sinnerschrader

QUARTERLY FINANCIAL REPORT 3 **2011 | 2012**

Interim Status Report 3 2011/2012

Consolidated Quarterly Report 3 2011/2012

KEY FIGURES OF THE SINNERSCHRADER GROUP

		Q3 2011/2012	Q3 2010/2011	Change	9M 2011/2012	9M 2010/2011	Change
Gross revenues	€ 000s	9,480	9,121	+4 %	30,963	27,069	+14 %
Net revenues	€ 000s	8,368	7,779	+8 %	26,738	22,600	+18 %
EBITDA	€ 000s	114	420	-73 %	1,512	2,404	-37 %
EBITA	€ 000s	-56	273	-121 %	1,019	1,983	-49 %
Relation of the EBITA to net revenues (operating margin)	%	-0.7	3.5	-119 %	3.8	8.8	-57 %
EBIT	€ 000s	212	134	+58 %	550	1,597	-66 %
Net income	€ 000s	-216	93	-332 %	180	1,094	-84 %
Net income per share[1)]	€	-0.02	0.01	-290 %	0.02	0.10	-84 %
Shares outstanding[1)]	number	11,210,969	11,203,757	+0 %	11,217,254	11,191,859	+0 %
Cash flows from operating activities	€ 000s	229	-1,789	+113 %	1,687	171	+887 %
Employees, full-time equivalents	number	393	354	+11 %	387	324	+20 %
		31.05.2012	29.02.2012	Change	**31.05.2012**	31.08.2011	Change
Liquid funds and securities	€ 000s	5,162	5,261	-2 %	5,162	5,743	-10 %
Shareholders' equity	€ 000s	12,172	12,379	-2 %	12,172	13,203	-8 %
Balance sheet total	€ 000s	20,688	20,910	-1 %	20,688	22,247	-7 %
Shareholders' equity rate	%	58.8	59.2	-1 %	58.8	59.3	-1 %
Employees, end of period	number	431	431	+0 %	431	400	+8 %

1) Weighted average shares outstanding

01

INTERIM STATUS REPORT
OF SINNERSCHRADER AKTIENGESELLSCHAFT

01 GENERAL

This Interim Status Report of the SinnerSchrader Group ("SinnerSchrader" or "Group") as of 31 May 2012 represents the development of the income, financial, and assets status of the group which is managed by SinnerSchrader Aktiengesellschaft ("SinnerSchrader AG" or "AG") in the first nine months and the third quarter of the 2011/2012 financial year from 1 September 2011 and 1 March 2012, respectively, to 31 May 2012. It deals with the major risks and opportunities and the probable developments in the rest of the financial year.

The consolidated financial statements on which this status report is based were drawn up according to the International Financial Reporting Standards ("IFRS"). The Interim Status Report, particularly Section 7, contains statements and information aimed at the future. These forward-looking statements are based on current knowledge, estimates, and assumptions and therefore entail a number of risks and uncertainties. A variety of factors, many of which are outside SinnerSchrader's sphere of influence, have an impact on business development and results. These factors mean that the actual future business development of SinnerSchrader and the actual results achieved may differ significantly from the explicit or implicit information in the forward-looking statements.

This quarterly financial report should be read in conjunction with the Consolidated Financial Statements of SinnerSchrader AG for the 2010/2011 financial year.

02 GROUP BUSINESS ACTIVITY AND STRUCTURE

The SinnerSchrader Group is a digital agency group which offers companies in Germany and abroad a comprehensive range of services for the use of digital technologies to optimise and further develop their business. The emphasis is on the use of the Internet for the sale of goods and services (e-commerce), for marketing and communication, and for the acquisition and retention of customers.

With more than 400 employees, SinnerSchrader is one of the biggest independent digital agency groups in Germany and performs its services at locations in Hamburg, Frankfurt am Main, Berlin, Hanover and, since May 2012, Munich. SinnerSchrader mainly works for customers based in Germany, but also counts companies from France, the UK, Italy, Morocco and the Czech Republic among its customers.

The composition of the Group did not change in the first nine months of the current financial year in comparison to the status on 31 August 2011. However, in May 2012, newtention technologies GmbH was renamed NEXT AUDIENCE GmbH in connection with the announcement of a new product initiative.

In the first nine months of 2011/2012, alongside SinnerSchrader AG, the Group was made up of SinnerSchrader Deutschland GmbH, spot-media AG including its subsidiary spot-media consulting GmbH, mediaby GmbH, the NEXT AUDIENCE Group comprising NEXT AUDIENCE GmbH and newtention services GmbH, next commerce GmbH as well as SinnerSchrader Mobile GmbH (formerly TIC-mobile GmbH). Furthermore, the operatively inactive companies SinnerSchrader UK Ltd. in London and SinnerSchrader Benelux BV in Rotterdam are still part of the consolidation group.

