF FUTURE BUSINESS // 31
VI. OUTLOOK // 33

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS // 34
CONSOLIDATED STATEMENTS OF OPERATIONS // 35
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY // 36
CONSOLIDATED STATEMENTS OF CASH FLOWS // 38
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS // 39
AUDITORS' OPINION // 64

FINANCIAL STATEMENTS SINNERSCHRADER AG

BALANCE SHEETS AG // 66
STATEMENTS OF OPERATIONS AG // 68
NOTES TO THE FINANCIAL STATEMENTS AG // 69
AUDITORS' OPINION // 78
SUPERVISORY BOARD REPORT // 79

We work for the success of our customers.
We help them to manage their relations with consumers, partners and employees better and more efficiently than ever before.

A TAILORED SERVICE FOR INDIVIDUAL REQUIREMENTS

Marketing

- CORPORATE SITES
- CAMPAIGN SITES
- EXPERIENCE DESIGN
- ONLINE PROMOTIONS
- CAMPAIGN MANAGEMENT
- ONLINE MEDIA

IT

- ECOMMERCE SYSTEMS
- CONTENT MANAGEMENT SYSTEMS
- ENTERPRISE PORTALS
- INFORMATION/ RETRIEVAL SYSTEMS
- ENTERPRISE APPLICATION INTEGRATION

Outsourcing

- SYSTEM MANAGEMENT
- APPLICATION MANAGEMENT
- WEB MINING

- RETAIL & CONSUMER GOODS
- FINANCIAL SERVICES
- COMMUNICATION & TECHNOLOGY
- TRAVEL & TRANSPORTATION
- MEDIA & ENTERTAINMENT

Bad News

Dear Shareholders

First, the bad news: 2002/2003 was another difficult business year for SinnerSchrader. Once again we failed to achieve our business targets. The overall volume of business declined by a further 15 %. Despite clear progress in improving our cost situation, this meant we were unable to move back into profitability.

In the period of our business year, from September 2002 to August 2003, the market for IT and Internet services continued to shrink. For 2003 as a whole, the German Federal Association of Information, Technology and New Media (BITKOM) assumes a further market contraction of 2.1 % after an estimated shrinkage of 6 % in 2002. Once more, it was IT and Internet budgets which bore the brunt of the multiple cost-saving programmes pushed through by many companies. New projects were only restraintly initiated, while the running of existing projects and systems was characterised by a continual optimisation of the financial resources allocated. New projects were thus a rare on the market and given the unchanged competitive environment, awarded under extreme pricing pressure. In additional, corporate willingness to engage new service providers was scarce. Larger companies above all focused on reducing the number of their suppliers to a favoured few partners.

In order to breathe some life into the new customer business segment, we created a four-strong team and intensified our sales partnerships. These measures have not yet brought the results we were striving for. While we clearly boosted our market scope, structure and continuity through this team's work since November 2002, the number and size of new customer contracts won was not able to stabilise the development in revenues. Moreover, our operating business positioning as specialists for user-centred Internet applications have not yet had a marked effect. Above all, corporate customers are still looking for a further cost optimisation of their Internet commitment; this chiefly entails the further postponement of necessary work on their ebusiness applications.

The general strive to save also took its toll on our long-standing customer business segment. Besides the considerable pricing pressure, which meant offering price concessions in this segment as well as to new customers, we especially felt the effects of the internal reorganisation and cost streamlining measures at our largest customer, Deutsche Bank, in the form of a reduced budget and lower volume of orders.

Overall, revenues declined in the 2002/2003 business year by just under € 2.2 million from the previous year, reaching a level of € 12.4 million. In our planning, we had assumed a stable sales development and factored in a modest decline into our budgets, with a view to achieving a balanced operating result. Due to the scale of the decline in revenues, however, we once again reported an operating loss (EBITA) for the business year of €-1.6 million.

At the size of the loss, we were obliged to make use of our liquidity reserve for the operating business in the reporting period. Therefore and due to expenditure on replacement investment and expenditure of some € 0.9 million on the repurchase of our own shares on the stock market, this reserve thus shrank by € 2.9 million to € 24.6 million as of 31 August 2003.

Good News

Measured against our own planning and expectations for the past business year, these achievements are less than satisfactory. When the operating result (EBITA) is compared with the previous year's, however, it becomes apparent that with the improvement of some € 2.7 million, we have made significant progress on the path back to profitable territory. The decline in turnover of 15 % is disappointing; it does, however, currently characterise the market development in the sector.

Operating costs for the 2002/2003 business year came in at some € 4.1 million lower than the previous year, as a result of the thorough implementation of measures to improve our cost position, already begun in the preceding business year. This represents an improvement of around 24 %. We have applied these cost reduction and efficiency measures in all business areas, with the sole exception of Sales. € 0.2 million more than in the previous year were carefully spent here on more intensive market development activities. Cost-trimming measures have led to a reduction in the average personnel capacity, by 52 full-time equivalent staff to 169. Capacity utilisation of productive resources thus rose again to 64 %. While this increase in capacity utilisation was partly eroded by the fall in feasible pricing, sales per productive staff member climbed some 14 % to total around € 95,000.

The successes we have achieved on the market are, however, more important than the results obtained through cost and efficiency management. In the face of competition from large advertising networks and international IT consultancy firms, SinnerSchrader was able to win comdirect bank and Hapag-Lloyd Express as new customers. The Internet is far and away the most critical sales channel for their products and services; SinnerSchrader was the partner of choice for the realisation of their ambitious strategies for Internet expansion. We successfully carried out large-scale projects for both customers in 2003 and laid the foundations for a long-term customer relationship.

Over the next few years, comdirect bank aims to grow from being a specialised online broker to become a bank with a fully-fledged product assortment. The summer 2003 relaunch of their website was part of this plan. SinnerSchrader produced the design and carried out the technical implementation. Winning this contract means that we have not only gained a very interesting new customer, but also achieved an important broadening of our customer base in the financial services sector.

Hapag-Lloyd Express selected SinnerSchrader in August 2002 as their partner for the development and servicing of their website. The launch of the site in November 2002 was at the same time the starting pistol for the budget airline's operating business, as a subsidiary of the TUI Group. In its very first year, Hapag-Lloyd Express sold two million tickets, and 80 % of these online. Hapag-Lloyd Express's customers voted it Germany's best-loved budget airline, while the website was recently named the most user-friendly of all budget airlines' sites in a survey conducted by the business periodical, "Capital".

Both comdirect bank and Hapag-Lloyd Express also rely, as do Deutsche Bank, Talkline and Europcar, on the First and second level support of our operations team. This team ensures the flawless operations of our Internet applications, 24 hours a day, 365 days a year. Moreover, these customers also use the services of our Web Mining specialists for the creation and operation of systems for the analysis of web traffic data from their websites. We started both business areas in 2001. Against the general negative trend, both were able to raise their revenues (still reported under "Other") by a total of 25 % over the previous year. Another piece of good news.

|⟹

MATTHIAS SCHRADER (CEO)

MATTHIAS SCHRADER STUDIED COMPUTER SCIENCE AND HISTORY AND WORKED AS AN EDITOR FOR SEVERAL TRADE JOURNALS DURING HIS STUDIES. TOGETHER WITH OLIVER SINNER HE FOUNDED SINNER+SCHRADER INTERACTIVE MARKETING GBR IN 1996, WHICH WAS LATER BROUGHT INTO SINNERSCHRADER GMBH. IN 1999, SINNERSCHRADER AG WAS FOUNDED, WHICH WAS JOINTLY HEADED BY MATTHIAS SCHRADER AND OLIVER SINNER AS CHIEF EXECUTIVE OFFICERS (CEO) AND WHICH WENT PUBLIC IN NOVEMBER 1999. SINCE 1 SEPTEMBER 2002 MATTHIAS SCHRADER IS THE SOLE CEO AND RESPONSIBLE FOR SALES, MARKETING, STRATEGY AND PUBLIC RELATIONS.

DETLEF WICHMANN (COO)

DETLEF WICHMANN IS CHIEF OPERATING OFFICER. FOLLOWING HIS STUDIES OF TECHNICAL COMPUTER SCIENCE, HE WORKED AS A SOFTWARE DEVELOPER FOR SUN AND ADOBE AND THEN WENT ON TO HEAD THE PROFESSIONAL SERVICES DEPARTMENT AT INTERSHOP COMMUNICATIONS AG. AS CHIEF OPERATING OFFICER, DETLEF WICHMANN IS RESPONSIBLE FOR THE OPERATING BUSINESS OF SINNERSCHRADER.

THOMAS DYCKHOFF (CFO)

THOMAS DYCKHOFF STUDIED COMPUTER SCIENCE IN KARLSRUHE AND EARNED AN MBA DEGREE IN WASHINGTON DC, USA. FROM 1991 TO 1998 HE WORKED FOR DAIMLER-BENZ AG IN STUTTGART IN THE GROUP TREASURY, RISK MANAGEMENT, GROUP CONTROLLING DEPARTMENTS AND WAS HEAD OF GROUP REPORTING BEFORE HE CHANGED TO DEBIS SYSTEMHAUS GMBH AS HEAD OF ACQUISITIONS. AS CHIEF FINANCIAL OFFICER, THOMAS DYCKHOFF IS RESPONSIBLE FOR O.A. THE SEGMENTS FINANCE, CONTROLLING AS WELL AS HUMAN RESOURCES.

Bad and good news side by side show on the one hand that the restructuring process, which SinnerSchrader is undergoing to get back on track to our original profitability, is not yet complete. On the other hand, they emphasise that SinnerSchrader continues to build and service many of the most interesting and demanding projects in the German Internet sector. All told, our applications are used by around 30 million people each and every month; no competitor has such a high market presence.

The 2002/2003 business year closed with a negative turnover trend. Meanwhile, the signs are increasing that a slight economic improvement in 2004 may actually be possible and with it, that the pressure on the market for IT and Internet services could relax somewhat. We are very much aware, however, that a turnaround in SinnerSchrader's negative revenue trend does not only depend on an economic recovery: the crisis in the IT and Internet sector over the last three years has noticeably changed our customers' business-demand behaviour profiles. The number of users and the volume of goods and services purchased online have continually increased, independently of economic developments. The success of the Internet has led to the use of the Internet itself as a basic tool which, comparable to the PC, is now applied by almost every department within a company.

This positive development for SinnerSchrader does however imply that the business model of a fully-integrated Internet specialist has lost significance in the eyes of the customer. Bearing the targeted goals of a project or application in mind, budgets currently tend to be allocated more according to a service provider's level of expertise in the relevant individual discipline. In order to win more customers, then, it will be important for us to profile and present our service portfolio more closely in line with the individual applications fields required by potential customers.

Strict capacity and cost management remain a sine qua non in the new business year. We will also continue to pursue the further flexibilisation of cost structures, in order to cover efficiently the peaks in demand and need for know-how in areas which do not form part of SinnerSchrader's core competence.

We assume that in the course of the 2003/2004 business year, the negative revenue trend will show a lasting turnaround. Against the background of heightened uncertainty which currently plagues economic and sector forecasts, however, we predict another slight decrease in revenues for the whole year, compared with this reporting period. The operating result will continue to improve, although it will in all probability once more be negative, in view of the measures still to be implemented. In contrast to this, we do expect a positive result for cash flow in 2003/2004.

Hamburg, November 2003

The Management Board

SinnerSchrader share 514 190

Developments of the German equity market and the SinnerSchrader share price

Following the all-time high reached in March 2000, equity markets proceeded to decline further over the September 2002 to August 2003 reporting period, reaching long-term lows in March 2003. Particularly negative leading economic data, resulting in weak consumer activity and rising unemployment, compounded by marked uncertainty over the outcome of the Iraq conflict, were major factors driving this equity market trend. Also dragging on market sentiment was investors' loss of confidence, caused by the share price slumps and corporate accounting scandals in 2000 and 2001.

Stock market recovery in second half-year

In the second half of the reporting period, stock market sentiment improved. This was based on the end of the war in Iraq and recovering consumer confidence as a reaction to more upbeat economic data from the USA. In addition to this, positive corporate data, driven by healthier profit margins which in turn were the result of cost reduction measures, raised hopes of a rebound in economic activity. The consistent rise in stock markets since the spring reflects this hope.

SinnerSchrader outperforms index

After showing a negative performance for two business years, the price of SinnerSchrader stock began to show a continuous positive development for the first time and outperformed its benchmark index. Starting from a level of € 1.30 at the beginning of the 2002/2003 business year, the stock recovered to a level of € 2.30 at the beginning of June 2003 to close at € 2.01 at the end of the business year. In view of this performance of just under 55 % to 29 August 2003, the SinnerSchrader share price clearly beat the Nemax All Share Index and its successor, the Technology All Share Index, which rose just under 20 % over the same period. At just below 2.7 million, the number of SinnerSchrader shares traded in the 2002/2003 business year was only slightly less than that of the previous year.

Notwithstanding these developments, at some € 2 the SinnerSchrader share price was still trading below the level of € 2.68 per share representing the value of consolidated shareholders' equity, and even below € 2.25 per share, which represented the consolidated liquidity reserve per share; both of these figures are based on the number of shares outstanding on 31 August 2003.

Treasury stock repurchase programme

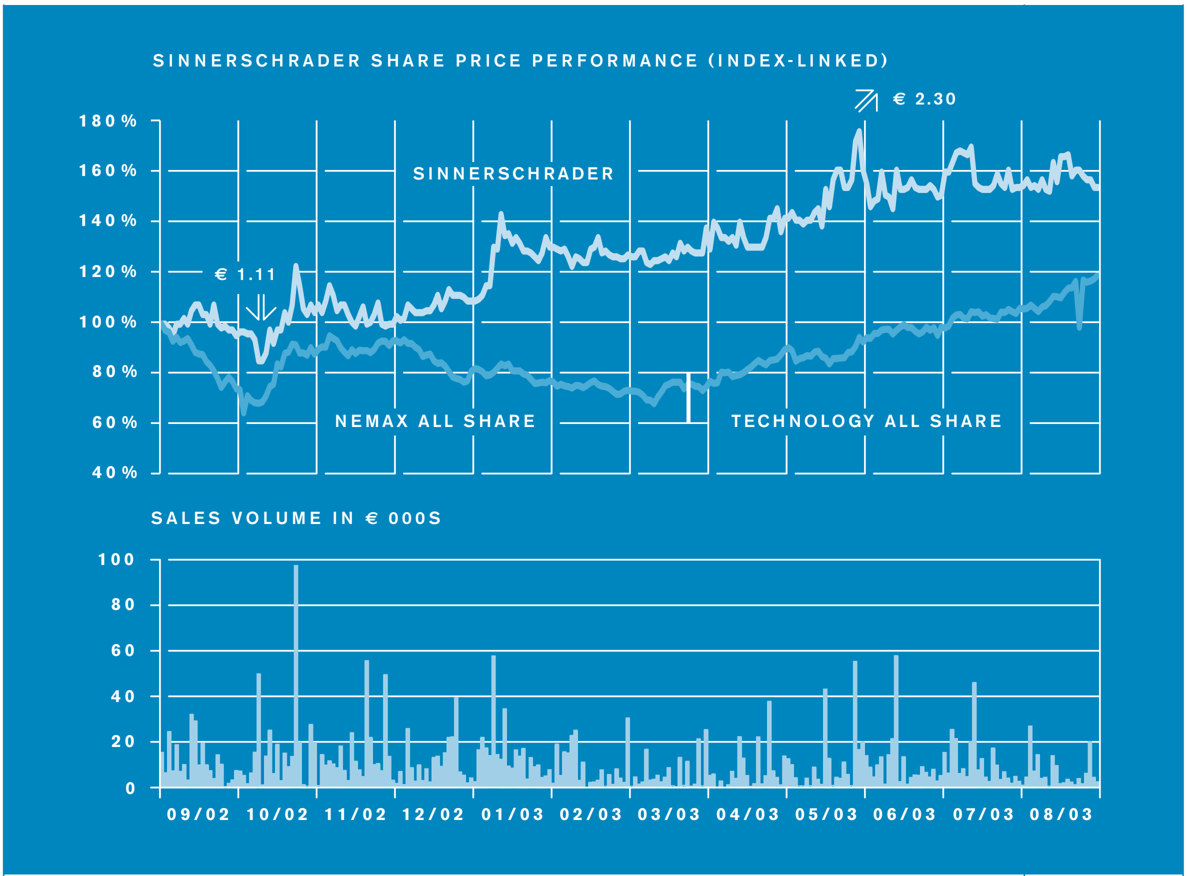
Repurchase of treasury stock continues

Given that the share price of SinnerSchrader stock partly lay significantly below the representative values of shareholders' equity and liquidity reserves, we decided to implement the programme approved at our Annual General Meeting, i.e. to repurchase our own treasury stock on the stock market. Spread over the whole reporting period, we repurchased 560,423 shares at an average price of € 1.54.

New stock market segmentation

SinnerSchrader lists in Prime Standard

On 1 January 2003 the new stock market structure came into effect through the new segmentation of the Frankfurt Stock Exchange into a Prime Standard and a General Standard. The introduction of this system also heralds the end of the Neuer Markt and the SMAX, which will both cease trading on 31 December 2003.



KEY FIGURES SINNERSCHRADER SHARE

German securities code number	514190
ISIN	DE0005141907
Symbol	SZZ
Stock exchange	Frankfurter Wertpapierbörse (Prime Standard)
Indices	Prime All Share, Technology All Share
Designated Sponsors	Berenberg Bank
Shares issued	11,542,764
Issue price at IPO	€ 12.00

SINNERSCHRADER SHARE 2002/2003

Share price at business year end (29.08.2003)	€ 2.01
High/low share price (02.09.2002–29.08.2003)	€ 2.30/€ 1.10
Performance 2002/2003	+ 54.6 %
Average sales volume (02.09.2002–29.08.2003)	10,551 shares per day/ € 17,568
Market capitalisation (29.08.2003)	€ 23.2 million

SinnerSchrader stock was accepted in the Prime Standard at the very first opportunity, as SinnerSchrader has consistently and completely fulfilled the high level of transparency required for this segment since going public in November 1999. We were granted approval for the Prime Standard on 1 January 2003 and simultaneously withdrew our listing from the Neuer Markt, which was then deleted by the Stock Exchange on 24 March 2003. With the withdrawal of our listing from the Neuer Markt, SinnerSchrader stock was transferred from the Nemax All Share Index to the Technology All Share Index. We have since measured and published the performance of SinnerSchrader stock against the Technology All Share Index.

Investor relations

Commitment to high transparency

Despite the higher costs generated by meeting the transparency requirements, we decided on a Prime Standard listing as we expect this to bring higher liquidity and more widespread public profile for SinnerSchrader stock than that attainable through a General Standard listing. We remain fully committed, as we have been since going public, to meeting the requirements of transparency and open communication vis-à-vis the equity market, which are to a very great extent embedded in and implemented through SinnerSchrader's Corporate Governance Code. We have made no compromises as far as this commitment is concerned; this forthright approach was and continues to be recognised by shareholders.

Growing investor interest

Although general capital market interest in companies with a market capitalisation the size of SinnerSchrader's has waned considerably in recent years, we have once again noticed a clear increase in interest from large private and institutional investors over this business year and particularly since the beginning of 2003.

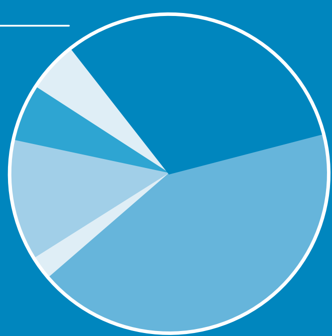
Shareholder structure

Stable shareholder structure

According to our sources, shareholder structure has changed little over the reporting period. The main change has come through the above-mentioned repurchase of our own treasury stock. As of 5 August 2003, SinnerSchrader AG's holding of its own stock exceeded the 5 % threshold. In line with the obligations laid down in Article 21 Para. 1 of the German Securities Trading Act (WpHG) and in conjunction with Article 25 of the same, this move was published in the "Frankfurter Allgemeine Zeitung" on 8 August 2003. On 31 August 2003, SinnerSchrader AG held 610,423 of its own shares, corresponding to 5.3 % of share capital.