As part of the asset transactions conducted, companies in the SinnerSchrader Group took over the business operations of Maris Consulting GmbH and Visions new media GmbH, and acquired all the shares in TIC-mobile GmbH in the course of the previous 2010/2011 financial year. These three transactions were completed in January, February and May 2011 and thus during the second and the third quarter of 2010/2011. Comparisons with the previous year for the third quarter and the first nine months of 2011/2012 thus contain effects from these changes to the consolidation group.

The SinnerSchrader Group still breaks down its business into the business segments Interactive Marketing, Interactive Media, and Interactive Commerce. Services in the Interactive Marketing segment are provided by SinnerSchrader Deutschland GmbH, the spot-media Group, and SinnerSchrader Mobile GmbH. mediaby GmbH and the NEXT AUDIENCE Group are brought together in the Interactive Media segment. The Interactive Commerce segment is covered by next commerce GmbH.

03 MARKET AND COMPETITIVE ENVIRONMENT

A look at the economic environment at the time of reporting on the second quarter in April was reassuring. Growth forecasts for the German economy in the 2012 calendar year were stable to rising and, since concerns about the debt crisis had been gradually easing for some months, the development of the ifo business climate index pointed upwards, both in terms of its assessment of the situation and in terms of expectations.

The debt and euro crisis continued to give rise to considerable uncertainty, mainly because of ongoing political unpredictability in Greece and a worsening of the situation in Spain and Italy. Although it was confirmed in May 2012 that the price-adjusted growth in the gross domestic product of Germany in the first quarter of 2012 was solid at 1.7 % over the previous year, the business climate in the German economy had worsened significantly compared to the ifo business climate index in May, and in June 2012, the business climate had fallen even further, to its lowest level in the past twelve months. The change in the assessment of the situation dominated the downward development, and the index of the situation has fallen to its lowest level in the past 24 months, in particular in the German retail sector.

Forecasts for the development of the gross domestic product in 2012 nevertheless remained largely stable in a corridor between 0.5 % and 1.0 %. Uncertainty about the development has however risen noticeably.

Forecasts relevant for assessing the market chances of SinnerSchrader, for example forecasts on the volume of online trading in goods or the development of expenditure for digital advertising, have not changed since the half-year report in April 2012. The German E-Commerce and Distance Selling Trade Association (bvh) predicts that online trading in goods will grow by around 16.5 % in Germany in 2012, to € 25.3 billion. With a growth rate of around 18 % realised in the first calendar quarter, the bvh believes its forecast has been substantiated. The German Circle of Online Marketers (OVK) expects double-digit growth rates for the development of digital advertising expenditure, and forecasts growth at 11 %.

In this environment, SinnerSchrader does not perceive any lessening of the investments made by companies in establishing new online activities and expanding existing online activities among its customer contacts.

After the international advertising group Publicis had submitted a public offer to acquire Pixelpark, one of SinnerSchrader's listed competitors in the German market, in June 2012, there was another takeover of a digital agency by an international advertising network when the Anglo-American digital agency AKQA, with a branch in Berlin, was acquired by the WPP Group. This development is an indication of the attractiveness of the market on the one hand and of the significance of digital expertise for marketing.

04 BUSINESS DEVELOPMENT AND GROUP SITUATION

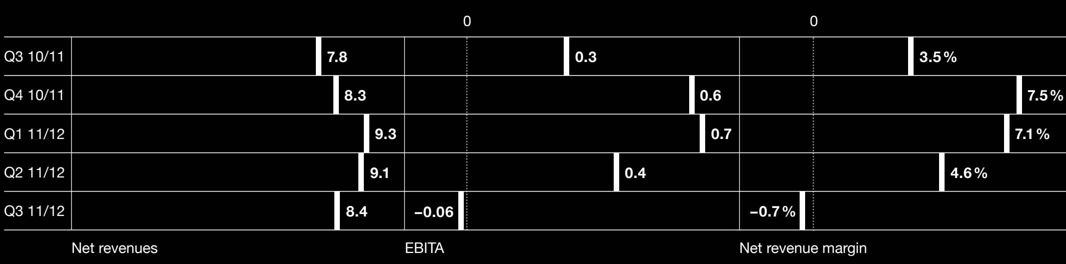
In the third quarter of 2011/2012, growth dynamics in the SinnerSchrader Group slowed down considerably. After growth rates of more than 20 % in each of the first two quarters of the current financial year, net revenue in the quarter of the report only increased by 8 % over that of the same quarter of the previous year, to € 8.4 million.

Although it had been taken into account that growth would slow down to a certain extent due to the third quarter of 2011/2012 having three fewer working days than the two previous quarters and the same quarter of the previous year, the decline in growth was nevertheless more pronounced than expected, a significant reason being the fact that two major spot-media agency customers had considerably scaled down their monthly revenues in the course of the quarter.

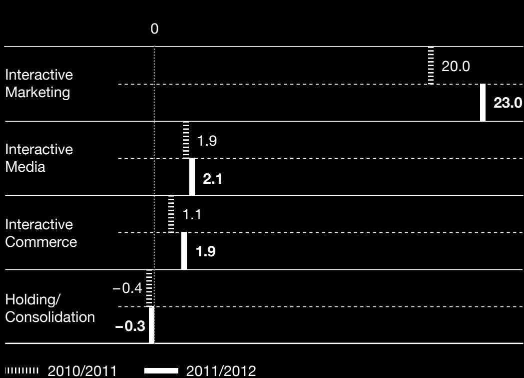
These revenue losses, one-off costs due to spot-media AG moving into new office premises, and expenses for the new product initiative and the rebranding of the newtention Group drove down the operating result (EBITA) of the SinnerSchrader Group just into the red in the third quarter of 2011/2012. In the same quarter of the previous year, EBITA in the amount of € 0.3 million was achieved.

Accumulated over the first three quarters of 2011/2012, SinnerSchrader increased revenue by 18 %, from € 22.6 million to € 26.7 million. However, EBITA in the nine-month period, at € 1.0 million, fell against that of the previous year by just less than € 1.0 million. In addition to the negative effects in the third quarter, the decline was also affected by a SinnerSchrader agency fixed-price project from the first half-year period, which had got into difficulties but was successfully delivered in April 2012, as well as by initial losses incurred by SinnerSchrader Mobile GmbH. The company did, however, break even in the third quarter.

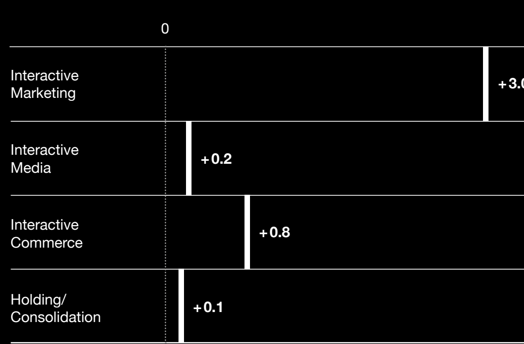
NET REVENUES, EBITA, AND NET REVENUE MARGIN BY QUARTER PERIODS
in € million and %



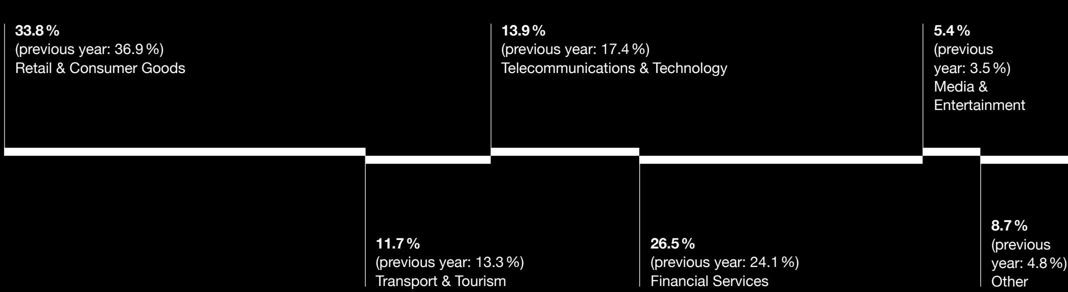
NET REVENUES BY SEGMENT
in € million for 9M 2011/2012 in comparison to 9M 2010/2011



DEVELOPMENT OF NET REVENUES BY SEGMENT
in € million for 9M 2011/2012 in comparison to 9M 2010/2011



NET REVENUES BY SECTOR
in % for 9M 2011/2012



previous year = 2010/2011 financial year

Net income for the first nine months of 2011/2012 amounted to € 0.2 million or € 0.02 per share, after € 0.4 million in the first half of the year and € 1.1 million in the comparable period of the previous year.