SHAREHOLDER STRUCTURE

Free Float	31.7%
Treasury Stock	5.3%
Employees of SinnerSchrader from pre-IPO shareholding	5.6%
Strategic investor	12.3%
Locked shares of former owners of Netmatic	2.4%
Oliver Sinner, Matthias Schrader and families	42.7%



Corporate governance

Far-reaching implementation of Corporate Governance Code

In December 2002 the Management and Supervisory Boards of SinnerSchrader AG submitted their declaration pursuant to Article 161 of the German Stock Corporation Act on the recommendations of the Government Commission on the German Corporate Governance Code and made this permanently available to shareholders via the Company's website at the following URL:

www.sinnerschrader.de/de/company/investors/corporate_governance.html

The Management and Supervisory Boards declared that SinnerSchrader AG complied with the recommendations of the Corporate Governance Code with very few exceptions:

> Due to Matthias Schrader's high stake in the Company, neither a variable compensation component nor a stock option plan was included for him. The multi-year block on selling his shares has been lifted.

> As the Supervisory Board only consists of three members and their remuneration is low in accordance with the Articles of Association, we still do not comply with the recommendations regarding the formation of separate Supervisory Board committees or those regarding variable remuneration components and a deductible amount for D&O insurance for Board members.

Taking May 2003 changes into account

These exceptions also apply to the declaration of conformity submitted by the Management Board and Supervisory Board in November 2003 as part of SinnerSchrader's annual obligation to declare. Furthermore, the Management Board and Supervisory Board of SinnerSchrader AG comply with the recommendations set out in the alterations relating to the section of Board remuneration published by the Government Commission on 21 May 2003, with the following further exceptions:

> The stock options allocated to the Board members Detlef Wichmann and Thomas Dyckhoff at the beginning of the 2002/2003 business year were allocated in accordance with the stock option allocation conditions established at the Annual General Meetings in October 1999 and December 2000. These include

  > an option exercise price of 120 % of the average price determined on the Frankfurt Neuer Markt over the ten trading days prior to the date of allocation,

  > the earliest exercise at one third each after two, three and four years after the date of allocation,

  > an expiration of six years after the date of allocation.

The option provisions do not have a cap for extraordinary, unforeseen developments.

The declaration of conformity to the recommendations of the Government Commission of the German Corporate Governance Code was published in November on the Company's website under the URL given.

Consolidated Financial Statements and Financial Statements of the SinnerSchrader Aktiengesellschaft

01

Consolidated Financial Statements of the SinnerSchrader Aktiengesellschaft

Joint Status Report of the SinnerSchrader Group and the SinnerSchrader Aktiengesellschaft

I. General

The SinnerSchrader Group ("SinnerSchrader" or "Group") is made up mainly of SinnerSchrader Aktiengesellschaft ("SinnerSchrader AG" or "AG") and its wholly owned subsidiary SinnerSchrader Deutschland GmbH ("SinnerSchrader DTL"), both located in Hamburg with an office in Frankfurt am Main.

SinnerSchrader UK Limited, London and SinnerSchrader Benelux BV, Rotterdam, wholly owned subsidiaries of SinnerSchrader AG, also belong to the Group. Neither company was operational during the reporting year; however, they both continue to be included in the consolidated accounts.

Netmatic Inc., Denver, USA, which belonged to the consolidated Group in the 2001/2002 business year, was closed in September 2002. The company was taken out of the consolidated accounts on 30 November 2002.

SinnerSchrader is a consulting and services company for the development, design and implementation of Internet-based dialogue and transaction systems. SinnerSchrader AG performs the functions of a management holding company. The consulting and services business is carried out by the subsidiaries. The financial status of SinnerSchrader AG is therefore presented together with that of the Group in a joint status report. Unless specific reference is made to the AG, the information provided refers to the Group. The financial statements for the Group are drawn up on the basis of the US Generally Accepted Accounting Principles ("US-GAAP") with discharging effect in accordance with Article 292 a of the German Commercial Code (HGB). The individual accounts of the AG are prepared in accordance with German accounting principles.

The fiscal year 2002/2003 for the Group and the AG extended from 1 September 2002 to 31 August 2003.

II. Market and competitive environment

Cyclical weakness continues

Germany's phase of economic weakness has intensified during SinnerSchrader's 2002/2003 business year. After 0.6 % real growth in gross domestic product in 2001, the overall economic trend slowed in 2002 to a rate of only 0.2 %. According to the latest forecasts, macroeconomic activity in 2003 is expected to stagnate at best, if not to decline further. 2003 is now the third year in succession that the real trend in gross domestic product growth has fallen significantly behind the forecasts made in the autumn of the preceding year. Beside short-term uncertainty over the economic impacts of the Iraq

Graphics and tables are intended as visual aids only and do not form part of the audited status.

conflict at the beginning of 2003, it was foremost the need for reform, ignored for years, in Germany's social and labour market systems and the current sluggish political progress in bringing about these urgently-needed changes that seem set to put a lasting brake on any growth of the German economy. Therefore, Germany's economic trend continues to lag significantly behind the momentum of other industrialised nations such as the USA and Japan, but also European Community countries such as Great Britain, France and Italy.

Declining or stagnating IT budgets in over 75 % of companies

Due to this stagnating cyclical environment, most companies have continued their restrictive investment behaviour and strict cost-management measures in the SinnerSchrader 2002/2003 business year. This continues to affect information technology (IT) expenditure in particular. According to an October 2003 study conducted by the European Information Technology Observatory (EITO), the IT sector contracted by 3.5 % in 2002 in western Europe and will continue to shrink by another 0.7 % in 2003. According to the German Federal Association of Information Technology and New Media (BITKOM) the trend for Germany is forecasted to be significantly worse: following a 6 % contraction in 2002, a further decline of 2.1 % is predicted for 2003.

Within the scope of the entire IT sector, the Internet-based IT applications segment could separate itself from the overall downward trend. According to the 'e-Business Yearbook of the German Economy 2003' issued by BITKOM and the Federation of German Industries (BDI), over three-quarters of all companies surveyed in this study assume decreasing, or at best, steady investment expenditure for e-business applications for 2003 based on an already low level reached in the decline of the previous year. What is worse, the willingness to invest displayed by the segment of large corporations on which SinnerSchrader is focused has declined even further than for medium-sized firms. Large companies surveyed for this study stated that on average, their investments in development and integration services for e-business applications would be reduced by roughly 11 % in 2003.

Price levels sink by a further 10 to 15 %

Along with the reduction of their budgets, larger companies in particular strove for efficiency gains in their procurement processes for system development services by reducing the number of providers to a small core of key suppliers. Thus, the trend on the customer side to again turn to larger established providers for their Internet projects, already clearly recognisable in 2002, has continued in 2003. For smaller service providers such as SinnerSchrader, whose development is closely linked to the prior four years of Internet growth, this implies that successfully acquiring new customers and retaining existing customers is only possible if distinct expertise and user advantages are linked to highly attractive prices. As a result of that and the declining market trend previously described and aggravated by the only gradual dissolution of capacity, the enormous pressure on feasible pricing and daily rates has continued in 2003. According to our own observations, market price levels have decreased another 10 to 15% during the 2002/2003 business year.

Differentiation of demand

Additionally, from the customer's viewpoint, while the Internet is becoming established as a base technology, the business model of the integrated Internet specialists has lost importance. Project budgets for agency and IT services are increasingly awarded separately, depending on the project or application goals in focus. When selecting a service provider, the subject of Internet know-how is less and less often the top priority. However, creativity and communication competence on the one hand and process / technology competence on the other are gaining in importance. In future therefore, Internet service providers must align their service portfolio more closely to their customers' functional areas. Accordingly, initiatives to more clearly separate or to focus their services portfolio were initiated by the full-service Internet service providers. Within this context, the Internet continued to be integrated into the classic advertising communication and process/IT consulting sectors.

III. Development and position of the Group

In the 2002/2003 business year from September 2002 to August 2003 SinnerSchrader's profitability improved significantly when compared to the same period last year, despite the further deterioration of the market and competitive environment during the reporting period as previously described. We were able to reduce the operating loss by € 2.7 million from € -4.3 million to € -1.6 million. The operating results are measured by EBITA, i.e. earnings before interest, taxes and amortisation of the acquisition price for Netmatic allocated to intangible assets, goodwill and deferred compensation.

Improvement in operating result by € 2.7 million

The improvement of EBITA can be attributed to the measures for improving the cost position introduced in 2002 and continued in 2003. With respect to sales revenue, however, SinnerSchrader sustained a further decline and achieved sales of just under € 12.4 million in the business year 2002/2003 after sales of € 14.5 million in the prior year. Due to this drop in sales revenue, SinnerSchrader's operating target for the reporting period of a balanced EBITA was not achieved.

The financial position of the SinnerSchrader Group has deteriorated further with respect to the liquidity reserve (i.e. of cash and cash equivalents and marketable securities), due to, among other things, expenditure on implementing the restructuring measures. However, even after the decline of around € 2.9 million, to which a € 0.9 million repurchase of treasury stock contributed significantly, the liquidity reserve continues to be very high at € 24.6 million. SinnerSchrader's thus unchanged solid financial structure is emphasised by the increased equity ratio of 93% in comparison to the previous year.

Balance sheet structure continues to be solid

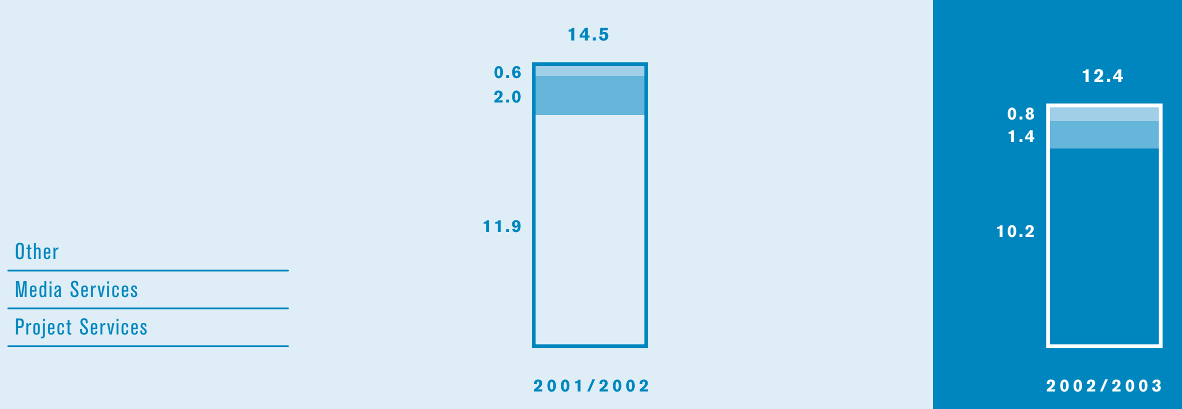
REVENUES

Gross revenues of € 12.4 million reported in the business year 2002/2003 were almost € 2.2 million or 15 % below the level reported in the business year 2001/2002. While the negative sales trend has thus slowed – the decline in the business year 2001/2002 was 19 % in comparison to the prior year – it could not be stopped as foreseen in the plan for the business year 2002/2003.

Turnover declines by 15 %

Of the total drop in turnover, € 1.7 million or 15 % compared with the previous year are attributable to project services, SinnerSchrader's core business, and € 0.6 million or about 30 % year-on-year are attributable to media services. In contrast, turnover in business operations and web-mining services summarised as "Other" increased by almost € 0.2 million or 25 % over the previous year.

DEVELOPMENT OF REVENUES IN € M



Budget cuts and pricing pressure

As in the previous year, the decline in revenues is predominantly the result of budget cuts implemented by our larger long-standing customers and the continued negative price trend in almost all customer relationships, coupled with increased demand for flexible service performance. In the months of the reporting period, SinnerSchrader customers from all industry sectors were actively implementing cost saving and restructuring measures and only reluctantly released limited funds for investment. Overall, the turnover volume from the previous year's three largest customers – from the financial services, retail / mail order and media sectors respectively - declined by € 1.8 million. Aggravating this decline is the fact that the currently achievable number and average size of first-time or initial projects for new customers, for which intense competition forces us to adopt a highly aggressive pricing policy, have decreased further. As a result, expiring projects or customer relationships could only partially be offset by business with new customers.

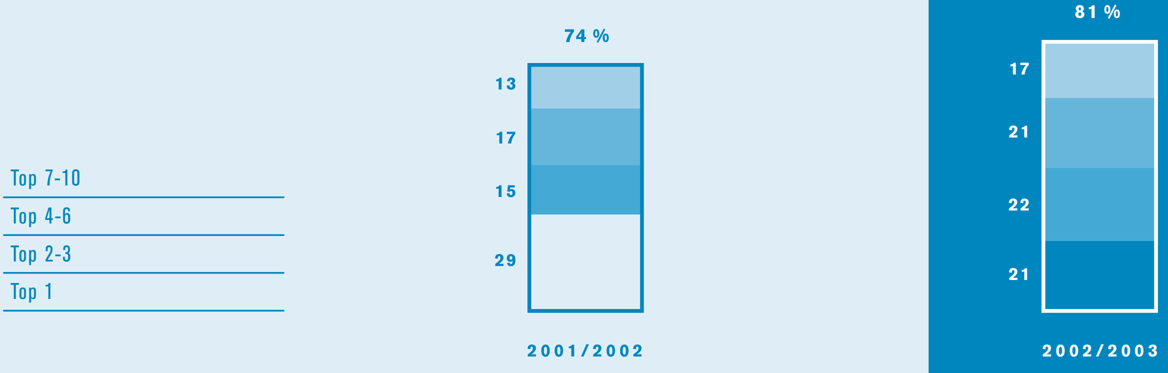
Important new customers: comdirect bank and Hapag-Lloyd Express

At the outset of the business year we reacted to the increasingly more difficult market requirements by expanding our sales and marketing team to four employees, which focuses solely on new business. As a result and based in no small part on our consistently good market reputation in terms of quality, experience and dependability, SinnerSchrader was able to establish new customer relationships with two large companies, one with comdirect bank and another with the airline Hapag-Lloyd Express, a subsidiary of the TUI-group. Through gaining these clients, we were able to achieve a necessary broadening of our customer base in the financial services sector and to gain a foothold in the dynamic segment of the tourist industry.

Sales success lacking in breadth

However, the fact that the significantly intensified sales effort had not yet truly begun to take hold in the 2002/2003 business year is shown by the change in the portion of total SinnerSchrader sales to its top ten customers. The dependency on the largest customer decreased, due to further budget cuts and price reductions; however, the share of sales to our ten largest customers increased by seven percentage points to 81 %. Our more structured and continuous market development activities, as well as the improved cooperation with partners on the software vendor side, only began to bear fruit in the medium-sized customer and project segment within the last few months of the business year.

DISTRIBUTION OF SALES TO LARGEST CUSTOMERS IN % OF GROSS REVENUES



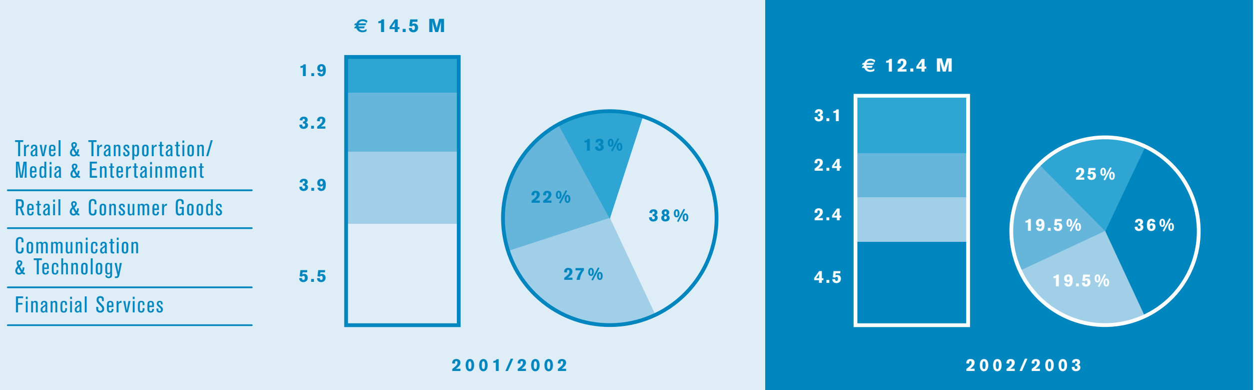
SinnerSchrader again recorded the greatest percentage loss of business in the media services area during the 2002/2003 business year. In view of the continued declining development in companies' online media expenditure, we have clearly felt the trend in this area to assign the planning, purchasing and control of media placements to larger and more established advertising agencies that are able to process online as well as offline media placements. SinnerSchrader has therefore increasingly concentrated its services on offers where specific know-how about customer behaviour on the Internet plays a decisive role. As a result, we developed a cost-per-order-offer for one of our largest customers, where remuneration for media placement is triggered only after an order has been successfully placed. We were able to expand sales in this part of the media business in the 2002/2003 business year.

Media business continues to be weak

The business activities of the operations and web-mining services summarised as "others" showed a favourable development, even though still at a low level. In both areas we usually charge our customers a flat monthly fee for the operations and control of running Internet applications. After earning a good 2.4% in the 2000/2001 business year and 4.4 % in 2001/2002, the share of these services in SinnerSchrader's total sales increased to nearly 6.5 % in 2002/2003.

Increase of other services

DEVELOPMENT OF REVENUES BY SOLUTION CENTRE



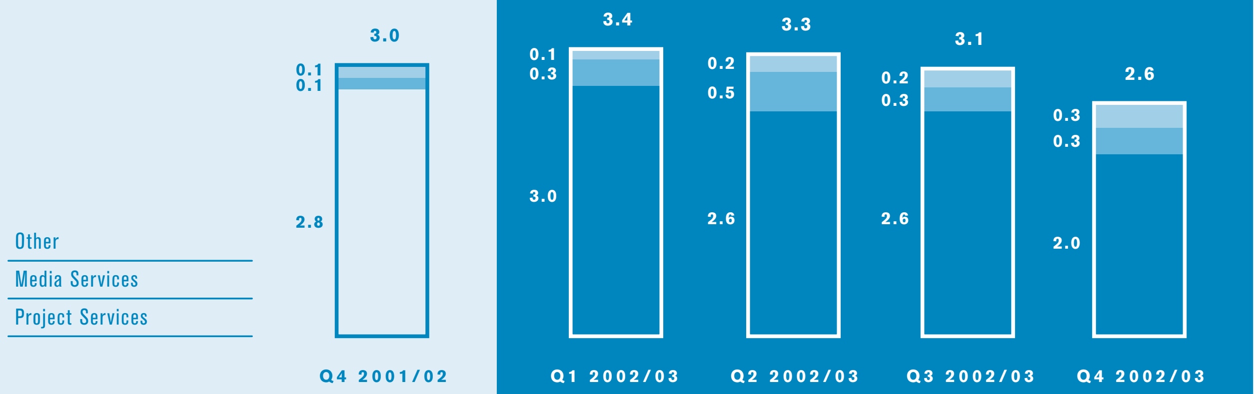
The revenue split by Solution Centres which focus on specific customer sectors shows that three of the four Solution Centres reported a drop in sales of around € 1 million each, while the Centre for the sectors Travel & Transportation and Media & Entertainment was able to achieve sales growth of a similar magnitude. Fundamental contributions to the success of this Solution Center were, on the one hand, gaining Hapag-Lloyd Express as a new customer and successfully working with them from the first launch of their website in October 2002 through to its continuous expansion as the best and most user-friendly website among the low-priced airlines, and on the other hand, achieving a very satisfactory volume of business for the MercedesBenz brand at DaimlerChrysler.
In the Financial Services business area, establishing a business relationship with comdirect bank and working on their re-launch project could not compensate for the drop in sales in other customer relationships. However, business activities with customers from the financial services sector continue to be the largest share, generating over one third of SinnerSchrader's total business. The development of the Communication & Technologies Solution Center, where most customers are based in the telecommunications sector, was especially difficult. Budgets were reduced in many customer relationships and we lost one major customer. Without a significant amount of new business in this area,

Travel & Transportation gain in importance

Financial services firms are still customer group with largest revenue share

these changes had a strong negative impact on the respective business volume. The Retail & Consumer Goods Solution Center also had to contend with extremely limited expenditure on the part of their long-standing customers. Only towards the end of the business year was it possible to partially offset the decline with new customer business. In addition, in these latter two centres a change in management contributed to the negative sales trend.