The operating cash flow amounted to around € 1.7 million in the nine-month period, covering most of the investments and the dividend payment in addition to the funds employed for buying back shares of treasury stock. On 31 May 2012, the liquidity reserve amounted to € 5.2 million.

4.1 Revenue, Incoming Orders, and Price Development

In the third financial quarter of 2011/2012, SinnerSchrader earned net revenues of € 8.4 million. Revenue in the first two quarters of 2011/2012 amounted to more than € 9 million in each case, and to € 7.8 million in the third quarter of 2010/2011.

All three segments contributed to the rise over the comparable quarter of the previous year, i.e. by € 0.6 million or 7.6 %. The rise in net revenue for the Interactive Marketing and Interactive Media segments was cautious at approximately 5 %, to € 7.2 million and € 0.6 million, respectively. By contrast, the Interactive Commerce segment increased more clearly as compared to the previous year, driving net revenue up by almost 30 %, to € 0.6 million. Revenues to be consolidated between the segments declined by around 50 % in the quarter of the report, to just below € 0.1 million.

Growth dynamics were generally restrained, and this was also reflected in the decline in net revenue in comparison to the preceding second quarter of 2011/2012. Revenue for the Group fell short of the figure for the previous quarter by a total of € 0.7 million.

The Interactive Marketing segment contributed € 0.6 million to this development, which corresponds to a decline of 7.7 %. The decline is in part due to the comparatively low number of working days in the third quarter of 2011/2012. The quarter of the report comprised 61 working days, i.e. 4.7 % fewer working days than the previous quarter and the same quarter of the previous year, each of which comprised 64 working days.

Another important reason was that two major customers significantly reduced the services commissioned with the spot-media agency at virtually the same time in February and March 2012, and maintained these services at a relatively low level during the course of the quarter. While this reduction results from one of the two customers implementing an insourcing strategy, for the other customer, it was due to the company being taken over and to the subsequent merging of the marketing responsibility with the acquiring company. As a consequence, spot-media agency revenue in the quarter of the report fell by just under € 0.4 million, or 19 %, in comparison to the previous quarter.

By contrast, the business volume of SinnerSchrader Mobile GmbH developed positively in the quarter. After a somewhat slow start in the first two business quarters, SinnerSchrader Mobile acquired a few promising new customers in the quarter of the report, which caused revenue to increase over that of the previous quarter by approximately 35 %, or € 0.1 million.

In line with revenue, incoming orders in the segment were initially more subdued in the third quarter of 2011/2012 than in the previous quarters. However, at the end of the quarter, they once again improved markedly. Against the background of an unchanged high level of demand, the SinnerSchrader agency opened a new office in Munich in May 2012 in order to intensify customer support for Allianz and further expand its customer portfolio.

The comparison with the previous quarter was also negative in the Interactive Media segment. Largely due to standard seasonal falls and slow new business, the media agency business of mediaby GmbH did not build on the positive business volumes of the first two quarters of 2011/2012, such that net revenue fell short of that of the previous quarter by € 0.2 million.

By contrast, revenue generated in adserving business was stable. Seasonal falls were offset by successful business with new customers. In the quarter of the report, important new contracts were concluded with advertisers such as the OTTO subsidiary mirapodo, and Bigpoint, one of the world's largest suppliers of online games. Against this background, in May 2012, SinnerSchrader launched a new product initiative in the adserving business, aimed at advertisers and at audience management, and renamed newtention technologies GmbH, NEXT AUDIENCE GmbH.

Unlike the two other segments, the Interactive Commerce segment continued to increase its revenue in the course of the quarter. However, with a plus of 8 % or € 0.05 million, this growth was moderate, and was generated across the current portfolio of customers.

Accumulated over the first nine months of the 2011/2012 financial year, SinnerSchrader increased its business in the third quarter in comparison to the previous year by 18.3 % or € 4.1 million, to € 26.7 million, despite the fact that growth in the third quarter was somewhat weak.

The Interactive Marketing segment grew by 14.8 % in the nine-month period, borne by the SinnerSchrader agency with revenue growth of 16.8 % and the revenue earned by SinnerSchrader Mobile GmbH, for which there was no revenue for the same period of the previous year. Developments in the third quarter of 2011/2012 caused the spot-media agency revenue to decline slightly by 3.1 % in the period of the report.

In the Interactive Media segment, net revenue in the first nine months of 2011/2012 grew by 12.5 %, with media agency business only developing slightly positively in contrast to adserving business, which, with a plus of 21.9 %, has shown a pleasing dynamic development. The Interactive Commerce segment increased its business volume by 70.1 %. A substantial part of this increase can be attributed to the takeover of Visions new media GmbH in February 2011.