DEVELOPMENT OF REVENUES PER QUARTER IN € M



The quarterly development of gross revenue indicates that the negative sales trend has not yet been broken. The first and second quarters showed a satisfactory development relative to our planning and demonstrated a distinct improvement in comparison to the last quarter of the prior year. However, in the first months of 2003 the expected general business upswing and the expected accompanying increase in new customer business remained absent on a broader scale. Additionally, in two isolated cases we were not able to beat off tough competition for two contracts with volumes of over € 0.5 million each. Consequently, we again reported declining quarterly revenues in the third and even more so in the fourth quarter 2002/2003.

Negative sales trend

OPERATING RESULTS

Despite the continued declining sales level, the EBITA which SinnerSchrader is using as a yardstick for the operating business, improved by € 2.7 million to € -1.6 million in comparison to the previous year.

DERIVING EBITA FROM THE STATEMENTS OF OPERATIONS

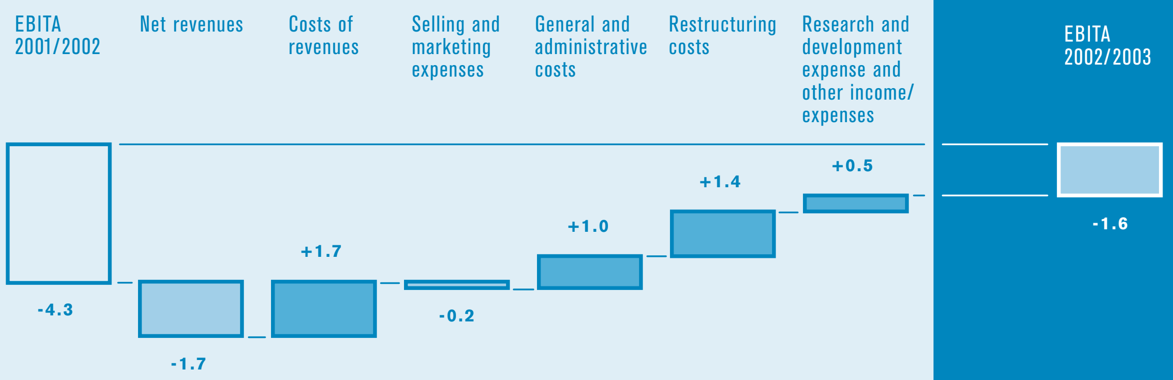
	2002/2003 in € M	*2001/2002 in € M*	*Change in %*
Operating income/loss according to the statement of operation	-1.9	-5.4	+3.5
Plus amortisation and impairment of intangible assets and goodwill, as well as amortisation of deferred compensation	+0.1	+1.1	-1.0
Plus other income/expenses	+0.2	+0.0	+0.2
EBITA	-1.6	-4.3	+2.7

⇒

Costs lowered by € 4.1 million

The improvement in EBITA is the result of the cost reduction measures introduced in the previous year. As part of these measures in the 2001/2002 business year we had laid off employees, terminated operating business in foreign subsidiaries in the start-up phase, and consolidated the office situation in Hamburg. In view of a further deterioration of the revenue situation, adjustments to capacity continued during the reporting year. Through these measures, operating costs in the business year 2002/2003 totalled some € 4.1 million below those recorded in the previous year. In all business functions, significant savings were achieved except in sales. However, the decline in revenues, which mainly occurred in the second half of the business year could not anymore be completely compensated.. We were therefore unable to achieve our goal of a balanced EBITA.

TRANSITION OF EBITA 2001/2002 TO 2002/2003 IN € M



Improved operating ratios

The personnel reduction measures implemented by SinnerSchrader reduced capacity in the business year 2002/2003 to an average of 130 full-time employees in comparison to 174 full-time employees in the previous year. This increased capacity utilisation to 64 % in 2002/2003, up from the 58 % recorded in 2001/2002. Net revenue per productive full-time employee grew from € 75,000 to € 87,000.

Thus, operating ratios improved throughout, but a satisfactory level has not yet been reached. Additionally, the higher utilisation rate per employee translated only partially into higher revenues per head, due to the continued decline of market prices.

Rise in gross profit margin

Operating improvements reduced the cost of revenues by € 1.7 million or 17 % in comparison to the previous year. This reduction of cost of revenues was only partially off-set by the lower sales level, resulting in a slightly improved gross margin of almost 27 % from 23 % in the business year 2001/2002.

Intensified sales efforts

As a response to fierce competition in a difficult market environment and to Sinner Schrader's rather weak sales structure, especially in new customer sales, we increased our efforts in the sales function and allowed a higher expenditure volume in comparison to the previous year. A vital measure for this purpose was creating a sales team with 4 full-time employees, whose paramount tasks are new customer sales and the cooperation in sales partnerships. Additionally, the sales team supports the Solution Centres in business development with existing customers. Team costs were partially offset by sales cost savings in the Solution Centres and the closure of foreign activities. Overall, the business year 2002/2003 still showed a _ 0.2 million increase in sales costs, totalling € 1.5 million. Sales costs therefore represented 13% of net revenues in the reporting year; in the previous year, the ratio came in at 10 %.

Optimisation of administration costs; burdened by office overcapacity

In comparison to the previous year, general and administrative expenses were reduced by some € 1 million. In addition to reducing personnel in this area by 12 full-time employees or about 26 %, terminating our efforts to expand our foreign activities and reducing the budgets for most of the functions contributed to the above-mentioned figure. As an exception, we increased the budget for employee training. As a percentage of net revenues, administrative expenses declined in the reporting period by about 4 percentage-points to 28 %. Aside from the progress made, this shows that general and administrative expenses still remain comparatively high. This is predominantly attributable to the fact that given the existing staff headcount in this reporting period, only half of the office space in Hamburg (leased by us in the summer of 2000 and occupied in September of 2001) was used. Additionally, the architectural design makes the offices unsuitable for subleasing. Costs related to the excess capacity which are included in the administrative expenses were some € 0.6 million.

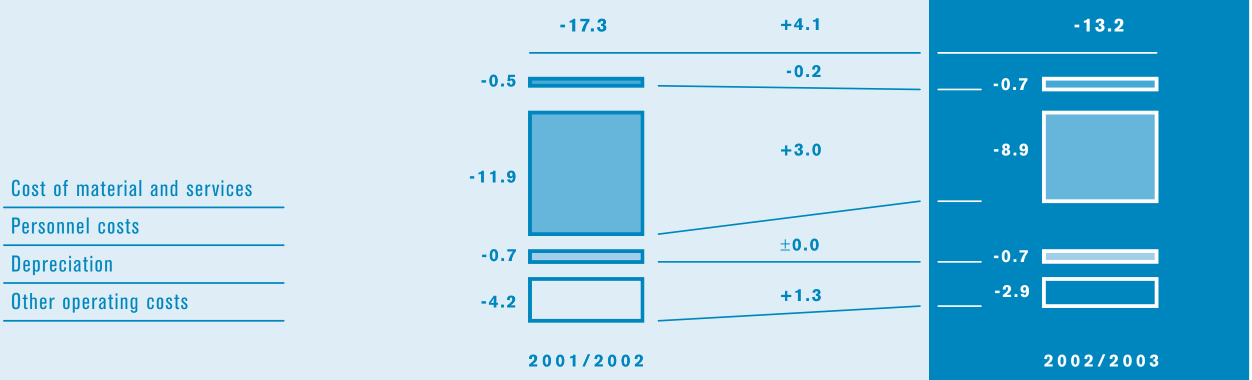
Declining need for restructuring

After the cost for the major restructuring efforts were charged against expenses at the amount of € 1.6 million in the business year 2001/2002, another € 0.2 million were expensed in the reporting period for additional personnel reductions and depreciation of idle equipment. From this, savings of € 1.4 million result in the presentation of the development of cost.

As far as the implementation of the restructuring measures in 2002/2003 allowed for a dissolution of restructuring cost accrued in the previous year, the resulting credit was made to other income/expenses. Mainly due to such credits, other income/expense were € 0.2 million above the figure reported in the previous year,

Furthermore we reduced the expense on research and development activities in the business year 2002/2003 by € 0.1 million compared with the previous year, to just under € 0.1 million. We reduced expenditures on research and development to that level in light of the the negative earnings trend emerging in the second half of 2002/2003.

DEVELOPMENT OF OPERATING COSTS BY TYPE OF COST IN € M



Trimming staff costs a priority

Considering the various cost types, it can be seen that in accordance with SinnerSchrader's business, cost savings were mainly achieved in the area of personnel costs. By reducing average personnel capacity from 2001/2002 to 2002/2003 by about 52 full-time employees and in conjunction with reducing expenditure allocated to personnel reduction measures, personnel costs shrank by € 3.0 million. The personnel cost ratio (as a percentage of net revenues) thus improved from 90 % in the previous year to 79 % for this reporting period.

In comparison to the previous year, we achieved a further saving of € 1.3 million in other operating costs. In addition to reducing expenditure on most individual line items, eliminating the expenses for foreign offices and adjusting excess capacity costs as part of the restructuring measures made a significant contribution to the overall reduction in operating expenses.

The cost of third-party services increased by € 0.2 million. This increase is attributable to the Company's decision to increasingly balance peak demands by using third-party service providers and to successively expand the share of third-party service provider costs to above 10 %, to allow more flexibility in SinnerSchrader's cost structures.

Depreciation of tangible assets remains at the same level as in the previous year, despite conservative investment activities in the 2002/2003 business year. This is mainly attributable to impairment charges made necessary by the underutilisation of equipment.

NET RESULT

Aside from the operating business, the development of net result in the reporting year compared to the previous year was especially influenced by the effects of the Netmatic Internet/Intranet Solutions GmbH acquisition in 2000. Furthermore, changes in interest income and the provision for income tax affected this development.

DEVELOPMENT OF NET RESULT

	2002/2003 in € million	*2001/2002 in € million*	*Change in %*
EBITA	-1.6	-4.3	+2.7
Amortisation of intangible assets and goodwill, as well as of deferred compensation	-0.1	-1.1	+1.0
Interest income and expense	+0.8	+1.5	-0.7
Provision for income tax	-0.0	+0.7	-0.7
Cumulative effect of changes in accounting principles	-0.0	-14.7	+14.7
Net loss	-0.9	-17.9	+17.0

Only limited effects of Netmatic acquisition remain

Partly as a consequence of changes in US-GAAP accounting principles, we had written down completely the major assets stemming from the allocation of the purchase price for Netmatic (i.e. goodwill and intangible assets) as an impairment charge in the business year 2001/2002. The effect of this on the net loss in 2001/2002 was € -15.8 million. Consequently, in the business year 2002/2003 only part of the deferred compensation, originating from the purchase price allocation had to be amortised according to the elapse of the three-year vesting period for the former Netmatic employees. Thus, in the business year 2002/2003 only € 0.1 million were charged against net result compared to € 15.8 million in 2001/2002. This led to an improvement of the net result by € 15.7 million, or € 1.0 million not taking into account the cumulative effects of changes in accounting principles.

Lower financial result

In contrast, the interest income fell from the previous year's level by € 0.7 million to € 0.8 million in 2002/2003. This decline was primarily attributable to the development of interest rates during the course of the business year in conjunction with the investment policy chosen by SinnerSchrader. The investment policy was and still is aimed at high flexibility and availability of the liquidity reserve, as well as a low exposure to credit and market risks. To that effect, the duration of the investment portfolio did not exceed 3 months and the investments made were not rated below investment grade. As a result, the profitability of the liquidity reserve showed a decrease during the course of the business year comparable to the development of the 3-month EUR/BOR, which continuously fell during the reporting period from 3.3 % to about 2.1 % and achieved a total annual average of a little over 2.5 %, about 1 % below the average of the previous year. Further compounding this decline was the fact that in 2002/2003 the average level of the liquidity reserve was some € 2.5 million below the level of the previous year, due to the using-up of cash.

Allowances for tax on loss carry-forwards

The change in the provision for income tax had an equally negative effect on the development of net result of € - 0.7 million. This was mainly due to the fact that, within legal limits, net losses in the domestic companies could partly be carried back in the 2001/2002 business year. Another carry-back from the 2002/2003 business year was not possible, due to a carry-back limit of one year. Additionally, as in the previous year, deferred tax assets from the loss carry-forwards in domestic and foreign subsidiaries were only included up to the extent to which they were covered by deferred tax liabilities.

Net income € - 0.9 million

As a result, the SinnerSchrader Group reported a net loss of € - 0.9 million, or € - 0.08 per share in the business year 2002/2003. In the previous year, before including the cumulative effects of changes in accounting principles, a net loss of € - 3.2 million or € 0.28 per share had been reported. Including the cumulative effects, the net loss had come in at € - 17.9 million or € - 1.55 per share. To summarise, these figures emphasise that SinnerSchrader improved in terms of earnings in the business year 2002/2003, yet still missed its target of achieving a balanced operating result and a positive net result.

CASH FLOW

Not including the balance of purchases and sales of marketable securities of the liquidity reserve, the consolidated statement of cash flow reported for the business year 2002/2003 a use of cash of € 2.8 million in comparison to € 1.6 million in the previous year. € 1.6 million of the total cash requirement in 2002/2003 was attributable to operating activities, € 0.3 million to investments in property and equipment, and € 0.9 million to the repurchase of our own stock which is presented under financing activities.

Increased cash consumption in operating business

Cash flow from operating activities was mainly influenced by the use of funds of around € - 1.0 million using up accrued expenses primarily for the implementation of restructuring measures. Furthermore, the commitment of funds to working capital increased by around € 0.5 million. A significant decline in liabilities and an increase in tax refunds were only partially balanced by the decrease in funds tied up in unbilled revenues. Cash flow from operating activities was € - 0.3 million in the previous year.

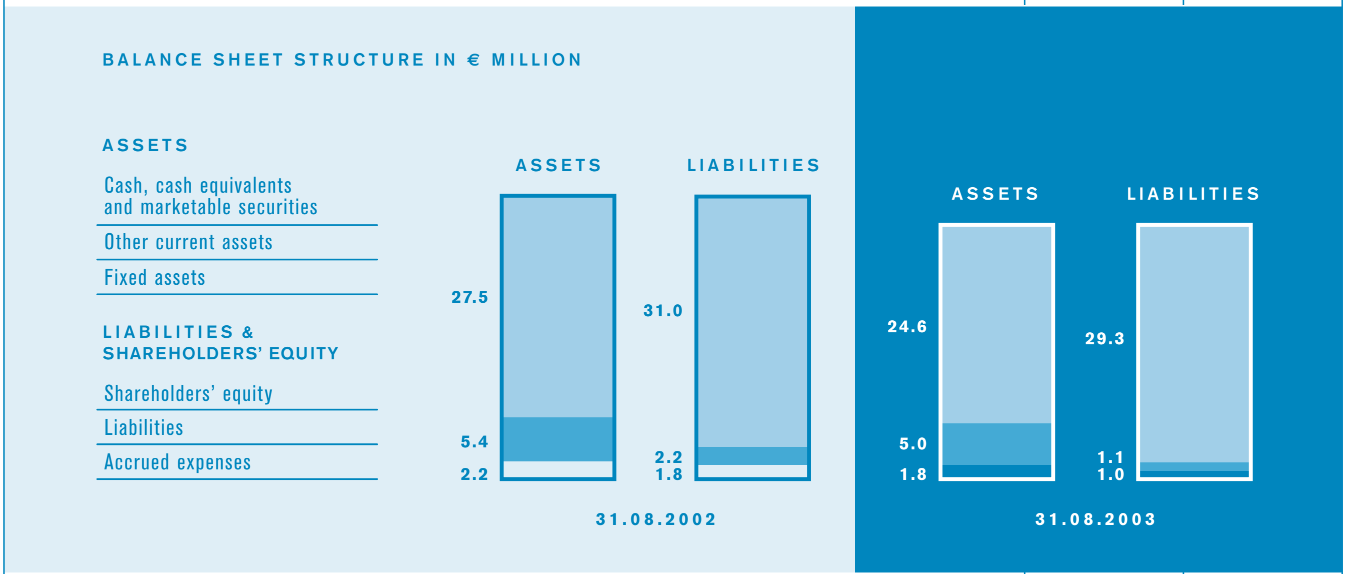
Investments in tangible assets amounted to € 0.3 million in the reporting period. After having moved into the offices located on Gasstraße in Hamburg, whose refurbishment had still required investments in tangible assets of € 1.1 million in the previous year, approval of new investments was extremely limited. New investments were made for office equipment and for the replacement of computer hardware.

Reserves used for treasury stock repurchase

In view of the development of SinnerSchrader's share price, which during the course of the business year was at times significantly below the book value per share and the cash value per share, SinnerSchrader continued the repurchase of its own stock initiated in June 2001 for a potential future use in acquisitions or for the exercising of share options from its share option programmes. On the stock exchange it bought back 560,423 shares of its own stock at an average price of € 1.54 per share. The repurchase required a cash outflow of some € 0.9 million.

ASSETS AND LIABILITIES

Despite the decline in cash, cash equivalents and marketable securities, SinnerSchrader's Consolidated Balance Sheet shows a sustained solid structure and level of equity.



Decline in liquidity reserve

Cash, cash equivalents and marketable securities in the amount of € 24.6 million were not associated with any bank debt. These funds continue to be invested in fixed-term deposits, money market funds, commercial paper and high-grade fixed interest securities with an average duration of three months or less. Total assets recorded in SinnerSchrader's Consolidated Balance Sheet declined by 10 % mostly due to the drop in cash, cash equivalents and marketable securities to some € 31 million on 31 August 2003.

Successful working capital management

In comparison to the previous year, accounts receivable increased slightly. Unbilled revenues, however, decreased significantly, causing assets due to services rendered but not yet paid to show a total decline of about € 0.7 million from € 3.3 million on 31 August 2002 to € 2.6 million as of 31 August 2003. On the one hand, the decline is associated with the lower business activity during the fourth quarter. On the other hand, it is proof that both the level of efficiency in managing the accounts receivable and invoicing speed were further improved by a more efficient project management and invoicing process during the 2002/2003 business year.

Other current assets and prepaid expenses increased by almost € 0.5 million due to growth in income tax refunds.

The decline in property and equipment of about € 0.4 million to € 1.8 million on the balance sheet date reflects the SinnerSchrader Group's restrained investment activity during the 2002/2003 business year, as well as special depreciations due to excess capacity.

Use of accrued expenses

On the liability side, trade payables declined by € 0.8 million due to more standardised payment procedures. Accrued liabilities also fell by about € 0.8 million, particularly due to the expenditures for the implementation of the restructuring measures which had been accrued in the previous year. Additionally, in the business year 2002/2003 we settled a tax payment still outstanding from previous years.

Decline in shareholders' equity

In summary, the developments in the business year resulted in a € 1.7 million decline in shareholders' equity. About € 0.9 million of the decline is attributable to the net loss and the remaining € 0.8 million to the repurchase of shares of our own stock. According to US-GAAP regulations, the acquisition cost of purchases of treasury stock directly reduces shareholders' equity.

During the 2002/2003 business year, 560,423 shares were repurchased. From the 86,226 shares of treasury stock held on 31 August 2002, 36,227 shares were issued for a purchase price back-payment relating to the Netmatic acquisition. Thus, on 31 August 2003 the balance of treasury stock was 610,423 shares, acquired at an average price of € 1.53 per share. The 610,423 shares represent a 5.3 percent share in SinnerSchrader AG's common stock.

Equity ratio rises

On 31 August 2003, shareholders' equity thus amounted to € 29.3 million. Despite the fact that this was below the previous year's figure, the equity ratio still increased due to a stronger decline in total assets from 88 % on 31 August 2002 to 93 % on 31 August 2003. In reference to the total number of 10,932,341 of shares outstanding on the balance sheet day, the book value per share is calculated at € 2.68 per share.