The SinnerSchrader Group achieved around € 3.1 million of its nine-month revenue with companies with which it had not had any customer relations in the same period of the previous year. The new customer rate was 11.7 % and was thus at a comparatively high level. This expansion of the customer base resulted in a further reduction of the company's dependence on only a limited number of major customers. In the first nine months of 2011/2012, the biggest customer accounted for 10.2 % of the Group's consolidated net revenue; 39.0 % of revenue was earned with the five biggest customers, and 59.5 % with the ten biggest customers. In the first half of 2011/2012, these shares still amounted to 11.0 %, 40.6 % and 61.6 %, respectively, while in the first nine months of 2010/2011 they were at 13.7 %, 47.1 % and 65.5 %, respectively.

The Retail & Consumer Goods sector remained the branch with the strongest sales in the first nine months of 2011/2012. However, with a share of 33.8 % of the total net revenue of the Group, the rate was considerably below the 36.9 % rate for the entire 2010/2011 financial year. By contrast, the Financial Services sector has grown, in particular thanks to the expansion of business conducted with the insurance company customers acquired in 2010; its share of 24.1 % in the 2010/2011 financial year rose to 26.5 % in the nine months of the report. The share of customers who cannot be assigned to one of the five groups of branches differentiated by SinnerSchrader was raised by 3.9 percentage points over that of the entire previous year, to 8.7 %. In the quarter of the report, the rates of the Telecommunications & Technology, Transport & Tourism and Media & Entertainment branches amounted to 13.9 %, 11.7 % and 5.4 %, respectively, compared with 17.4 %, 13.3 % and 3.5 % for the whole of 2010/2011.

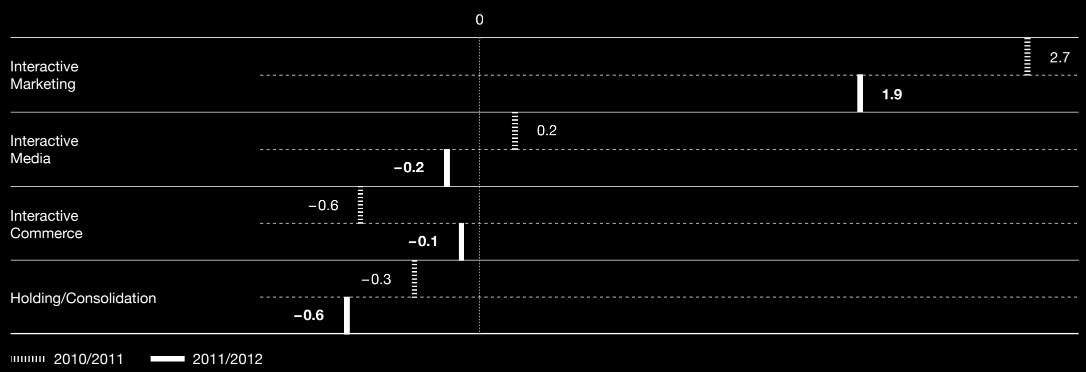
4.2 Operating Result

Measured in terms of EBITA, the operating result of the SinnerSchrader Group, at € –0.06 million in the third quarter of 2011/2012, was in the red, mainly due to revenue losses incurred by the spot-media Group, the extent of which had not been anticipated. In the comparable quarter of the previous year, the operating result amounted to € 0.27 million.

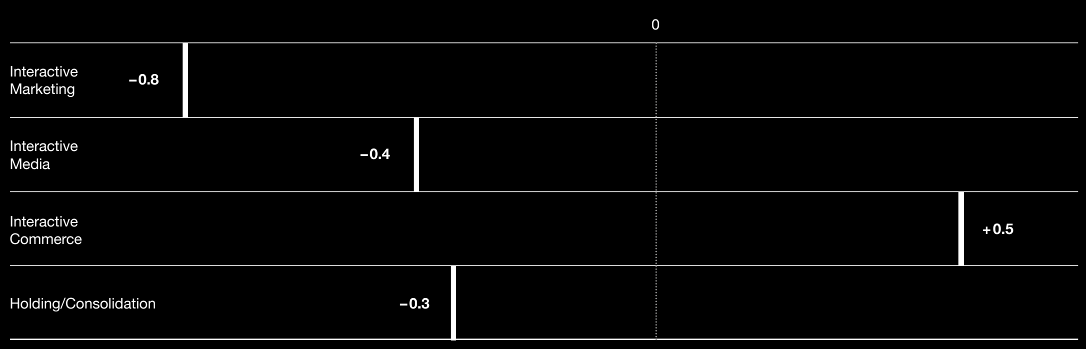
The impact of the unexpected spot-media revenue losses was exacerbated by one-off costs due to the move to new office premises in Hamburg in April 2012, such that spot-media reported an operating loss of € 0.3 million in the quarter of the report, after positive contributions to earnings in the amount of € 0.2 million and € 0.1 million in the first two quarters of the current financial year and € 0.1 million in the comparable period of the previous year.