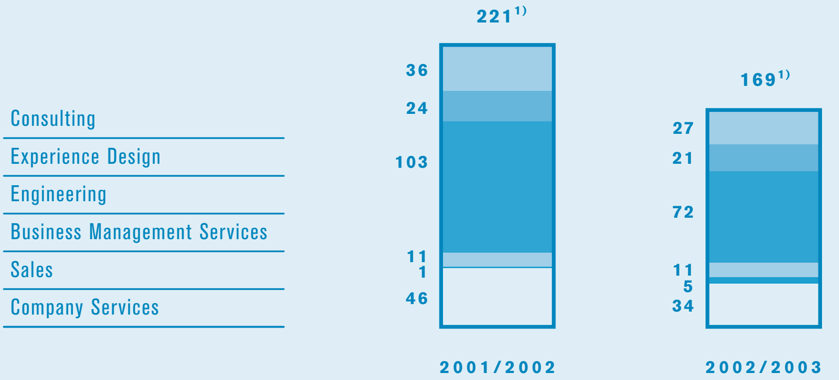
HUMAN RESOURCES

Staff increase in Sales only

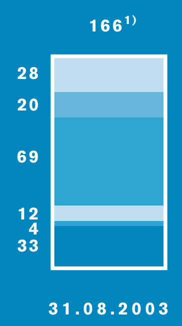
As of 31 August 2003 the total headcount of SinnerSchrader stood at 166 employees, which was 39 employees below the level at the end of the previous business year, or almost 100 employees less than the peak staff level of 261 employees on 30 November 2001. Of the 166 employees, 129 were assigned to production, 4 to sales and 33 employees – including 6 trainees and the Management Board – to Company Services.

EMPLOYEES BY FUNCTION

AVERAGE-FULL-TIME EQUIVALENTS



EMPLOYEES END OF PERIOD



1) Includes 7, 6 and 6 trainees, respectively, mostly assigned to Company Services.

Lower staff capacity

On the basis of average full-time equivalent employees, the staffing level declined from 221 full-time employees in 2001/2002 to 169 full-time employees in 2002/2003, due to the discharge of employees as part of the personnel reduction measures and the natural wastage approach to staffing fluctuations both in the reporting period and in the previous year. Of this capacity reduction of 52 employees in total, 44 were from productive functions and 12 from non-productive functions. In contrast, we expanded staffing in the sales function by four full-time staff, as part of stepping up our sales effort.

Staff training a priority

Due to the necessary capacity reduction, work in the human resources function was strongly shaped by the implementation of the respective measures both in the reporting year and in the previous year. At the same time, it was very important to us to invest in appropriate training for our staff. For this purpose, we focused in the business year 2002/2003 on training for certification for the J2EE standard. At € 0.2 million, the budget dedicated was above that of the previous year. Additionally, following on from the discussions on retirement pension plans, we offered an employer-financed private pension plan to our employees.

IV. Development and position of the AG

SinnerSchrader AG ("AG") is the managing holding company of the SinnerSchrader Group. The business activities of SinnerSchrader AG centre on the management and financing of the wholly-owned subsidiaries, the administration and control of the Group's liquidity, the central handling of administrative tasks for the Group companies, the facility management and the performance of central Group functions.

AG accounts in accordance with German Commercial Code

From the management and administrative functions provided for the subsidiaries and from the renting of office space to them, the AG generated revenues of € 1.2 million in 2002/2003 after generating revenues of € 2.1 million in the previous year. This significant decline in comparison to the previous year was attributable to the fact that the AG and SinnerSchrader Deutschland GmbH agreed on the AG providing a portion of the services free of charge. Approximately half of other operating income stems from appreciating of marketable securities the AG holds in the course of the central liquidity management of the Group and of treasury stock. Furthermore, the other operating income was recorded to account for the value of the granting of company cars. The decline of other operating income from € 0.3 million in 2001/2002 to € 0.1 million in the reporting year was associated with the drop in income generated from investments made from the liquidity reserve.

Services provided free of charge

This drop is also evident in other interest and similar income, which at € 1.0 million was some € 0.4 million below the value of the previous year. Since the share of interest income originating from the financing of affiliated companies showed a parallel increase of € 0.2 million, a fall of € 0.6 million of interest income is therefore attributable to a decline in proceeds from investing the Group's liquidity reserves on the open market. This decline was mainly attributable to the interest rate level, which was comparably lower than in the previous year.

Decline in net interest income

No income from profit transfer agreements was reported during the 2002/2003 business year. The previous year still reported an amount of € 0.7 million. The profit and loss transfer agreement between the AG and SinnerSchrader Deutschland GmbH was cancelled with effect from 31 December 2001.

Personnel expenses of € 1.3 million (previous year: € 1.6 million), write-offs of € 0.4 million (previous year: € 0.5 million) and other operating expenses of € 3.9 million (previous year: € 2.6 million) were set against this income.

While on one hand the personnel expenses declined due to a reduction in staff members, and the write-offs were below the values reported in the previous year due to a significant decrease in new and replacement investments in tangible assets, the other operating expenses increased by € 1.3 million compared with the previous year. This increase was generated entirely by accruing liabilities associated with the office space in Hamburg that SinnerSchrader AG has leased for a minimum of five years. These accruals were mainly necessary due to the large amount of unutilised office space. The additional expenses incurred in this area overshadow the fact that all other individual line items included in other operating expenses achieved savings on account of a strict cost management system.

Accruals for over capacity costs

It was not necessary to make another adjustment on 31 August 2003, after the participation of SinnerSchrader Deutschland GmbH was written off in the previous year by € 16.7 million to a value of € 8 million. This significantly relieved the burden on the net result for the 2002/2003 business year.

In total, the net loss of € -3.3 million (previous year: € -16.7 million) was entirely covered by means of withdrawal from the capital surplus.

Net income € -3.3 million

In view of the change in the balance sheet of the AG, the reduction of shareholders' equity corresponding to the net loss was mirrored by the decline of cash and cash equivalents as well as marketable securities not including treasury stock as part under current assets by approximately € 2.8 million. Despite the reduction, liquid funds dominated total assets of the AG with € 24.6 million on 31 August 2003. Unchanged in comparison to the previous year was the participation in SinnerSchrader Deutschland GmbH, representing the second largest asset value of the AG at € 8 million. On the balance sheet date, other fixed assets were just under € 1.3 million and, thus € 0.1 million below the level in the previous year.

Decline in liquidity reserve; assets from participations unchanged

While receivables from affiliated companies declined slightly in connection with the AG's rendering services partly without charge, other assets, mainly consisting of tax refunds, increased further in the business year 2002/2003. Added together they result in € 4.1 million on 31 August 2003 almost the same level as in the previous year.

The development of the liability side of the balance sheet is dominated by the withdrawal from capital surplus to offset the net loss and the increase of other accrued expenses associated with the office space located on Gasstraße in Hamburg. The shareholders' equity declined accordingly by € 3.3 million to € 36.7 million at the business year-end, while other accrued expenses increased to about € 2.0 million due to net additions of € 1.6 million. Trade accounts payable and other liabilities declined during the course of the year by € 0.5 million.

The share repurchase programme initiated in June 2001 continued in the 2002/2003 business year, given the comparatively low market prices of SinnerSchrader stock. Overall, the holdings of treasury stock increased to 610,423 or 5.3 % of the share capital. The other reserves were once more drawn upon for the increase in the reserves for treasury stock at an amount corresponding to the acquisition costs of the repurchases.

Use of reserves for repurchase of treasury stock

The SinnerSchrader AG shares were traded as of 1 January 2003 under the Prime Standard segment of the regulated market in Frankfurt. The listing on the New Market (Neuer Markt) existing since its admission on 2 November 1999 was withdrawn on 24 March 2003 in preparation for the closure of this market segment .

V. Risks of future business

The future business development of SinnerSchrader is subject to risks which could negatively affect its earnings and financial position or could mean that SinnerSchrader fails to achieve the goals of future business development. The Management Board of SinnerSchrader AG considers it one of its key tasks to continuously evaluate the risks with regard to their possible impact on earnings and financial position and the probability of their occurrence, and also to define measures to limit these risks. In line with measures taken to achieve a further improvement of our risk management system, a member of staff from SinnerSchrader AG's Finance area has been appointed Risk Manager and charged with subjecting the Risk Management System to a regular internal evaluation and to document this at least annually.

Risk Manager appointed

The scope of risk changed only marginally in the past fiscal year. In particular, these risks are associated with the general economic developments, the intensification of competition in view of reduced growth expectations, the rapid rate of technological change as well as the relatively brief business history of SinnerSchrader. For the most part, but not exclusively, they relate to the following:

Risk environment unchanged

|⟹

ECONOMIC RISKS

The general economic trend influences the volume of investment in IT and Internet services, expenditure for online advertising and related services. A further deterioration in the economic environment could distinctly reduce the market volume addressed by SinnerSchrader – in terms of quantity and price. The capacity reduction measures necessary to respond to such a development could only be taken with a certain time-lag and would lead to additional costs for restructuring measures.

COMPETITION

The competition in the market for IT and Internet services has constantly increased in the past years. In particular, IT service providers operating in this market which are offering a broader range of services than SinnerSchrader and sometimes even have longer-term and better established customer relationships. As a specialised provider without the ability of temporary cross-subsidies, the future development of SinnerSchrader depends strongly on its success in realising fair market prices for its services.

OPERATING RISKS

SinnerSchrader generates 21 % of its revenue with one client; five additional customers account for about 43 % of sales. A loss of business with one of these clients could only be compensated, if at all, after a time-lag during which it would not be possible to reduce costs correspondingly.

Because revenues in the business conducted by SinnerSchrader are not secured by long-term contracts and generally arise on the basis of single orders with a limited time horizon, sales forecasts are therefore subject to a high degree of uncertainty. The order backlog is below the level in prior years, in particularly due to the increasing trend of SinnerSchrader's customers to subdivide orders in today's environment.

In the course of project work for its clients, SinnerSchrader in some cases does a large amount of work in advance without receiving corresponding advance payments. The inability or unwillingness of individual clients to pay bills for services already provided could have a negative impact on the financial position of SinnerSchrader.

SinnerSchrader generates a considerable part of its revenue under fixed-price agreements. Due to the complexity and the highly technical requirements, the originally calculated costs may be exceeded, which could result in unforeseen losses. In addition, under project contracts SinnerSchrader takes on customary warranty and liability obligations from which considerable consequential costs could result for individual projects.

Projects that SinnerSchrader's implements for well-known customers are sometimes exposed to considerable publicity effects. Quality deficiencies in work delivered could therefore lead to negative publicity which could negatively affect the ability of SinnerSchrader to sell its services and consequently significantly impair the future development of business.

PERSONNEL RISKS

SinnerSchrader's success depends heavily on the qualifications and motivation of its employees. In this context, some key employees are particularly important. If SinnerSchrader does not manage to tie these employees to the Company and to constantly win new qualified employees for SinnerSchrader, the success of SinnerSchrader could be significantly adversely affected due to the loss of know-how.

TECHNOLOGICAL RISKS

The market for IT and Internet services is characterised by a rapid rate of change with regard to the basic technologies used and a still low level of standardisation. SinnerSchrader's future market success depends on its ability to maintain an adequate level of technological competence in view of high training expenses and limited resources and to avoid technological dead ends.

VI. Outlook

Uncertain market forecasts

The 2002/2003 business year ran its course in a phase of considerable political and economic uncertainty, in which it became evident that there was no such thing as a reliable forecast for macroeconomic development or the development of individual markets. In this year too, the general prognosis for the coming year is for an improvement in overall German economic growth. In light of our experience of the last two business years, however, we remain rather sceptical as to how far the heralded economic recovery will positively affect the development of SinnerSchrader's business as early as 2003/2004.

Despite considerably intensified sales efforts and clear progress made in business developing, in the past business year we did not succeed in turning the negative sales trend around. The revenue level in the fourth quarter of 2002/2003 lay some 10 % below that of the fourth quarter of 2001/2002. Besides the continued decline in the total volume of the market for the conception, development and operation of Internet-based dialogue and transaction systems targeted by SinnerSchrader, the main reason, in our opinion, why sales success continues to elude us is due to the fact that customer demand is once more increasingly oriented towards classic market differentiation, that is, towards advertising/communication services and IT services. The full-service approach that SinnerSchrader takes has lost its effectiveness.

Profile for service portfolio to be raised

To be able to achieve a definitive turnaround in the sales trend in 2003/2004, we believe it will be necessary, with the skills and experience we have gathered over numerous Internet projects, to significantly raise customer recognition in these new, old market segments of SinnerSchrader as a service company offering a high standard of performance and flexibility. This is one of our main goals for the coming business year.

Flexibilisation of cost structures

We have already considerably improved our cost situation in the business year now ended. In view of the current level of sales, however, further cuts will be necessary. We do not see an upturn in the present low market price level in the near future. With this in mind we will make every effort to increase the flexibility of our cost structure. The challenge will be to achieve this without lowering our standards of quality and service orientation.

Improved earnings on slightly lower turnover

Overall, we assume that in the coming 2003/2004 business year we will be unable to fully restore the decline in the revenue level experienced in the past business year. For the 2003/2004 statement of accounts we thus foresee a further decline in total sales which should be significantly less severe than in the year just ended. By implementing further capacity reductions, however, we forecast a continued improvement in the earnings situation, although the operating result for the 2003/2004 business year in total is once again likely to be negative.

Consolidated balance sheets

as of 31 August 2003 and 31 August 2002

Assets	*31.08.2003 in €*	*31.08.2002 in €*
Current assets:		
Cash and cash equivalents	3,325,443	1,451,285
Short-term investments/marketable securities	21,277,312	26,013,507
Accounts receivable, net of allowances for doubtful accounts of € 159,437, € 566,586, respectively	2,374,101	2,326,310
Unbilled revenues	268,252	983,923
Prepaid expenses and other current assets	2,429,292	2,074,488
Total current assets	9,674,400	32,849,513
Non current assets:		
Property and equipment, net	1,798,320	2,176,119
Total non current assets	1,798,320	2,176,119
Total assets	31,472,720	35,025,632

Liabilities and shareholders' equity		
Current liabilities:		
Trade accounts payable	395,731	1,180,041
Advance payments received	24,649	91,002
Accrued expenses	1,008,837	1,766,616
Income tax payable	–	334,523
Deferred tax liabilities	52,559	–
Deferred income and other current liabilities	588,269	668,241
Total current liabilities	2,070,045	4,040,423
Non current liabilities	80,408	–
Commitments and contingencies (note III.F)		
Shareholders' equity:		
Common stock, stated value € 1, issued: 11,542,764 and 11,542,764, outstanding: 10,932,341 and 11.456,537 as at 31.08.2003 and 31.08.2002, respectively	11,542,764	11,542,764
Additional paid-in capital	37,355,960	37,355,960
Treasury stock, 610,423 and 86,227 as at 31.08.2003 and 31.08.2002, respectively	-933,145	-140,820
Accumulated deficit	-18,645,785	-17,723,812
Accumulated other comprehensive income/loss	24,246	57,786
Deferred compensation	-21,773	-106,669
Total shareholders' equity	29,322,267	30,985,209
Total liabilities and shareholders' equity	31,472,720	35,025,632

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of operations

for the fiscal years 2002/2003 and 2001/2002

	2002/2003 in €	2001/2002 in €
Revenues:		
Project services	10,146,127	11,894,517
Media services	1,416,578	2,010,782
Other	796,562	638,528
Total revenues, gross	12,359,267	14,543,827
Media costs	-1,069,330	-1,560,658
Total revenues, net	11,289,937	12,983,169
Cost of revenues	-8,289,938	-10,029,417
Gross profit	2,999,999	2,953,752
Selling and marketing expenses	-1,462,378	-1,297,818
General and administrative expenses	-3,168,512	-4,140,188
Research and development expenses	-57,868	-202,409
Restructuring and other related costs	-172,969	-1,617,767
Amortisation and impairment of intangible assets	–	-553,900
Amortisation of deferred compensation	-84,896	-523,811
Operating loss	-1,946,624	-5,382,141
Other income/expense, net	241,126	24,274
Interest income and expenses, net	808,536	1,488,223
Income from investments and participations	–	-4,107
Loss before provision for income tax	-896,962	-3,873,751
Provision for income tax	-11,732	675,800
Net loss before cumulative effect of changes in accounting principles	-908,604	-3,197,951
Cumulative effect of changes in accounting principles	-13,279	-14,702,726
Net loss	-921,973	-17,900,677
Net loss per share before cumulative effect of changes in accounting principles (basic and diluted)	-0.08	-0.28
Cumulative effect of changes in accounting principles per share (basic and diluted)	-0.00	-1.27
Net loss per share (basic and diluted)	-0.08	-1.55
Weighted average shares outstanding (basic and diluted)	11,165,099	11,532,500

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of shareholders' equity

for the fiscal year 2002/2003

	Number of shares outstanding	*Nominal value in €*
Balance as of 31.08.2001	10,412,246	10,412,246
Net loss	–	–
Unrealised gains and losses on available-for-sale securities, net of tax	–	–
Foreign currency translation adjustment	–	–
Second instalment of common stock issued for acquisition of Netmatic	1,130,518	1,130,518
Amortisation of deferred compensation	–	–
Purchase of treasury stock	-86,227	–
Balance as of 31.08.2002	11,456,537	11,542,764
Net loss	–	–
Unrealised gains and losses on available-for-sale securities, net of tax	–	–
Foreign currency translation adjustment	–	–
Last instalment of common stock issued for acquisition of Netmatic	36,227	–
Amortisation of deferred compensation	–	–
Purchase of treasury stock	-560,423	–
Balance as of 31.08.2003	10,932,341	11,542,764

The accompanying notes are an integral part of these consolidated financial statements.

Additional paid-in capital in €	Treasury stock in €	Deferred compensation in €	Retained earnings/losses in €	Accumulated other comprehensive income in €	Total shareholders' equity in €	Comprehensive income in €
33,399,147	–	-630,480	176,865	252,558	43,610,336	-2,290,415
–	–	–	-17,900,677	–	-17,900,677	-17,900,677
–	–	–	–	-230,579	-230,579	-230,579
–	–	–	–	35,807	35,807	35,807
3,956,813	–	–	–	–	5,087,331	–
–	–	523,811	–	–	523,811	–
–	-140,820	–	–	–	-140,820	–
37,355,960	-140,820	-106,669	-17,723,812	57,786	30,985,209	-18,095,449
–	–	–	-921,973	–	-921,973	-921,973
–	–	–	–	-6,518	-6,518	-6,518
–	–	–	–	-27,022	-27,022	-27,022
–	69,628	–	–	–	69,628	–
–	–	84,896	–	–	84,896	–
–	-861,953	–	–	–	-861,953	–
37,355,960	-933,145	-21,773	-18,645,785	24,246	29,322,267	-955,513

Consolidated statements of cash flows

for the fiscal years 2002/2003 and 2001/2002

	2002/2003 in €	2001/2002 in €
Cash flows from operating activities:		
Net loss	-921,973	-17,900,677
Cumulative effect of changes in accounting principles	13,279	14,702,726
Net loss before cumulative effect of changes in accounting principles	-908,694	-3,197,951
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of property and equipment	692,070	676,302
Amortisation and impairment of intangible assets and goodwill	–	553,900
Stock-based compensation	84,896	523,811
Write-down on investments	–	4,107
Bad debt expense	11,017	–
Losses on the disposal of fixed assets	44,067	70,079
Losses/gains on the disposal of marketable securities (available-for-sale)	34,371	-166,071
Deferred tax provision	52,559	-274,175
Other non cash expense/revenue	-78,956	35,917
Changes in assets and liabilities:		
Accounts receivable	-58,808	2,034,780
Unbilled revenue	693,886	-517,245
Other current assets and prepaid expenses	-360,859	163,203
Accounts payable, deferred revenues and other liabilities	-754,761	-186,292
Income tax payable	-334,523	-961,316
Other accrued expenses	-753,370	912,689
Net cash used in operating activities	-1,637,105	-328,262
Cash flows from investing activities:		
Acquisition of subsidiaries, net of cash acquired	–	-51,523
Purchase of short term investments	-55,328,957	-43,925,862
Proceeds from sale of short term investments	60,009,926	42,967,450
Purchase of property and equipment	-316,758	-1,125,499
Proceeds from sale of equipment	9,925	52,259
Net cash provided by (used in) investing activities	4,374,136	-2,083,175
Cash flows from financing activities:		
Payment for treasury stock	-861,953	-140,820
Net cash used in financing activities	-861,953	-140,820
Net effect of currency translation in cash and cash equivalents	-920	7,090
Net increase/decrease in cash and cash equivalents	1,874,158	-2,545,167
Cash and cash equivalents at beginning of period	1,451,285	3,996,452
Cash and cash equivalents at end of period	3,325,443	1,451,285
Supplemental disclosures of non-cash financing activities		
Common stock issued for acquisition of Netmatic	69,628	5,087,331

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for the fiscal year 2002/2003

I. Organisation and operations of the SinnerSchrader Group.

As of 31 August 2003 the SinnerSchrader Group ("SinnerSchrader" or "Group") consisted primarily of SinnerSchrader Aktiengesellschaft ("SinnerSchrader AG" or "Company") and its wholly owned subsidiary SinnerSchrader Deutschland GmbH ("SinnerSchrader DTL"), both registered in Germany with offices in Hamburg (headquarters) and Frankfurt am Main. SinnerSchrader DTL was formed through the merger of all of SinnerSchrader AG's former wholly-owned domestic subsidiaries SinnerSchrader Interactive Marketing GmbH, SinnerSchrader Interactive Software GmbH, and SinnerSchrader Netmatic GmbH with retroactive effect from 1 January 2001. In addition, the wholly-owned foreign subsidiaries SinnerSchrader UK Limited ("SinnerSchrader UK"), SinnerSchrader Benelux BV ("SinnerSchrader BV") form part of the Group. Both companies had ceased their operating activities, at least temporarily, by the end of 2001. Netmatic, Inc. ("NM Inc."), former subsidiary of SinnerSchrader Netmatic GmbH, was dissolved in September 2002.

SinnerSchrader Interactive Marketing GmbH ("SinnerSchrader IM") and SinnerSchrader Interactive Software GmbH ("SinnerSchreder IS") were founded as limited liability companies in February 1997 and December 1997, respectively. In August 1999 SinnerSchrader AG was formed as stock corporation with the aim of functioning as a corporate holding company. As part of the formation of SinnerSchrader AG the shareholders of SinnerSchrader Interactive Marketing GmbH and SinnerSchrader Interactive Software GmbH contributed their interests in these companies to a capital increase of SinnerSchrader AG for 6,000,000 no-par value ordinary shares of SinnerSchrader AG with a nominal value of € 1 per share. Parallely, an outside investor purchased a total of 1,500,000 no-par value ordinary shares in SinnerSchrader AG with a nominal value of € 1 per share for a total cash contribution of € 2,045,168. On 1 November 1999, SinnerSchrader AG issued 2,475,000 no-par value ordinary shares of SinnerSchrader AG with a nominal value of € 1 per share in an initial public offering. Since then, the SinnerSchrader share has been listed on the Frankfurt stock exchange, first as part of the Neuer Markt and, beginning on 1 January 2003, as part of the Prime Standard.

SinnerSchrader Netmatic GmbH (formerly Netmatic Internet/Intranet Solutions GmbH, "Netmatic") together with its wholly owned subsidiary NM, Inc. was acquired based on a purchase agreement signed on 18 September 2000 for a purchase price of € 1,533,876 in cash and 1,603,991 in no-par value ordinary shares of SinnerSchrader AG with a nominal value of € 1 per share. After necessary shareholder approval was given at the annual shareholders' meeting on 12 December 2000 the transaction was consummated in January 2001. The share portion of the purchase price – of which 1,567,764 were newly issued – was paid in three steps in January 2001, October 2001, and September 2002.

SinnerSchrader is a leading provider of IT-technology consulting, implementation and management services specialising in Internet-based, user-centric software applications that help its clients to better build, manage, and maintain their relationship with customers, employees, and business partners. With its services, SinnerSchrader primarily targets large corporate clients. The services include eBusiness strategy consulting, user experience design and user-centric interface development, Internet-based software and systems implementation and integration, solution management and maintenance, web-data mining services as well as online media campaign planning and management.

SinnerSchrader is subject to a number of risks, including, but not limited to, operating in a new and rapidly evolving market, competition from larger, more-established companies, dependence on key personnel and key clients, failure to meet fixed price and fixed time commitments, inability to adjust costs to declines in demand and a limited operating history.

Despite a further reduction of turnover, the Group's financial results for the fiscal year 2002/2003 improved significantly compared to the previous year as a result of the restructuring measures started in 2001/2002 and continued efforts to control cost. The Group, however, did not succeed in reaching break-even, neither in terms of operating earnings nor in net earnings for the fiscal year. Despite the continued use of cash during fiscal 2002/2003, SinnerSchrader's liquidity position (cash, cash equivalents, short-term investments) as of 31 August 2003 was at € 24.6 million. The Company believes that the Group's existing liquidity position will be sufficient to meet its future working capital and capital expenditure requirements.

II. Summary of significant accounting policies

A | BASIS OF FINANCIAL STATEMENTS

The consolidated financial statements have been prepared according to United States generally accepted accounting principles ("US-GAAP"). They include the accounts of SinnerSchrader AG and its wholly owned subsidiaries SinnerSchrader DTL, SinnerSchrader UK, and SinnerSchrader BV. All significant intercompany transactions and balances between the companies have been eliminated. The accounts have been prepared after making necessary adjustments to the Group companies' books and records that are maintained in accordance with respective local GAAPs, prominently the German Commercial Code.

All references in the Notes to Consolidated Financial Statements to the periods "2002/2003" and "2001/2002" refer to the periods from 1 September 2002 to 31 August 2003 and from 1 September 2001 to 31 August 2002, respectively.

B | USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

C | FOREIGN CURRENCY TRANSLATIONS

The functional currencies of SinnerSchrader's subsidiaries outside the Euro-zone, i.e., the group of European countries that have adopted the Euro as their currency, are the local currencies. The financial statements of these subsidiaries are translated to Euro using period-end rates of exchange for assets and liabilities and average rates during the period for revenues, cost of revenues, and expenses. Translation gains and losses are accumulated and reported as a component of shareholders' equity under "accumulated other comprehensive income/loss". Transaction gains and losses are reported in the consolidated statements of operations.

D | FAIR VALUE OF FINANCIAL INSTRUMENTS

SinnerSchrader's financial instruments, including cash equivalents, accounts receivable, accounts payable, are carried at amounts that approximate fair value. Marketable securities are carried at their fair value.

E | CONCENTRATION OF CREDIT RISK AND SIGNIFICANT CUSTOMERS

SinnerSchrader extends credit to its customers in the normal course of business, performs ongoing credit evaluations of its customers and maintains allowances for doubtful accounts.

Net receivables from and unbilled services to significant customers as a percentage of total net receivables and unbilled revenues were as follows:

	31.08.2003	*31.08.2002*
Customer A	19 %	–
Customer B	15 %	12 %
Customer C	14 %	–
Customer D	12 %	11 %
Customer E	9 %	14 %
Customer F	3 %	11 %
Customer G	–	10 %

Gross sales to significant customers as a percentage of total gross revenues were as follows:

	2002/2003	*2001/2002*
Customer B	21 %	29 %
Customer D	13 %	8 %
Customer A	10 %	–

Effective from 1 July 2002, a member of SinnerSchrader AG's Supervisory Board was appointed CEO of Customer D. Furthermore, SinnerSchrader realised approximately 0.1 % and 3 % of total revenues in 2002/2003 and 2001/2002, respectively, with a customer whose general manager is Chairman of the Company's Supervisory Board. There were no outstanding receivables from and unbilled services to that customer as of 31 August 2003 and 31 August 2002.

F | PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally three to thirteen years. Depreciation expense is included in cost of revenues and operating expenses.

G | GOODWILL

In June 2001, the Financial Accounting Standard Board ("FASB") issued Statements of Financial Accounting Standards ("SFAS") No. 141 "Business Combinations" and SFAS No. 142 "Goodwill and Other Intangible Assets". As permitted by those statement, SinnerSchrader chose to early adopt the new standards and applied them for the first time in its fiscal year 2001/2002.

As a consequence, in 2001/2002, SinnerSchrader examined the purchase price allocation performed for its purchase of all shares of Netmatic, reclassified certain items to goodwill, suspended the straight-line amortisation of the goodwill acquired, and tested the goodwill for impairment. As a result of the initial impairment test upon adoption of SFAS No. 142, the entire book value of goodwill was determined to be impaired and written down to nil. Pursuant to SFAS No. 142, the impairment charge of € 14,702,726 was shown under "Cumulative effects of changes in accounting principles" in the accounts of fiscal 2001/2002.

As of 31 August 2003, the date set for the annual impairment test of goodwill, SinnerSchrader's consolidated balance sheet did not carry any goodwill. Thus, in fiscal 2002/2003 no impairment test was necessary.

H | IMPAIRMENT OF LONG-LIVED ASSETS

SinnerSchrader periodically evaluates the recoverability of the carrying amount of its long-lived assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 supersedes SFAS No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of" and is applicable to all long-lived assets except goodwill. SFAS No. 144 was issued in October 2001 and had to be adopted for fiscal years starting after 15 December 2001. SinnerSchrader adopted SFAS No. 144 in its fiscal year 2002/2003 with no material effect to its results of operations and its financial positions.

In accordance with SFAS No. 144, the carrying value of long-lived assets including intangible assets acquired except goodwill is reviewed on a regular basis for the existence of facts or circumstances, both internally and externally, that may suggest impairment. Whenever events or changes in circumstances indicate that the carrying amounts of those assets may not be recoverable, the Company will compare undiscounted net cash flows estimated to be generated by those assets to the carrying amount of those assets. When these undiscounted cash flows are less than the carrying amounts of the assets, the Company will record impairment losses to write the asset down to fair value, measured by the discounted estimated net future cash flows expected to be generated from the assets.

During the periods ended 31 August 2003 and 31 August, 2002, SinnerSchrader recorded impairment charges with respect to long-lived assets of € 50,070 and € 316,514. The impairment charges in fiscal year 2002/2003 relate to office equipment no longer used after the workforce reductions in 2002/2003 and 2001/2002. The fair value of the office equipment was assessed by an estimate of the realisable market value. The charge was recorded under restructuring costs. The impairment charges in fiscal 2001/2002 were taken with respect to intangible assets purchased as part of the acquisition of Netmatic. All intangible assets acquired in the acquisition had been written off as of 31 August 2002.

I | INVESTMENTS

31.08.2003	Amortised cost in €	Unrealised gains in €	Unrealised losses in €	Impairment in €	Recorded basis in €
Money market funds	3,308,281	9,385	-3,886	–	3,313,781
Corporate debt securities	17,970,438	–	-6,906	–	17,963,532
Total short-term investments	21,278,719	9,385	-10,792	–	21,277,312

31.08.2002	Amortised cost in €	Unrealised gains in €	Unrealised losses in €	Impairment in €	Recorded basis in €
Money market funds	11,011,922	30,580	-3,925	–	11,038,577
Corporate debt securities	14,996,474	5,000	-26,544	–	14,974,930
Total short-term investments	26,008,396	35,580	-30,469	–	26,013,507
Convertible bond and embedded option	4,107	–	–	-4,107	–
Total long-term investments	4,107	–	–	-4,107	–

SinnerSchrader's short-term investments consist of marketable debt securities or marketable fund certificates of money market funds and funds which themselves invest in debt securities. SinnerSchrader holds these short-term investments available to sell them at its discretion to cover any cash requirement. As of 31 August 2003 all marketable securities had contractual maturities of less than one year. In accordance with Statement of Financial Accounting Standards No. 115 "Accounting for Certain Investments in Debt and Equity Securities", SinnerSchrader has categorised these marketable securities as "available-for-sale". Consequently, they are carried on the balance sheet at their fair market value. Unrealised holding gains or losses are included as a separate component of shareholders' equity, net of tax. The Company evaluates its short-term investments for other than temporary impairment on a security by security basis and would realise impairment losses to the extent the fair value is below original cost if the decline is deemed to be other than temporary (generally 9 months). The company had no other than temporary impairments for the years ended 31 August 2003 and 31 August 2002.

As of 31 August 2003, SinnerSchrader did not hold any long-term investments. In the previous fiscal year SinnerSchrader held a convertible bond that it received in exchange for services in 1999. The investment was accounted for under the cost method. SinnerSchrader assessed the fair market value of its cost-based investment and recognised any identified impairment. Due to severe economic difficulties of the issuer of the bond, SinnerSchrader considered both the embedded option as well as the debt security as impaired and consequently wrote down the value completely on 31 August 2002.

With effect from 30 June 2003, SinnerSchrader has adopted SFAS No. 149 "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". There was no material effect from applying SFAS No. 149 in the fiscal year 2002/2003.

J | STATEMENTS OF CASH FLOWS

SinnerSchrader paid € 18,747 and € 4,232 for interest in the fiscal periods 2002/2003 and 2001/2002, respectively. The Company paid € 776,840 and € 1,920,404 for income taxes in 2002/2003 and 2001/2002, respectively.

In these periods the Group received income tax refunds in the amounts of € 40,827 and € 1,417,573, respectively.

For the purpose of the consolidated statements of cash flows, SinnerSchrader considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. Cash equivalents consist of amounts on deposit at commercial banks.

K | REVENUE RECOGNITION

Project services:

Services provided by SinnerSchrader range from consulting services for eBusiness strategies and concepts for Internet-based business applications, the design and production of web based user front-ends, to the implementation of software for middleware and back-end systems, as well as to maintenance and content management services for installed solutions. Project and service agreements are either on the basis of time and material incurred or on a fixed-fee basis. Revenues pursuant to a fixed-fee contract are generally recognised as services rendered on the percentage-of-completion method of accounting according to the provisions of Statement of Position ("SOP") 81-1 of the American Institute of Certified Public Accountants ("AICPA") "Accounting for Performance of Construction Type and Certain Production Type Contracts". Percentage of completion is determined based on the total efforts expended to-date measured in man hours as a percentage of the total efforts expected to be incurred under the contract. Provisions for estimated losses on uncompleted contracts are made on a contract-by-contract basis and are recognised in the period in which such losses become probable. Revenues pursuant to time and materials contracts are generally recognised as services performed. Revenue recognised on the percentage of completion basis in advance of contractual billings is presented in the balance sheet as unbilled revenues net of advance payments received. Advance payments received in excess of unbilled revenues are shown as advance payments.

Media services:

SinnerSchrader also provides online marketing services, i.e. the planning, design, execution and controlling of online marketing campaigns for Internet web sites mainly to project services customers. For these services, customers are billed for the cost of the related advertising space and for the campaign planning and controlling services rendered by SinnerSchrader either on the basis of a monthly fixed rate or as a percentage of the total value of advertising space managed, and for the design and production services of related online marketing instruments on an hourly basis. Revenue from the reselling of advertising space is generally recognised according to the appearance of the respective advertisements. The additional services are generally recognised as performed on a monthly basis. While gross revenue includes the entire amount invoiced, the cost of advertising space is excluded from net revenues. Any revenue recognised in advance of contractual billing is presented in the balance sheet as unbilled revenues net of advance payments received and plus advance payments made for advertising space.

Other services:
SinnerSchrader also provides operational services, e.g., hosting services, application management and monitoring as well as web-data mining services. Fees for these services are generally billed and recognised on a monthly basis. In addition, SinnerSchrader provides customers with any required hardware and software on a by-request basis. Revenue for third party hardware and software is realised upon delivery.

As required by Emerging Issues Task Force ("EITF") Issue No. 01-14 issued in November 2001, revenues include reimbursable expenses charged to and collected from clients. In general, revenues are recognised only when there is persuasive evidence of an agreement, the fee is fixed and determinable, delivery has occurred and collectibility of the claim is probable.

L | ADVERTISING EXPENSE

SinnerSchrader expenses the cost of advertising and promoting its services and the image of SinnerSchrader in general as incurred. These expenses are included in sales, general and administrative expenses in the consolidated statement of operations. They totalled € 63,872 and € 66,139 in the financial periods 2002/2003 and 2001/2002, respectively.

M | STOCK COMPENSATION

In October 1995 the Financial Accounting Standard Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 123 "Accounting for Stock-Based Compensation". This standard permits the use of either a fair value- based method or the method defined in Accounting Principles Board Opinion ("APB") No. 25 "Accounting for Stock Issued to Employees" to account for stock-based compensation arrangements. SFAS No. 123 requires all companies choosing to account for stock-based compensation plans on the basis of APB No. 25 to provide pro forma net income (loss) and net income (loss) per share information in the notes as if the fair value based method of accounting as defined as the preferable method of accounting for stock based compensation in SFAS No. 123 had been adopted. In December 2002 the FASB issued SFAS No. 148 "Accounting for Stock-Based Compensation – Transitional Disclosure" which amends SFAS No. 123, to provide alternative methods of transition for a voluntary change from the accounting methods defined in APB No. 25 to the fair value based method defined in SFAS No. 123 and to prescribe a specific form, content, and location within the notes of the pro forma information required by SFAS No. 123 from those companies choosing to apply APB No. 25.

At 31 August 2003 SinnerSchrader has two stock option plans which are described more fully in note VI.D. SinnerSchrader elected to account for its employee stock compensation plans in accordance with the provisions of APB No. 25 and has chosen to continue to do so. Under APB No. 25, compensation expense is based on the difference, if any, on the date of grant between the fair market value of SinnerSchrader's capital stock and the exercise price of the options granted. No compensation cost has been recognised for the Company's employee stock option plans in the fiscal years ended 31 August 2003 and 31 August 2002.

In accordance with SFAS No. 148 in connection with SFAS No. 123, the following table presents pro forma net income (loss) and net income (loss) per share information for 2002/2003 and 2001/2002 that would have resulted if SinnerSchrader had chosen to account for its stock option plans based on the fair value of the options at grant date as prescribed by SFAS No. 123:

	2002/2003 in €	2001/2002 in €
Net loss as reported	-921,973	-17,900,677
Add back: Stock-based compensation, included in net loss as reported	–	–
Deduct: Stock-based employee compensation expense determined under fair value-based method for all awards, net of related tax effects	-122,882	-470,842
Pro forma	-1,044,855	-18,371,519
Basic and diluted net loss per share: as reported	-0.08	-1.55
Pro forma	-0.09	-1.59

The parameter used to determine the fair value of the options at grant date are presented in note VI.D. Because additional option grants are expected to be made each year, the pro forma impact on the years 2002/2003 and 2001/2002 is not necessarily representative of the pro forma effects which may be expected in future years.

N | COMPREHENSIVE INCOME

Comprehensive income is the total of net income and all other non-owner changes in equity.

Accumulated other components of comprehensive income were as follows:

	31.08.2003 in €	31.08.2002 in €
Net unrealised losses/gains on marketable securities available-for-sale	-1,407	5,111
Foreign currency translation adjustment	25,653	52,675
Total	24,246	57,786

A summary of the components of other comprehensive income for the year ended 31 August 2003 and 31 August 2002 is shown in the following tables:

2002/2003	Total before tax in €	Income tax in €	Total after tax in €
Net unrealised gains/losses on marketable securities available-for-sale	-40,889	16,513	-24,376
Less: reclassification adjustments	34,371	-13,881	20,490
Adjustment of income tax	–	-2,632	-2,632
Net unrealised gains/losses on marketable securities available-for-sale	-6,518	–	-6,518
Foreign currency translation adjustment	-27,022	–	-27,022
Total	-33,540	–	-33,540

2001/2002	Total before tax in €	Income tax in €	Total after tax in €
Net unrealised gains/losses on marketable securities available-for-sale	-224,169	90,530	-133,639
Less: reclassification adjustments	-166,071	67,067	-99,004
Adjustment of income tax	–	2,064	2,064
Net unrealised gains/losses on marketable securities available-for-sale	-390,240	159,661	-230,579
Foreign currency translation adjustment	35,807	–	35,807
Total	-354,433	159,661	-194,772

The adjustments of income tax shown for 2002/2003 and 2001/2002 represent the effect of the dissolution of deferred tax liabilities pertaining to the accumulated amount of unrealised gains on marketable securities available-for-sale due to SinnerSchrader's current loss situation.