The other business units could not offset the resulting loss of earnings, especially since the low number of working days in the Interactive Marketing segment, seasonal fluctuations in business in the Interactive Media segment, the product initiative in the adserving business and the hosting of the next conference for the Group as a whole, all had a negative effect on the profit development in the third quarter.

EBITA BY SEGMENT
in € million for 9M 2011/2012 in comparison to 9M 2010/2011



EBITA DEVELOPMENT BY SEGMENT
in € million for 9M 2011/2012 in comparison to 9M 2010/2011



EBITA in the third quarter of 2011/2012 thus declined by € 0.3 million in the Interactive Marketing segment, by € 0.1 million in the Interactive Media segment and by € 0.1 million in the holding company in comparison to the previous year. Against this trend, the operating result in the Interactive Commerce segment exceeded the comparable value of the previous year by € 0.2 million and moved towards the break-even point as planned.

Accumulated over the first nine months of the 2011/2012 financial year, the SinnerSchrader Group achieved EBITA in the amount of € 1.0 million. This figure fell considerably short of EBITA in the previous year by just under € 1.0 million. With a decrease in EBITA of € 0.8 million, most of this negative development was attributed to the Interactive Marketing segment. In the first half of 2011/2012, the profit development was mainly negatively affected by considerable cost overruns in a SinnerSchrader agency fixed-price project and by initial losses incurred by SinnerSchrader Mobile GmbH. The project has in the meantime been successfully delivered and SinnerSchrader Mobile GmbH reached the break-even point in the third quarter. However, revenue losses incurred by the spot-media agency caused the gap to the previous year's result to widen further in the third quarter of 2011/2012.

Earnings for the Interactive Media segment were reduced by € 0.3 million in comparison to the previous year, as were holding company costs that had not been allocated. In the Media segment, with the development of media agency business stable, it was mainly intensified sales efforts in the adserving business that had a negative effect on earnings in the nine-month period, although the Bigpoint profit and the extremely positive response to the Audience Management product initiative with other major advertisers resulted in initial success as early as in the third quarter. At the holding level, higher costs for the next conference and a change in the invoicing system had an effect within the Group during the financial year, which will lead to a reduction in the fourth quarter in comparison to the previous year.

In contrast, the Interactive Commerce segment significantly improved EBITA in comparison to the previous year by € 0.5 million, thus successfully reducing the current loss situation in the segment as planned.

The SinnerSchrader Group Statement of Operation for the nine-month period shows that the decrease in EBITA in comparison to the previous year, with sales having risen markedly, is due to a decline in the gross margin by 5.5 percentage points. This is mainly associated with the cost overruns in a fixed-price project in the first half-year period and the under-utilisation of productive resources in the Interactive Marketing segment due to revenue losses in the third quarter. Furthermore, especially high-margin business conducted in the Media segment in the first quarter of 2010/2011 could not be repeated in the period of the report.

In contrast, total marketing, administrative, and research and development costs in relation to net revenue were reduced from 25.2 % in the first nine months of 2010/2011 to 24.1 % in the nine-month period of 2011/2012. Marketing costs rose disproportionately, such that the marketing cost rate of 10.4 % in the previous year rose to 11.0 %. By contrast, the administrative cost rate declined by 1.5 percentage points.

In relation to revenue in the nine-month period, slightly less, i.e. 1.5 %, was spent on research and development than in the previous year. The main research and development expenditure in the period of the report came from the further development of the adserving software in the Interactive Media segment. In the two other segments, funds were spent on the development and maintenance of e-commerce frameworks.

Examination of the cost trend in the nine-month period according to cost types shows that after the slowdown in revenue growth in the third quarter, the significant cost types have continued to rise disproportionately. The greatest increase in the revenue share is shown in personnel costs, which rose by 2 percentage points over the previous year and by 1.7 percentage points in comparison with the first half of the year, an indication of the worsening in capacity utilisation that has occurred as a result of the slowdown in growth. The increase in expenditure for procured services, which was still considerable in the half-year period and was mainly related to the completion of the fixed-price project which had got out of control, has normalised again after completion of the project and a utilisation-related reduction in the use of freelancers in the third quarter.