O | NET EARNINGS PER SHARE

SinnerSchrader computes earnings per share in accordance with SFAS No. 128 "Earnings per Share". Basic earnings per share are computed using the weighted-average number of vested shares of common stock outstanding. Diluted earnings per share are computed using the weighted average number of vested shares of common stock outstanding and, if dilutive, unvested common stock outstanding from potential common shares from options and warrants to purchase common stock using the treasury stock method. SinnerSchrader has granted options to purchase shares of common stock to its employees under the 1999 employee stock option programme and under the 2000 employee stock option programme. All potential common shares have been excluded from the computation of diluted net loss per shares for both fiscal years 2002/2003 and 2001/2002 because the effect would be anti-dilutive.

	2002/2003 in € or shares	2001/2002 in € or shares
Net loss	-921,973	-17,900,677
Basis weighted average shares of common stock outstanding	11,165,099	11,532,500
Basic earnings per share	-0.08	-1.55
Weighted average shares of common stock outstanding	11,165,099	11,532,500
Add: Stock option grant	–	–
Dilutive average share of common stock outstanding	11,165,099	11,532,500
Diluted earnings per share	-0.08	-1.55

P | SEGMENT REPORTING

SinnerSchrader has adopted SFAS No. 131 "Disclosure about Segments of an Enterprise and Related Information". SFAS No. 131 stipulates the management approach for determining reportable business segments. This approach requires that business segment information used by the management to assess performance and manage company resources be the source for information disclosure. SinnerSchrader engages in business activities in one operating segment, which provides integrated eBusiness strategy, implementation and marketing services. Revenue by geographic location are attributed to the country from which the sale is made. For 2002/2003 and 2001/2002 all of SinnerSchrader's revenues are to be attributed to Germany.

Q | RECLASSIFICATIONS

Certain previous year amounts have been reclassified to confirm to the current year presentation.

R | RECENT ACCOUNTING PRONOUNCEMENTS

In December 2002 the FASB issued SFAS No. 148 “Accounting for Stock-Based Compensation – Transition and Disclosure”, which amends SFAS No. 123 “Accounting for Stock-Based Compensation”. SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value-based method of accounting for stock-based employee compensation. In addition this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in the financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The transition provisions are effective for financial statements for fiscal years ending after 15 December 2002. The enhanced disclosure requirements are effective for periods beginning after 15 December 2002. Pursuant to SFAS No. 123, the Company elected to apply APB No. 25 “Accounting for Stock Issued to Employees”, and related Interpretations in accounting for our stock-based compensation plans. Refer to note II.M to the consolidated financial statements for discussion of the effect on net income (loss) and other related disclosures had we accounted for these plans under SFAS No. 123.

In April 2003 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 149, “Amendment of Statement 133 on Derivative Instruments and Hedging Activities” (“SFAS 149”). This Statement codifies certain decisions made by the FASB as part of the Derivatives Implementation Group process by amending and clarifying the scope and implementation guidance of FASB Statement No. 133 for similar accounting treatment of contracts with comparable characteristics. SFAS 149 is effective for contracts entered into or modified after 30 June 2003, and for hedging relationships designated after 30 June 2003. The adoption of SFAS 149 did not have a material impact on our results of operations, financial position and cash flows.

In May 2003 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 150, ”Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity” (“SFAS 150”). This Statement establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity, including certain obligations that can or must be settled by issuance of a company’s own equity shares. SFAS 150 requires that certain financial instruments which were previously classified as equity be classified as liabilities or assets. SFAS 150 is effective for financial instruments entered into or modified after 31 May 2003. We do not expect the adoption of SFAS 150 to have a material impact on our results of operations, financial position and cash flows.

In November 2002 the FASB issued Interpretation No. 45 (“FIN 45”) “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others“. FIN 45 clarifies and expands the disclosure requirements related to guarantees and product warranties, and requires a guarantor to recognise a liability for the fair value of the obligation it assumes under that guarantee. The Company adopted the disclosure requirements applicable to financial statements for periods ending after 15 December 2002. The initial recognition and measurement provisions are applicable prospectively to guarantees issued or modified after 31 December 2002. The Company does not expect the adoption of FIN 45 to have a material impact on its results of operations, financial position and cash flows.

In December 2002 the Emerging Issues Task Force reached a consensus in EITF Issue 00-21 ("EITF 00-21") "Accounting for Revenue Arrangements with Multiple Deliverables". The Issue addresses a vendor's accounting for transactions involving the delivery of more than one product or service, and when it is necessary to separate the transaction into individual component deliverables, each with its own separate earnings process. If the conditions requiring separate revenue recognition exist, revenue is allocated among the different deliverables based on their relative fair values (the relative fair value of each of the component deliverables to the aggregated relative fair value of the bundled deliverables), with revenue for each component deliverable recognised when the revenue is realised and earned. The Company is required and plans to adopt the provisions of EITF 00-21, effective from 15 December 2003. To accomplish this, the Company must identify and determine the fair value of the component deliverables. The Company does not expect the adoption of EITF 00-21 to have a material impact on its results of operations, financial position and cash flows.

In January 2003 the FASB issued Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities" ("VIEs"). This interpretation changes the accounting and requirements for consolidation and disclosure of certain entities, including special purpose entities ("SPEs"). Under FIN 46, an entity is considered a VIE (and subject to consolidation) if its total equity at risk is determined insufficient to finance its activities without additional subordinated financial support, or if its equity investors lack certain characteristics that represent a controlling financial interest. An entity that is considered a VIE would be required to be consolidated by the enterprise that holds a majority of its "variable interests" (that is, the enterprise that has the most exposure to the economic risks and the potential rewards from changes in the values of the VIE's assets and liabilities). The Company does not hold any interests in VIEs and does not therefore expect the adoption of FIN 46 to have a material impact on its results of operations, financial position and cash flows.

III. Balance Sheet Components

A | PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	31.08.2003 in €	*31.08.2002 in €*
Computer hardware and software	1,435,580	1,474,865
Furnitures and fixtures	1,156,324	1,096,583
Leasehold improvements	1,163,319	1,103,018
Total, at cost	3,755,223	3,674,466
Less: Accumulated depreciation	-1,956,903	-1,498,347
Total, at book value	1,798,320	2,176,119

B | CONSOLIDATED SCHEDULE OF FIXED ASSETS

The consolidated fixed assets schedule shows the change in fixed assets during the fiscal year 2002/2003:

	Acquisition cost				
	Balance 01.09.2002 in €	Adoption SFAS No. 143 in €	Additions in €	Disposals in €	Balance 31.08.2003 in €
Tangible assets:					
Computer hardware and software	1,474,865	–	131,162	170,447	1,435,580
Furniture and fixtures	1,096,583	–	173,109	113,368	1,156,324
Leasehold improvements	1,103,018	68,058	12,487	20,244	1,163,319
Total tangible assets	3,674,466	68,058	316,758	304,059	3,755,223
Total fixed assets	3,674,466	68,058	316,758	304,059	3,755,223

C | OTHER CURRENT ASSETS AND PREPAID EXPENSES

The major components of other current assets and prepaid expenses are shown in the following table:

	31.08.2003 in €	31.08.2002 in €
Tax receivables	2,258,549	1,815,649
Remaining other current assets	101,354	102,167
Prepaid expenses	69,389	156,672
Total other current assets and prepaid expenses	2,429,292	2,074,488

D | ACCRUED EXPENSES

Accrued expenses consist of the following:

	31.08.2003 in €	31.08.2002 in €
Accrued compensation	483,328	868,738
Accrued warranty expense	181,493	177,185
Accrued rent and related expenses	132,959	314,599
Accrued losses on contracts	5,057	302,165
Other accruals	206,000	103,929
Total accrued expenses	1,008,837	1,766,616

E | ASSET RETIREMENT OBLIGATION

Effective from 1 September 2002, SinnerSchrader adopted SFAS No. 143, "Accounting for Asset Retirement Obligations". Upon adoption of SFAS 143, SinnerSchrader recorded the fair value of liabilities for asset retirement obligations ("AROs") and increased the carrying amount of the associated long-lived asset, which is being depreciated over the asset's useful life. The liability is being accreted to its present value each period through charges to operating expense.

Accumulated depreciation; amortisation and write-downs					Net book value	
Balance 01.09.2002 in €	*Adoption SFAS No. 143 in €*	*Additions in €*	*Disposals in €*	*Balance 31.08.2003 in €*	*Balance 31.08.2003 in €*	*Balance 31.08.2002 in €*
914,466	–	373,309	155,837	1,131,938	303,642	560,399
476,579	–	146,490	81,944	541,125	615,199	620,004
107,302	15,880	172,271	11,613	283,840	879,479	995,716
1,498,347	15,880	692,070	249,394	1,956,903	1,798,320	2,176,119
1,498,347	15,880	692,070	249,394	1,956,903	1,798,320	2,176,119

SinnerSchrader recognised liabilities for AROs, at fair value, of € 74,452 at 1 September 2002, consisting primarily of estimated costs to be incurred at the end of the lease term associated with the removal of leasehold improvements and structural changes for the premises leased by SinnerSchrader. The legal obligation is set out in the terms of the lease agreement.

The changes in the carrying amount of AROs for the year ended 31 August 2003, and the pro-forma impact for the year ended 31 August 2002, as if this standard had been applied retrospectively are as follows:

	31.08.2003 in €	*Pro forma 31.08.2002 in €*
ARO at beginning of year	74,452	68,937
Accretion expense	5,956	5,515
ARO at end of year	80,408	74.452

As a result of initial application a cumulative effect of the adoption (net of tax) of SFAS No. 143 of € 13,279 has been incurred.

F | COMMITMENTS AND CONTINGENCIES:

Facilities and certain equipment are leased under operating leases. As of 31 August 2003 future annual minimum lease payments are as follows:

	31.08.2003 in €	*31.08.2002 in €*
01.09.2003–31.08.2004	1,177,078	1,175,335
01.09.2004–31.08.2005	1,173,745	1,171,285
01.09.2005–31.08.2006	971,593	1,275,908
01.09.2006–31.08.2007	718	–
thereafter	–	–
Total	3,323,134	3,622,528

Total rent and lease expense excluding accrued rent and lease expense were € 1,150,788 and € 1,758,053 in 2002/2003 and 2001/2002, respectively.

The Group has certain contingent liabilities that arise in the ordinary course of business activities. The Group accrues contingent liabilities when it considers it more likely than not that future expenditure will be made and such expenditure can be reasonably estimated.

The consolidated Group companies are subject to various legal claims primarily related to employment issues and issues regarding the refurbishment of its office space. As of 31 August 2003 and 31 August 2002, accruals related to those claims amounted to € 110,500 and € 224,325 respectively, and are part of accrued compensation and other accrued expenses shown in note III.D. The ultimate outcome of the legal proceedings is uncertain and the potential loss, if any, may be higher and lower than amounts accrued by the Group.

In the relationships to its clients, SinnerSchrader regularly takes on various liabilities, indemnifications and warranties under individual professional service agreements, general terms and conditions and German law. Liabilities typically relate to personal injury, property damage and financial damage caused by the works of SinnerSchrader or late delivery of the works implemented under contracts with its clients. Indemnifications regularly concern any claim asserted against its clients for infringement of intellectual property rights through the works delivered by SinnerSchrader and used by the clients. Furthermore, SinnerSchrader warrants that the work developed for its clients will operate in accordance with specifications without defects for a certain warranty period subject to limitations that the Group believes are standard in the industry. Under those warranties SinnerSchrader is obliged to remedy any defects until the solution provided operates within the specifications. SinnerSchrader is not typically obligated to provide its clients with any refund of fees in case of default, although in some contracts the client has retained the right to renege on a contract in case SinnerSchrader cannot remedy the defects.

The maximum potential amount of future payments or cost incurred under the liabilities, indemnifications and warranties from its client relationships is unlimited. SinnerSchrader, however, regularly stipulates in its contracts as well as in its terms and conditions limitations to the commitments wherever possible under German law. In addition, SinnerSchrader has purchased insurance policies covering its liabilities relating to personal injury, property damage, and financial damage up to an amount that is deemed sufficient given the overall size of the business and the maximum size of individual contracts. With respect to its warranty-related obligations, SinnerSchrader typically provides in its contracts for testing and client acceptance procedures that are designed to mitigate the likelihood of warranty claims, although there can be no assurance that such procedures will be effective in each project. Based upon an individual assessment of each project against past experience, SinnerSchrader accrues for the cost to be incurred due to warranty-related claims. The amounts accrued as of 31 August 2003 and 31 August 2002, respectively, are shown in note III.D.

IV. Components of the statements of operations

A | COSTS AND OPERATING EXPENSES BY EXPENDITURE

The split of the total of costs of revenues and selling, administrative and research and development expenses by expenditure is shown in the following table:

	2002/2003 in €	*2001/2002 in €*
Personnel expense	8,869,219	11,141,008
Cost of materials and services in cost of revenue:		
Materials	110,851	137,551
Services	510,027	366,831
Depreciation of property & equipment	692,070	595,685
Other operating expenses	2,796,528	3,428,757
Total	12,978,696	15,669,832

B | RESTRUCTURING CHARGES AND OTHER RELATED CHARGES

Starting in 2000/2001, SinnerSchrader undertook consecutive steps to align its cost base to the severe decline in demand for Internet related consulting, design and IT-services by reducing its workforce, consolidating its facilities and closing its foreign operations.

In 2002/2003, SinnerSchrader recorded restructuring and other related charges of € 122,899 in connection with the termination of a total of 9 employment contracts announced in January 2003 and May 2003 and € 50,070 with higher than originally anticipated write-downs of leasehold improvements and office equipment related to office space vacated as part of the measures taken in 2001/2002. In the same period, SinnerSchrader recorded a reduction to the restructuring charges in the amount of € 100,000. The reduction was due to a lower than anticipated court settlement in 2002/2003 with respect to a claim brought against SinnerSchrader related to a restructuring measure executed in 2001/2002. The reduction was recorded as non-operating income under “Other Income/Expense”.

In fiscal 2001/2002, SinnerSchrader recorded restructuring and other related charges of € 1,617,767, of which € 733,765 were related to the termination of 51 employment contracts from SinnerSchrader’s domestic and foreign operations, € 881,282 were related to the consolidation of facilities in Hamburg and London, and € 2,720 were related to non-cancellable service contracts of SinnerSchrader’s UK subsidiary at the time it ceased its operating activities.

Restructuring charges concerning the workforce include all costs relating to the termination of employment contracts, including severance payments, payroll cost for periods in which the respective employees were released from their work duty, and legal costs. Restructuring charges concerning facilities include rent and service charges, the cost of efforts to sublet or to be released from the rent agreements (such as cost of legal advice, premium payments to surrender, and fees to real estate agents) as well as depreciation/impairment charges on leasehold improvements and office equipment that had to be abandoned.

The following tables summarise restructuring and other related charges as of and for the years ended 31 August 2003 and 31 August 2002:

2002/2003	Balance 01.09.2002 in €	Additional charges in €	Utilised: Non-cash in €	Utilised: Cash in €	Dissolved in €	Currency adjustments in €	Balance 31.08.2003 in €
Workforce	558,227	105,352	–	-553,076	-100,000	–	10,500
Facilities	314,599	67,617	-64,307	-183,676	–	-1,273	132,960
Total	872,826	172,969	-64,307	-736,755	-100,000	-1,273	143,460

2001/2002	Balance 01.09.2001 in €	Additional charges in €	Non-cash in €	Cash in €	Dissolved in €	Currency adjustments in €	Balance 31.08.2002 in €
Workforce	–	733,765	–	-175,538	–	–	558,227
Facilities	163,613	881,282	-80,617	-648,056	–	-1,623	314,599
Other	–	2,720	–	-2,720	–	–	–
Total	163,613	1,617,767	-80,617	-826,314	–	-1,623	872,826

The balances as at 31 August 2003 and 31 August 2002, respectively, were recorded as accrued compensation expense and accrued rent and related expense.

C | INTEREST INCOME AND GAINS/LOSSES REALISED ON MARKETABLE SECURITIES

Interest income and expense consist of the following components:

	2002/2003 in €	2001/2002 in €
Interest income	861,654	1,326,384
Realised gains/losses, net on the sale of marketable securities	-34,371	166,071
Interest expense	-18,747	-4,232
Total	808,536	1,488,223

V. Pension Plans

Starting in January 2003, SinnerSchrader offered its employees to participate in a defined contribution pension plan. According to that plan, SinnerSchrader contributes up to a maximum of € 4,282 per employee to individual pension/life insurance contracts provided by a third party insurance company. Total group contributions to that plan in the fiscal year 2002/2003 amounted to € 40,081 and were recorded under cost of revenue and operating expenses according to the position of the participating employee. In fiscal 2001/2002 there was no such plan and consequently no pension contributions were made by the Group.

VI. Shareholders' equity

A | INITIAL PUBLIC OFFERING

In November 1999 SinnerSchrader AG issued 2,475,000 new shares of common stock as part of an initial public offering on the Neuer Markt (225,000 shares thereof as greenshoe) at a price of € 12 per share. The offering raised aggregate proceeds – net of expenses for the flotation of € 1.7 million – of € 28.0 million. The cost resulting from the initial public offering was charged against the capital reserve net of € 0.9 million in taxes.

B | AUTHORISED CAPITAL

The Management Board had authorisation to increase the Company's share capital until 24 September 2004 with the approval of the Supervisory Board in one or more steps by up to a maximum of 225,000 shares. Based on this authorisation, the Company issued 225,000 shares in November 1999 in connection with the greenshoe granted to banks as part of the initial public offering.

Furthermore, the Management Board is authorised to increase the Company's share capital up to 30 September 2004 with the approval of the Supervisory Board in one or more steps by up to a maximum of 4,650,000 shares. On 12 December 2001 the Management Board partly exercised its right and issued 437,246 shares of common stock in connection with the acquisition of Netmatic. Relating to the same transaction, the Management Board issued another 1,130,518 shares of common stock to the sellers of Netmatic on 18 October 2001 as a second instalment of the total purchase price.

C | CONDITIONAL CAPITAL

On 31 August 2003 and 31 August 2002 the Company had conditional capital of € 750,000 covering the grants under SinnerSchrader's 2000 Stock Option Plan and 1999 Stock Option Plan described under D.

D | EMPLOYEE STOCK OPTION PLANS

SinnerSchrader 1999 Stock Option Plan:

In October 1999 the shareholders of SinnerSchrader AG approved the SinnerSchrader 1999 Stock Option Plan (the "1999 Plan") which provides for the granting of stock options to the members of the Management Board of SinnerSchrader AG, the management of affiliated companies, all employees of SinnerSchrader AG, as well as all employees of affiliated companies. The total number of options that can be assigned by the Management Board and the Supervisory Board of SinnerSchrader AG is 375,000 of which 40,000, 10,000, 55,000, and 270,000, respectively, are dedicated to the above-mentioned groups.

Options granted under the 1999 Plan have an exercise price of 120 % of the average Frankfurt closing price during the ten trading days prior to the grant date. Options granted on 1 November 1999, the day of the initial public offering, had an exercise price of € 14.40. The options of the 1999 Plan vest in equal instalments of one third over two, three and four years. They have to be exercised within six years of the date of grant. As of 31 August 2003 a total of 203,387 stock options from the 1999 Plan were outstanding which were granted with an average exercise price of € 18.68.

SinnerSchrader 2000 Stock Option Plan:

In December 2000 the shareholders of SinnerSchrader AG approved the SinnerSchrader 2000 Stock Option Plan (the "2000 Plan") which provides for the granting of stock options to the members of the Management Board of SinnerSchrader AG, the management of affiliated companies, all employees of SinnerSchrader AG, as well as all employees of affiliated companies. The total number of options that can be assigned by the Management Board and the Supervisory Board of SinnerSchrader AG is 375,000 of which 40,000, 40,000, 55,000, and 240,000, respectively, are dedicated to the above-mentioned groups.

Options granted under the 2000 Plan have an exercise price of 120 % of the average Frankfurt closing price during the ten trading days prior to the grant date. The options of the 2000 Plan vest in equal instalments of one third over two, three and four years. They have to be exercised within six years of the date of grant. As of 31 August 2001 a total of 159,300 stock options from the 2000 Plan were outstanding which were granted with an average exercise price of € 2.35.

The following table summarises the status of the Company's stock option plans for the years ended 31 August 2003 and 31 August 2002:

	Number of options	*Weighted average exercise price in €*	*Weighted average grant date fair value in €*
Outstanding at 31 August 2001	226,800	25.03	12.07
Granted	264,068	2.86	1.53
Exercised	–	–	–
Cancelled	-121,218	13.75	6.69
Outstanding at 31 August 2002	369,650	12.89	6.30
Granted	72,300	1.62	0.74
Exercised	–	–	–
Cancelled	-79,263	8.94	4.37
Outstanding at 31 August 2003	362,687	11.51	5.61

The fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions for the options granted in the periods 2002/2003 and 2001/2002:

	2002/2003	*2001/2002*
Expected life of option	2.5–4.5 years	2.5–4.5 years
Risk-free interest rate	2.4 %–3.9 %	3.1 %–4.9 %
Expected dividend yield	–	–
Expected volatility	76 %–84 %	85 %–90 %

The following table summarises information about stock options outstanding at 31 August 2003:

	Options outstanding			Options exercisable	
Range of exercise price in €	*Number*	*Weighted average remaining contractual life in years*	*Weighted average exercise price in €*	*Number*	*Weighted average exercise price in €*
0.00–5.00	230,606	4.40	2.48	1,736	4.40
5.01–10.00	18,634	3.64	6.71	6,439	6.80
10.01–30.00	62,372	2.48	15.44	39,569	15.07
30.01–50.00	26,536	2.90	36.03	15,081	36.71
50.01–90.00	24,539	2.54	63.43	17,187	63.43
Total	362,687	3.79	11.51	80,012	28.64

E | TREASURY STOCK

In fiscal years 2002/2003 and 2001/2002 the Company repurchased 560,423 and 86,227 shares of its own common stock for an average purchase price of € 1.54 and € 1.63, respectively. In September 2002 the Company issued 36,227 shares of its own common stock repurchased in 2001/2002 at an average price of € 1.92 to the sellers of Netmatic as additional purchase price for the acquisition of Netmatic. Thus, the total number of shares in treasury stock amounted to 610,423 and 86,227 as at 31 August 2003 and 31 August 2002, respectively.

F | DEFERRED COMPENSATION

Deferred compensation is amortised according to the vesting schedule of the stock programme acquired as a part of the Netmatic acquisition or when the respective employees leave the company before vesting occurred.

VII. Income tax

SinnerSchrader accounts for income taxes pursuant to SFAS No. 109 “Accounting for Income Taxes”. The income tax provisions/benefits consist of the following:

	2002/2003 in €	*2001/2002 in €*
Current	-40,827	-401,624
Deferred	52,559	-274,176
Total	11,732	-675,800

The income tax provisions/benefits differ from the expected amounts computed by applying the statutory income tax rate to income before taxes. For the fiscal period ended 31 August 2003 the statutory income tax rate was at 40.4 % consisting of municipal trade tax (“Gewerbesteuer”) at 19.0 %, corporate tax (“Körperschaftsteuer”) at 25 % and a corporate tax surcharge (“Solidaritätszuschlag”) of 5.5 %.

The following table presents the reconciliation of tax provisions/benefits shown in the statements of operations to the income tax provisions/benefits expected under the statutory income tax rate:

	2002/2003 in €	2001/2002 in €
Tax provision (+), tax credit (-) at statutory rate	- 367,598	- 7,502,039
Non deductible expense/non taxable income:		
Amortisation and impairment of goodwill and certain intangible assets acquired	–	6,062,676
Non deductible amortisation of deferred stock compensation	34,285	211,539
Other non deductible expense/non taxable income	- 73,681	97,757
Changes in valuation allowance for deferred tax assets of domestic group companies	632,379	361,596
Changes in valuation allowances for deferred tax assets and differences in tax rates concerning losses in foreign group companies, net of tax effects on consolidation	- 19,738	- 72,438
Tax effects of losses carried backwards	- 143,319	122,071
Current taxes relating to prior years	- 40,827	27,259
Other	- 9,769	15,779
Provision for income tax	11,732	- 675,800

The deferred tax position consists of the following items:

	31.08.2003 in €	31.08.2002 in €
Deferred tax assets:		
Loss carry-forwards	1,374,166	723,458
Valuation of accrued expenses	72,635	
Valuation allowance	- 1,317,622	- 508,823
Total deferred tax assets	129,179	214,635
Deferred Tax Liabilities:		
Valuation of unfinished/unbilled services	129,396	127,299
Valuation of unrealised gains on marketable securities available for sale	3,805	15,681
Valuation of fixed assets	38,464	60,267
Valuation of current assets	9,505	11,388
Total deferred tax liabilities	181,170	214,635
Total deferred tax asset/liabilities, net	- 51,991	–
thereof:		
Deferred tax liability	- 52,559	–
Accumulated other comprehensive income/loss	568	–

A valuation allowance has been recorded for the deferred tax assets up to the value that is covered by deferred tax liabilities on an entity-by-entity basis for 2002/2003 and 2001/2002 as a result of uncertainties regarding the realisation of the assets in Germany, the temporary cease of operations in the UK and Netherlands, as well as of the limited operating history of the Group.

As of 31 August 2003 SinnerSchrader had tax loss carry-forwards in Germany, UK, and the Netherlands. In all countries these losses carry forward indefinitely for tax purposes. The loss carry-forwards in the foreign entities will most likely not be usable since operating business has ceased in those countries. German tax laws contain provisions which may limit the net loss and tax loss carry-forwards to be used in any given year upon occurrence of certain events, including a significant change in ownership.

VIII. Related parties

During 2002/2003 and 2001/2002 SinnerSchrader generated revenues with companies in which members of its Supervisory Board hold general management or Supervisory Board positions of € 1,606,534 and € 1,500,816, respectively. The total of accounts receivable and unbilled services net of bad debt allowances to those companies on 31 August 2003 and 31 August 2002 amounted to € 332,097 and € 349,895, respectively.

A company in which one member of the Company's Supervisory Board is the managing partner provided legal services to the Company during 2002/2003 and 2001/2002. The total net amount charged to SinnerSchrader in those periods were € 10,098 and € 56,823, respectively.

In September 2002 SinnerSchrader entered into a consultancy agreement with a former member of the Management Board who retired from his position on 31 August 2002. Under the terms of the agreement, SinnerSchrader will buy a minimum of € 72,000 worth of consultancy services per annum. The agreement will terminate on 31 August 2004.

Summary of significant differences between US-GAAP and German Law with regard to Accounting, Valuation and Consolidation Principles

A | GENERAL

The consolidated financial statements of SinnerSchrader AG as of 31 August 2003 were drawn up in accordance with Article 292 a of the German Commercial Code (HGB) applying the US Generally Accepted Accounting Principles ("US-GAAP") and German accounting standard No. 1 ("DRS 1") of the German Accounting Standards Committee (Deutscher Standardisierungsrat DSRC e.V.) as consolidated financial statements with discharging effect.

The regulations of the Commercial Code (HGB) and of the German Stock Corporation Act (AktG) differ in certain key aspects from the US-GAAP. The main differences which could be relevant for assessing the assets and liabilities, financial position and results of the company are presented below.

Under the Commercial Code (HGB), all balance sheet and income statement lines must be presented in the form and sequence specified in Articles 266, 275 HGB. Under US-GAAP, items are compiled differently and the sequence of the balance sheet lines begins with the short-term items.

Under US-GAAP, the short-term parts of long-term receivables and liabilities are stated in a separate line of the balance sheet. The part which is due within one year is treated as being short-term.

B | TANGIBLE ASSETS

Unlike in the HGB accounts, acquired standard software for internal use is not shown as an intangible asset but is included within tangible assets as plant and office equipment. The manufacturing cost of software developed in-house can be capitalised under US-GAAP and depreciated over the normal useful life. Under HGB, software created in-house cannot be capitalised as tangible assets. In the fiscal year and in the previous years the Company charged all manufacturing costs of software developed in-house against income also under US-GAAP. Pursuant to HGB, accelerated depreciation permitted under German Income Tax Law (Article 7 EStG) is stated as special reserves and dissolved as expense over the useful life of the assets concerned. In accordance with US-GAAP depreciation only permissible under tax law was not taken into account.

Under HGB, depreciation was charged in agreement with the tax regulations on a straight-line basis applying the half-year method ("Halbjahresmethode"). Under US-GAAP, straight-line depreciation was charged as from the day of the addition.

C | DEFERRED TAXES ON LOSS CARRY-FORWARDS

According to HGB, deferred tax refund claims arising from tax loss carry-forwards may not be stated in the balance sheet, as the expected future tax savings are deemed to have not yet been realised. Under US-GAAP such future tax refund claims have to be capitalised. Their value depends on whether it is more likely then not that they can be used before they expire In the fiscal year 2002/2003 the capitalised tax loss carry-forwards of all the consolidated companies of the SinnerSchrader Group were written down to zero owing to the uncertainty of realisation as of 31 August 2003.

D | EMPLOYEE STOCK OPTIONS

Under US-GAAP, stock-based compensation paid to staff can be stated on the balance sheet in two ways. According to one method the market value of the employee shareholding is determined and distributed as expense over the vesting time of the share option. Alternatively, only the difference between the exercise price of an option and the market price of the stock concerned at the time the option was granted (intrinsic value) may be spread as expense over the vesting period. When applying the latter method, the impact on net income of accounting for stock-based compensation using the first method must be disclosed in a pro-forma calculation in the financial statements. SinnerSchrader AG has selected the intrinsic value method to account for its stock-option plans.

As indicated, under US-GAAP the difference between the market value of the underlying security and the exercise price of an option at the time of grant must be treated as personnel expense pro rata over the vesting period of the option and carried accordingly as a deferred item in shareholders' equity. As at the time of the grant, the intrinsic value of the options was negative, no personnel expense from the granting of share options needed to be taken into account under US-GAAP.

Under the prevailing accounting practice pursuant to HGB, only the capital increase would be taken into account upon exercising of the options. Personnel expense is not taken into account.

E | ASSET RETIREMENT OBLIGATIONS

As defined in the German Commercial Code (HGB), provisions for asset retirement obligations are generated by the one-time allocation of the total amount of the obligation as a result of the created claim. The expenditures thus incurred are recorded in the operating results. From the beginning of the business year starting on 15 June 2002, US-GAAP governs balance sheet procedure for recording asset retirement obligations as defined in SFAS No. 143. With the introduction of SFAS No. 143, companies are required to record liabilities for asset retirement obligation at fair value. To offset this, the asset retirement cost must be capitalised and is to be depreciated over the remaining useful life of the asset. The obligation accrues interest until a drawdown occurs.

F | EQUITY CAPITAL

Under HGB, the Company would have to draw up consolidated financial statements for the first time following the acquisition of SinnerSchrader Interactive Marketing GmbH and SinnerSchrader Interactive Software GmbH on 27 August 1999. The difference between the investment stated at market value and the equity of the subsidiaries would have to be distributed in line with the actual values of the assets and liabilities included and the remaining amount would have to be stated as goodwill and either amortised over the expected useful life or netted with the capital reserve on the face of the balance sheet. The subscribed capital of the Company would have been formed by the capital of the single financial statements.

Under US-GAAP, the capital consolidation of the Company was prepared in line with APB No. 16 “Business Combinations” as a “transaction under common control”, according to which the shares of SinnerSchrader IM and of SinnerSchrader IS are contributed to SinnerSchrader AG at the book value of the respective equity. Consequently, no remaining amount arose from these transactions under US-GAAP.

G | DEFERRAL OF PERSONNEL EXPENSE

In connection with the acquisition of Netmatic, part of the purchase price paid in shares of the Company accrued indirectly to the staff of the acquired company. Under US-GAAP, this part is to be charged against income over the period over which the shares are likely to be issued to the employees. As these shares derive from a capital increase, the shareholders’ equity has to be corrected accordingly by a deferred compensation item. The deferred compensation item is dissolved pro rata through the retained earnings, so that at no time an increase of shareholders’ equity is shown for this portion of the capital increase.

Under HGB, this part of the capital increase would have been attributed to the acquisition cost and as a result would have increased goodwill.

H | REVENUE RECOGNITION

Under US-GAAP, revenue for services is recognised in accordance with American Institute of Public Accountants Statement of Position 81-1 “Accounting for performance of construction type and certain production type contracts”. Under US-GAAP services in process are entered according to the percentage of completion method in which the respective project progress leads to the proportional recognition of revenue. Application of the percentage of completion method is subject to the traceable and verifiable recording of project progress.

Under HGB, the completed contract method has to be applied under which services in process are included in inventories at manufacturing cost. The revenue is not taken into account until the services have been completed.

I | VALUATION OF SECURITIES CLASSIFIED AS CURRENT ASSETS (AVAILABLE-FOR-SALE)

Under US-GAAP, securities under current assets are stated at their market value on the balance sheet date if they are held available for sale at any time. Gains or losses that have not yet been realised by sale are stated without affecting net income as adjustment item in shareholders' equity and are part of comprehensive income.

Under HGB, SinnerSchrader AG states securities classified as current assets at the lower of acquisition cost and market value.

Hamburg, November 2003

Matthias Schrader **Detlef Wichmann** **Thomas Dyckhoff**

Auditors' opinion

We have issued the following opinion on the Consolidated Financial Statements and Group Management Report, which was combined with the Management Report of the Company:

We have audited the Consolidated Financial Statements of SinnerSchrader Aktiengesellschaft, including the consolidated balance sheet and the related consolidated statements of operations, cash flow, changes in shareholders' equity, notes and Group Management Report, which has been combined with the Management Report of the Company, for the business year from 1 September 2002 to 31 August 2003. The preparation and the content of the Consolidated Financial Statements is the responsibility of the Company's management. Our responsibility is to express an opinion on the Consolidated Financial Statements in accordance with United States Generally Accepted Accounting Principles (US-GAAP), based on our audit.

We conducted our audit of the Consolidated Financial Statements in accordance with the German Auditing Rules and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW: Institute of Public Auditors in Germany). These standards require that we plan and perform the audit so that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the Consolidated Financial Statements in accordance with principles of proper accounting and in the Management Report are detected with reasonable certainty. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Statements. The audit includes assessing the accounting principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion. In our opinion, the Consolidated Financial Statements present a true and fair view of the Group's financial position, results of operations and cash flows in accordance with US-GAAP. Our audit which also includes the Group Management Report for the fiscal period from 1 September 2002 to 31 August 2003, which is the responsibility of the Management Board, has not given rise to any reservations. In our opinion the combined Management and Group Management Report conveys a suitable presentation of the situation of the Group taken as a whole and presents the risks to its future developments adequately. Additionally, we confirm that the Consolidated Financial Statements and the combined Management and Group Management Report for the fiscal period from 1 September 2002 to 31 August 2003 meet the requirements for an exemption to prepare consolidated financial statements and combined management and group management report in accordance with the rules and regulations of the German Commercial Code.

Hamburg, 21 November 2003

ERNST & YOUNG AG
Wirtschaftsprüfungsgesellschaft

Nendza
Auditor

Schneider
Auditor

02

Financial Statements
SinnerSchrader
Aktiengesellschaft

Balance sheets of SinnerSchrader AG

as of 31 August 2003 and 31 August 2002

Assets	*31.08.2003 in €*	*31.08.2002 in €*
Fixed assets:		
Intangible assets:		
Concessions, industrial property rights and similar rights and assets as well as licences in such rights and assets	76,029	110,108
Tangible assets:		
Other equipment, plant and office equipment	457,066	431,356
Leasehold improvements	819,350	966,305
Total tangible assets	1,276,416	1,397,661
Financial assets:		
Shares in affiliated companies	8,000,000	8,000,000
Total financial assets	8,000,000	8,000,000
Total fixed assets	9,352,445	9,507,769
Current assets:		
Receivables and other assets	–	18,089
Receivables from affiliated companies	1,886,826	2,370,393
Other assets	2,182,188	1,768,253
Total receivables and other assets	4,069,014	4,156,735
Securities:		
Treasury stock	933,145	112,095
Other securities	21,267,888	25,974,678
Total securities	22,201,033	26,086,773
Cash on hand and in banks	3,319,281	1,390,957
Total current assets	29,589,328	31,634,465
Prepaid expenses	27,642	60,645
Total assets	38,969,415	41,202,879

Liabilities and shareholders' equity	*31.08.2003 in €*	*31.08.2002 in €*
Shareholders' equity:		
Subscribed capital (conditional capital € 750,000; previous year: € 750,000)	11,542,764	11,542,764
Capital surplus	23,823,353	27,109,898
Reserves:		
Reserve for treasury stock	933,145	112,095
Other reserves	404,286	1,272,431
Total shareholders' equity	36,703,548	40,037,188
Accruals:		
Other accrued liabilities	2,001,567	403,610
Total accrued liabilities	2,001,567	403,610
Liabilities:		
Trade payables thereof with a remaining term up to one year € 46,491 (previous year: € 522,808)	46,491	522,808
Payables to affiliated companies thereof with a remaining term up to one year € 0 (previous year: € 31)	–	31
Liabilities to companies in which investments are held thereof with a remaining term up to one year € 0 (previous year: € 2,119)	–	2,119
Other liabilities thereof with a remaining term up to one year € 217,809 (previous year: € 233,044) thereof taxes € 156,911 (previous year: € 193,152) thereof relating to social security and similar obligations € 20,658 (previous year: € 24,609)	217,809	233,044
Total liabilities	264,300	758,002
Deferred revenues	–	4,079
Total liabilities and shareholders' equity	38,969,415	41,202,879

Statements of operations of SinnerSchrader AG

for the fiscal years 2002/2003 and 2001/2002

	2002/2003 in €	*2001/2002 in €*
Revenues	1,167,025	2,126,580
Other operating income	86,178	277,326
Personnel expense:		
Wages and salaries	-1,136,201	-1,424,934
Social security	-155,460	-190,496
Total personnel expense	-1,291,661	-1,615,430
Depreciation of intangible assets, property and equipment	-357,133	-455,601
Other operating expense	-3,857,766	-2,581,463
Income from profit/loss transfer agreements	–	771,938
Other interest and similar income thereof from affiliated companies € 219,210 (previous year: € 53,070)	1,044,602	1,428,855
Depreciation of financial assets and securities classified as current assets	–	-16,738,150
Interest and similar expense thereof from affiliated companies € 117,985 (previous year: € 140,260)	-131,983	-144,113
Income from ordinary activities	-3,340,738	-16,930,058
Taxes on income	7,369	185,046
Other taxes	-271	-584
Net income	-3,333,640	-16,745,596
Profit/loss carried forward	–	471,083
Withdrawal from capital surplus	3,286,545	16,245,788
Withdrawal from reserves:		
from reserves for treasury stock	47,095	28,725
from other reserves	868,145	140,820
Additions to reserves:		
to reserves for treasury stock	-868,145	-140,820
to other reserves	–	–
Balance sheet profit	–	–

Notes to the Financial Statements as of 31 August 2003

I. Legal fundamentals

The company is considered to be a large corporation as defined by Article 267 of the German Commercial Code (HGB). The annual financial statements were prepared in compliance with the regulations of the Commercial Code (HGB) and of the German Stock Corporation Act (AktG).

II. Accounting and valuation principles

The annual financial statements are drawn up in euros (€).