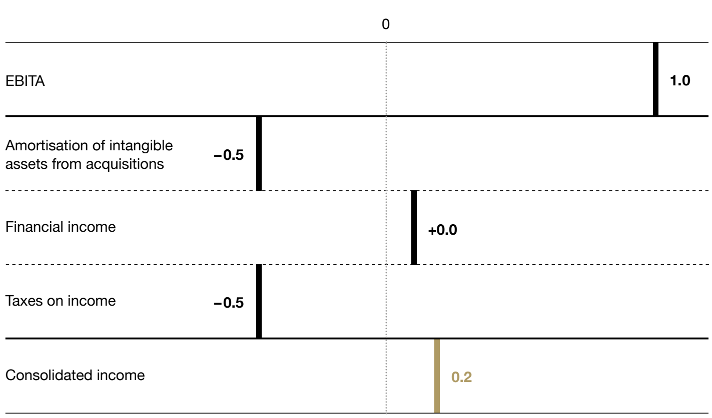
Development of costs by function	9M 2011/2012		9M 2010/2011	
	in € 000s	in %[1]	in € 000s	in %[1]
Costs of sales	19,761	73.9	15,455	68.4
thereof amortisation expenditure	338		263	
Costs of marketing	2,941	11.0	2,346	10.4
thereof amortisation expenditure	131		124	
General and administrative costs	3,103	11.6	2,964	13.1
Research and development costs	408	1.5	376	1.7

[1] As a percentage of net revenues

Development of costs by cost type	9M 2011/2012		9M 2010/2011	
	in € 000s	in %[1]	in € 000s	in %[1]
Personnel expenses	17,357	64.9	14,224	62.9
Costs of materials	381	1.4	176	0.8
Costs of services	3,338	12.5	2,676	11.9
Other operating expenses	4,175	15.6	3,258	14.4
Depreciation	493	1.8	421	2.0
Amortisation of intangible assets from first consolidation	469	1.8	387	1.7

[1] As a percentage of net revenues

RECONCILIATION OF EBITA TO CONSOLIDATED INCOME
in € million for 9M 2011/2012



4.3 Net Income

In the third quarter of 2011/2012, net income amounted to € –0.2 million, and was thus below the comparable value of the previous year, at around € 0.3 million, in line with EBITA. Overall net income is calculated at just under € 0.2 million for the first nine months of 2011/2012.

The development of EBITA and net income was also virtually parallel over the nine-month period, since almost the entire decrease in EBITA in the amount of € 1.0 million for the nine-month period, i.e. € 0.9 million, had an effect on the development of net income. A substantial reason for this was the fact that in the first nine months of the current financial year as well, losses did not have any effect on taxes, since the Group structure had remained unchanged. This meant that the tax burden in absolute terms was reduced extremely disproportionately in comparison to the previous year, in spite of a marked decrease in the earnings before tax reported in the consolidated financial statement.

The increase in amortisation costs in the first nine months in comparison to the previous year was partly offset by the increase in financial income. Due to the takeovers carried out in January, February and May 2011, amortisation costs rose in the nine-month period by just under € 0.08 million, while financial income was higher than in the comparable period of the previous year by € 0.02 million. Financial income was positively influenced in the amount of € 0.05 million by the reduction in an estimated earn-out payment which was to be posted in recognition of profit or loss according to the relevant IFRS standard.

SinnerSchrader thus earned a per share income of just under € 0.02 in the first nine months of 2011/2012, after € 0.10 in the nine-month period of 2010/2011.

4.4 Cash Flows

Cash flows for the SinnerSchrader Group were virtually balanced out in the third quarter of 2011/2012. An inflow of funds from operational activities in the amount of around € 0.2 million was matched by investments in tangible and intangible assets of € 0.3 million, with the effect that the amount of liquid funds and securities only decreased by € 0.1 million to € 5.2 million in comparison to the end of the previous quarter.

The fact that operating cash flow in the quarter of the report was still slightly positive despite the consolidated loss was the result of non-cash expenses from depreciation and allocations to reserves and of a further reduction in the aggregate of accounts receivable and unbilled services.

At € 0.3 million, investment expenditure in the quarter of the report was at a comparatively high level, since, among other things, the spot-media Group moved into new office premises in Hamburg in the quarter.