Tangible and intangible assets are stated at acquisition or manufacturing cost less scheduled depreciation. The straight-line method of depreciation is applied with useful lives of three to thirteen years. The full annual rate of depreciation is applied to additions of movable assets in the first half of the fiscal year and half the annual rate to additions in the second half of the year. Low-value assets with acquisition costs of up to € 410 are depreciated in full in the year of addition. Leasehold improvements are written off on a straight-line basis over the period of the lease contract since moving into the office in September 2001. At the beginning of the last business quarter 2002/2003 this lease contract was shortened to the date of the one-time special termination right.

Financial assets are stated at purchase cost or at the lower value applicable on the balance sheet date.

Receivables and other assets are recorded at their nominal value. Receivables in foreign currency are stated at the lower of the original exchange rate or the exchange rate on the balance sheet date.

Marketable securities are recorded at the lower of cost and market.

Other accrued liabilities cover all recognisable risks. They are stated at the amount which appears necessary according to reasonable commercial judgement.

Liabilities are recorded at the amount repayable. Foreign currency liabilities are stated at the higher of the original exchange rate or the exchange rate prevailing on the balance sheet date.

III. Explanatory notes on items in the balance sheet

A | FIXED ASSETS

The development of fixed assets is presented in the following schedule.

ACQUISITION AND MANUFACTURING COSTS

in €	*01.09.2002*	*Additions*	*Disposals*	*31.08.2003*
Intangible assets:				
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	407,011	21,153	–	428,164
Tangible assets:				
Other equipment, plant and office equipment	574,445	179,482	8,987	744,940
Leasehold improvements	1,061,260	12,487	6,870	1,066,877
Financial assets:				
Shares in affiliated companies	24,838,037	–	–	24,838,037
Investments	167,900	–	–	167,900
Loans to investee companies	51,129	–	–	51,129
Total	27,099,782	213,122	15,857	27,297,047

ACCUMULATED DEPRECIATION

in €	*01.09.2002*	*Additions*	*Disposals*	*31.08.2003*
Intangible assets:				
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	296,903	55,232	–	352,135
Tangible assets:				
Other equipment, plant and office equipment	143,089	148,052	3,267	287,874
Leasehold improvements	94,955	153,849	1,277	247,527
Financial assets:				
Shares in affiliated companies	16,838,037	–	–	16,838,037
Investments	167,900	–	–	167,900
Loans to investee companies	51,129	–	–	51,129
Total	17,592,013	357,133	4,544	17,944,602

NET BOOK VALUES

in €	*31.08.2002*	*31.08.2003*
Intangible assets:		
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	110,108	76,029
Tangible assets:		
Other equipment, plant and office equipment	431,356	457,066
Leasehold improvements	966,305	819,350
Financial assets:		
Shares in affiliated companies	8,000,000	8,000,000
Investments	–	–
Loans to investee companies	–	–
Total	9,507,769	9,352,445

B | RECEIVABLES AND OTHER ASSETS

Receivables and other assets in the amount of € 4,069,013 are due within one year. € 1,886,826 in receivables from affiliated companies are predominantly from SinnerSchrader Deutschland GmbH. Other assets refer mostly to corporate income tax refunds from the Inland Revenue office.

C | SECURITIES

The securities consist of shares in money market and similar funds as well as corporate bonds with a term to maturity of less than one year, which are valued at acquisition cost or at the lower value applicable on the balance sheet date.

D | TREASURY STOCK

On the balance sheet date SinnerSchrader held 610,423 of treasury stock with a total nominal value of € 610,423. This amount represents a share of 5.29 % of the total subscribed capital. SinnerSchrader acquired the treasury stock at an average rate of € 1.53 and holds this for the purposes stated in the respective resolutions of the Annual General Meeting.

We purchased 560,423 shares during the business year on the stock exchange at an average rate of € 1.54. We issued 36,227 of our own shares, acquired the previous year at an average rate of € 1.92, to the former partner of SinnerSchrader, Netmatic GmbH, to meet an additional purchase price obligation.

The use of treasury stock is recorded in the balance sheet at the purchase cost or at the lower value applicable on the balance sheet date. Affecting net income, the value decrease over the prior year was fully and successfully recovered in accordance with Article 280 Para. 1 of the German Commercial Code (HGB), because at € 2.01, the share price on 31 August 2003 closed above the closing price of € 1.30 on 31 August 2002. Additional reserves for treasury stock were allocated to the amount of the value gain.

E | PREPAID EXPENSE

The accrued prepaid expenses in the amount of € 27,642 mainly consist of payments for software licenses and service agreement payments relating to the current year.

F | SHARE CAPITAL

The company's subscribed capital amounted to € 11,542,764 as of 31 August 2002. It is made up of 11,542,764 non-par value bearer shares with a nominal value of € 1.

By resolution of the Annual General Meeting of 8 October 1999, with supplement of 26 October 1999, the Management Board was authorised to increase the share capital by 30 September 2004, once or several times by up to € 4,650,000 with the approval of the Supervisory Board by issuing non-par value bearer shares against cash contribution or contribution in kind without conferring subscription rights to existing shareholders (authorised capital II).

By resolution of the members of the Management Board and approval of the Supervisory Board of 12 December 2000 and 18 October 2001 the company's share capital was increased from the authorised capital II by € 437,246 and by € 1,130,518 respectively. The capital was increased by issuing new bearer shares against contribution in kind. The subject matter of the contribution in kind was the contribution of all shares in Netmatic Internet/Intranet Solutions GmbH, Hamburg, in accordance with the contribution agreement of 18 September 2000. On the balance sheet date the authorised capital amounted to € 3,082,236.

By resolution of the Annual General Meeting of 26 October 1999, a conditional capital in the amount of € 375,000 was created for the granting of rights to purchase 375,000 non-par value shares to employees and members of the management of the company and of affiliated companies ("1999 Option Programme"). Of the option rights available, 203,387 options with an average exercise price of € 18.68 had been issued to employees of the company and of affiliated companies at 31 August 2002. None of these option rights had been exercised as at the balance sheet date.

By resolution of the Annual General Meeting of 12 December 2000, a conditional capital in the amount of € 375,000 was created for the granting of rights to purchase 375,000 non-par value shares to employees and members of the management of the company and of affiliated companies ("2000 Option Programme"). Of the option rights available, 362,687 options with an average exercise price of € 11.51 had been issued at 31 August 2003. None of these option rights had been exercised as at the balance sheet date.

G | CAPITAL RESERVE

The capital reserve developed as follows in the 2002/2003 fiscal year:

	in €
Capital reserve as of 31.08.2002	27,109,898
Surplus from capital increases	–
Withdrawal from capital reserve	3,286,545
Capital reserve as of 31.08.2003	23,823,353

H | RESERVE FOR TREASURY STOCK

In the business year 2002/2003 the reserve for treasury stock increased with the repurchase of additional treasury stock at the corresponding acquisition cost and also due to the value gain under Article 280 Para. 1 of the German Commercial Code (HGB) for the treasury stock in inventory on 31 August 2002 and recorded at the lower value. In contrast, the reserve is reduced because we used 36,227 of our own stock acquired the previous year for adjusting a purchase price claim originating from our Netmatic Internet/Intranet Solutions GmbH acquisition.

I | OTHER RESERVES

In the business year we used € 868,145 of other earnings reserves accumulated in the previous year to allocate the prescribed reserves for treasury stock in accordance with Article 272 Para. 4 of the German Commercial Code (HGB).

J | ACCRUED LIABILITIES

Other accrued liabilities in the amount of € 2,001,567 include mostly year-end closing costs, holiday entitlements, outstanding invoices and lease obligations for unused offices and impending charges for using the special termination right.

K | LIABILITIES

All liabilities, which amount to € 264,300, have a residual term of up to one year. The other liabilities mainly relate to value-added tax liabilities for the domestic Group for value-added tax purposes and liabilities for payroll and church tax.

IV. Explanatory notes on items in the statement of operations

A | REVENUES

The revenues of € 1,167,025 relate to management services provided by the company to the affiliated companies in the Group and to the charging on of proportional rent expense.

B | OTHER OPERATING INCOME

Other operating income in the amount of € 86,178 is the result of income relating to other periods and income from appreciation of securities in short-term investments.

C | WRITE-OFF OF INTANGIBLE ASSETS AND FIXED ASSETS

Previous year depreciation includes extraordinary depreciation of the acquired right to a name associated with the takeover of Netmatic Internet/Intranet Solutions GmbH. Over the business year, a continuous value decline resulted in the extraordinary depreciation of plant and equipment at the lower value, in the amount of € 47,257.

D | INTEREST INCOME AND EXPENSE

Interest income derives for the investment of liquid funds and other securities. Interest expense was incurred within centralised liquidity management, which the company operates for the domestic subsidiaries.

V. Other Information

A | OTHER FINANCIAL OBLIGATIONS

Obligations from rent and lease contracts	*in €*
01.09.2003–31.08.2004	694,962
01.09.2004–31.08.2005	694,112
01.09.2005–31.08.2006	614,758
01.09.2006–31.08.2007	–
after	–
Total	2,003,832

The financial obligations mainly relate to fixed-term rent and lease contracts. Expenditure on leasing commitments for excess office space and exercising of special termination rights are included as other provisions.

B | EMPLOYEES

On 31 August 2003 the company employed 20 staff. An average of 21.33 staff were employed for the fiscal year 2002/2003.

C | MANAGEMENT BOARD

The following were members of the Management Board in the fiscal year 2002/2003:

Matthias Schrader, Chief Executive Officer
Detlef Wichmann, Chief Operative Officer
Thomas Dyckhoff, Chief Financial Officer

Management Board members	*Fixed salary in €*	*Other benefits in €*	*Variable components in €*	*Stock options*
Matthias Schrader	127,920	12,529	–	–
Detlef Wichmann	110,000	12,502	9,000	25,000
Thomas Dyckhoff	110,000	9,424	9,000	25,000
Total	347,920	34,455	18,000	50,000

The Management Board's overall remuneration for the business year 2002/2003 was € 400,375. The amount includes € 9,000 each for Messrs Wichmann and Dyckhoff, originating from each Board member's variable salary component agreement of up to € 40,000 each. Messrs Wichmann and Dyckhoff also received at the beginning of the business year 25,000 share options each, from the SinnerSchrader AG options programme. Based on the share options Black-Scholes analysis model, the value of the share options on the issuance day was recorded at € 0.72 per option.

D | SUPERVISORY BOARD

The members of the Supervisory Board were as follows in the fiscal year:

Dr Markus Conrad, Chairman
Managing Partner of Georg Lingenbrink GmbH & Co., Hamburg
Member of the Supervisory Board of Tchibo Holding AG, Hamburg

Reinhard Pöllath, Deputy Chairman
Attorney at Law, Munich
Chairman of the Supervisory Board of Tchibo Holding AG, Hamburg
Chairman of the Supervisory Board of Deutsche Woolworth GmbH & Co. OHG, Frankfurt
Member of the Supervisory Board of Tchibo Frisch-Röst-Kaffee GmbH, Hamburg
Member of the Supervisory Board of Beiersdorf AG, Hamburg
Member of the Supervisory Board of TA Triumph-Adler AG, Nürnberg

Frank Nörenberg
Attorney at Law and Managing Partner of Nörenberg, Schröder + Partner, Rechtsanwälte – Wirtschaftsprüfer – Steuerberater (Attorneys, Auditors and Tax Consultants), Hamburg
Chairman of the Supervisory Board of 7D AG, Hamburg
Chairman of the Supervisory Board of EURAI AG, Lahr
Deputy Chairman of the Supervisory Board of Graphit Kropfmühl AG, Hautzenberg
Member of the Supervisory Board of Albis Leasing AG, Hamburg
Member of the Supervisory Board of Mutual Sources Limited, Hong Kong
Member of the Advisory Council of ODS Optical Disc Service GmbH, Dassow

Supervisory Board members	*Fixed salary in €*	*Other benefits in €*	*Variable components in €*	*Stock options*
Dr Markus Conrad	8,000	218	–	–
Reinhard Pöllath	6,000	218	–	–
Frank Nörenberg	4,000	218	–	–
Total	18,000	654	–	–

The additional payment is comprised of the proportional premium of € 654 granted to each Supervisory Board member to cover directors' and officers' liability insurance.

E | INVESTMENTS

The shareholdings of SinnerSchrader Aktiengesellschaft are as follows:

Company	*Share in %*	*Currency*	*Nominal capital*	*Shareholders' equity*	*Last annual result*
SinnerSchrader Deutschland GmbH, Hamburg (Reporting period 01.09.2002–31.08.2003)	100.00	EUR	100,000	-382,629	1.070.614
SinnerSchrader UK Ltd., London, UK[1)] (Reporting period 01.09.2002–31.08.2003)	100.00	GBP	100,000	-460,180	-31,414
SinnerSchrader Benelux BV, Rotterdam, Netherlands[1)] (Reporting period 01.01.–31.12.02)	100.00	EUR	18,000	-134,103	-7,350
LetMeShip GmbH, Hamburg[2)]	24.94	EUR	53,250	n.a.	n.a.

1) The companies' business activities were temporarily discontinued in the previous years; respective shareholdings were written off in the year the activity was discontinued. Audited annual financial statements of the companies are not available.
2) The company filed for insolvency, current information regarding shareholders' equity and earnings is not available. The participation was completely written off.

F | COMPLIANCE STATEMENT ACCORDING TO ARTICLE 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

We have issued a statement on the Corporate Governance Code in accordance with Article 161 of the German Stock Corporation Act (AktG) and made this statement accessible to our shareholders on our homepage.

Hamburg, November 2003

Matthias Schrader **Detlef Wichmann** **Thomas Dyckhoff**

ADDITIONAL INFORMATION (UNAUDITED)

SHARES AND SHARE OPTIONS HELD BY BOARD MEMBERS OF SINNERSCHRADER AG:

The following table shows the number of shares in SinnerSchrader AG held by Board members of SinnerSchrader AG and the changes during the reported period from 1 September 2002 to 31 August 2003.

Shares	*01.09.2002*	*Additions*	*Disposals*	*31.08.2003*
Management Board members:				
Matthias Schrader	2,137,675	205,000	–	2,342,675
Detlef Wichmann	115,000	–	–	115,000
Thomas Dyckhoff	49,950	–	–	49,950
Total shares of the Management Board	2,302,625	205,000	–	2,507,625
Supervisory Board members:				
Dr Markus Conrad	127,500	–	–	127,500
Reinhard Pöllath	–	–	–	–
Frank Nörenberg	1,000	–	–	1,000
Total shares of the Supervisory Board	128,500	–	–	128,500
Total shares of the Board members	2,431,125	205,000	–	2,636,125

Options	*01.09.2002*	*Additions*	*Disposals*	*31.08.2003*
Management Board members:				
Matthias Schrader	–	–	–	–
Detlef Wichmann	–	25,000	–	25,000
Thomas Dyckhoff	–	25,000	–	25,000
Total options of the Management Board	–	50,000	–	50,000

On 1 September 2002 and 31 August 2003 respectively, the members of the Management Board and of the Supervisory Board did not hold any options on shares in SinnerSchrader AG. In the period under review there no additions or disposals of such options occurred.

Auditors' opinion

The following is the Auditors' opinion of the Financial Statements and Management Report, which was combined with the Group Management Report:

We have audited the Annual Financial Statements, together with the bookkeeping system, and the Management Report, which was combined with the Group Management Report, of SinnerSchrader Aktiengesellschaft for the business year from 1 September 2002 to 31 August 2003. The maintenance of the books and records and the preparation of the Annual Financial Statements and Management Report in accordance with German commercial law are the responsibility of Company's management. Our responsibility is to express an opinion on the Annual Financial Statements, together with the bookkeeping system, and the management report, based on our audit.

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

Our audit has not led to any reservations.

In our opinion, the Annual Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with generally accepted accounting principles. On the whole, the management report provides a suitable understanding of the Company's position and suitably presents the risks of future development.

Hamburg, 13 November 2003

ERNST & YOUNG AG
Wirtschaftsprüfungsgesellschaft

Nendza
Auditor

Schneider
Auditor

Supervisory Board Report

The Supervisory Board monitored the business development of SinnerSchrader Aktiengesellschaft and its subsidiaries closely over the 2002/2003 business year. To this end, it was kept continually informed by the Management Board about the position and business development of the Company, as well as about major business transactions, in Supervisory Board meetings as well as through a of monthly reporting. On this basis the Supervisory Board fulfilled the duties required by law and the Articles of Association and supervised the business conduct of the Management Board.

SUPERVISORY BOARD MEETINGS

Over the past business year, the Supervisory Board assembled for five ordinary meetings and one conference call. All members of the Supervisory Board were present at these meetings; one Supervisory Board member was not able to attend the conference call but subsequently approved of and agreed to the conclusions of that meeting. The Supervisory Board formed no committees.

CORPORATE GOVERNANCE

In December 2002, the Management Board and Supervisory Board submitted a declaration of conformity pursuant to Article 161 of the German Stock Corporation Act, in which SinnerSchrader AG declared itself as conforming to a great extent with the recommendations of the Government Commission on Corporate Governance Code. This declaration is to be submitted annually. As of 30 June 2003, the alterations to the Code as agreed by the Government Commission on 21 May 2003, which chiefly affect the area of Management Board remuneration, came into effect. In the SinnerSchrader 2002/2003 Annual Report, the Management Board reports on Corporate Governance following the modified Corporate Governance Code.

ANNUAL AND CONSOLIDATED ACCOUNTS

The accounting and annual financial statements of SinnerSchrader Aktiengesellschaft, as well as the consolidated accounts drawn up under Article 292 of the German Commercial Code (HGB) with discharging effect on the basis of the US Generally Accepted Accounting Principles (US-GAAP) including the joint Status Report for the Group and for SinnerSchrader Aktiengesellschaft, were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft, Hamburg, at the request of the Supervisory Board and received an unqualified Auditor's opinion on 13 November 2003.

At its meeting on 24 November 2003 and in the presence of the Auditor and Management Board, the Supervisory Board discussed the annual and consolidated accounts in detail. The annual and consolidated accounts produced by the Management Board and the Auditor's audit report were passed to the members of the Supervisory Board in advance to this meeting. Following detailed examination and discussion at this meeting, the Supervisory Board had no objections and endorsed the results of the audit. The Board approved the annual accounts on 24 November, which are thereby approved.

BUSINESS DEVELOPMENT

The expectations for the business development of SinnerSchrader AG and the SinnerSchrader Group were not fulfilled. While sales efforts were significantly increased and given more structure, these achieved no noticeable success across the broader market. The market continues to be weak and characterised by considerable pricing pressure; these factors caused another decline in SinnerSchrader's volume of business. The substantial progress made in improving the cost situation and targeted at achieving a slightly positive operating result did not succeed in offsetting the slump in revenue.

Turning the negative sales trend around in the 2003/2004 business year will depend not only upon a continuation of the intense sales effort but also and above all, creating a clearer profit of the service bundles offered by SinnerSchrader. Adjusting costs to the level of revenue and ensuring greater flexibility of cost structures will remain core obligations. The Supervisory Board is fully committed to assisting the Management Board in the development and implementation of appropriate measures to achieve these aims.

The Supervisory Board expresses its thanks to the Management Board and all SinnerSchrader Group staff for their efforts and dedication.

Hamburg, 25 November 2003

Dr Markus Conrad
Chairman of the Supervisory Board

Financial Calendar 2003/2004

Quarterly Report
September–November 2003
14 January 2004

Annual General Meeting
28 January 2004

Quarterly Report
December 2003–February 2004
8 April 2004

Quarterly Report
March–May 2004
8 July 2004

Annual Report 2003/2004
November 2004

EDITORIAL

PUBLISHER:
SINNERSCHRADER
AKTIENGESELLSCHAFT,
HAMBURG

CONCEPTION AND DESIGN:
MUTABOR, HAMBURG

PRINT:
HARTUNG, HAMBURG

SinnerSchrader Aktiengesellschaft
Investor Relations
Julia Kretschmann
Gasstraße 8–16
22761 Hamburg
Germany

Phone: +49 (0)40 39 88 55-0
Fax: +49 (0)40 39 88 55-55
eMail: ir@sinnerschrader.com
www.sinnerschrader.com