Not least due to a reduction of around € 0.6 million in the outstanding amounts for services rendered, the inflow of funds from operational activities totalled € 1.7 million in the nine-month period. In the comparable period of the previous year, the inflow of funds from operational activities amounted to only € 0.2 million.

This inflow in the first nine months of 2011/2012 was not quite sufficient to cover the investment expenditure and the outflows of funds for the dividend payment and the buyback of shares, with the effect that the liquidity reserve was reduced by € 0.6 million in this period in comparison to the liquidity reserve as at 31 August 2011. In the comparable period of the previous year, the outflow of liquid funds, at € 2.5 million, clearly exceeded this amount, since, in addition to the considerably weaker operating cash flow, investment expenditure in the 2010/2011 nine-month period was also far higher at € 1.8 million, due to acquisitions, than in the current period of the report at € 1.0 million.

4.5 Balance Sheet

As at the end of the first half-year, the Balance Sheet at the end of the first nine months of the 2011/2012 financial year on 31 May 2012 showed that expansion of the business volume is not accompanied by a proportional expansion of the Balance Sheet. In contrast, the balance sheet total on 31 May 2012 diminished against the equivalent figure on 31 August 2011 by just under € 1.6 million. The main drivers on the asset side are the decrease in the liquidity reserve from cash funds and securities of around € 0.6 million, the reduction in outstanding items with customers from billed and unbilled services, despite strong revenue growth, likewise at just under € 0.6 million, and the reduction in other intangible assets, mainly obtained by acquisitions, through amortisations in the amount of just under € 0.5 million

This is matched on the liabilities side by a decrease in assets, a reduction in current liabilities in the amount of a good € 0.6 million – among other things as a result of paying earn-out obligations in the amount of just under € 0.3 million – and a decrease in equity capital of a good € 1.0 million. This decline in equity capital is the result of the dividend payment made in December 2011 in the amount of € 1.1 million and the buyback of shares in the period up to February 2012, which consumed € 0.1 million in equity. This is offset by net income of € 0.2 million from the first nine months.

Since the reduction in equity capital was approximately proportional to the reduction in the balance sheet total, the change in the shareholders' equity rate was only minor, at 58.8 % on 31 May 2012, compared to just under 59.4 % on 31 August 2011.

4.6 Employees

In the third quarter of 2011/2012, which was characterised by a marked slowdown in revenue development, the number of employees in the SinnerSchrader Group has not changed in comparison to 29 February 2012. On 31 May 2012, there were still 431 employees in the SinnerSchrader Group. Based on the status as at 31 August 2011, the number of employees thus rose by 31 in the nine-month period. This increase was moderate in comparison to the growth of the business volume in the nine-month period, in particular because the capacity expansion in the previous year – among other things also due to the acquisitions carried out in January, February and May 2011 – had been made with a view to further growth in the current financial year. One year previously, on 31 May 2011, there were 396 employees in the SinnerSchrader Group.

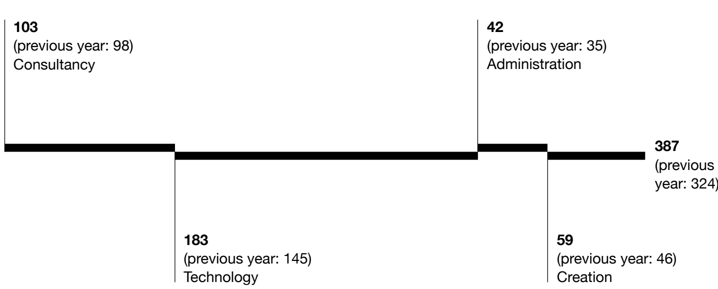
On 31 May 2012, 332 employees worked in the Interactive Marketing segment, 32 worked in the Interactive Media segment, and another 33 employees worked in the Interactive Commerce segment. Furthermore, there were 34 employees in the holding company. Of the 431 employees, 13 were in training and 50 were working in the Group as students, interns or students writing their thesis.

After standardisation of part-time employment relationships and calculated as an average over the period of the report, in the first nine months of 2011/2012, SinnerSchrader had a personnel capacity of around 387 full-time employees. The capacity thus exceeded the comparative value of the previous year by 63 full-time employees. This corresponds to an increase in the number of employees of around 20 %, thus slightly exceeding the net revenue growth rate. The real net output per employee correspondingly fell slightly in comparison to the previous year.

The personnel capacity was spread as 299, 30, 30 and 28 full-time employees over the Interactive Marketing, Interactive Media and Interactive Commerce segments and the holding company, respectively.

Broken down according to areas of expertise, 103 full-time employees were assigned to consulting (including media planning), 183 to technology, 59 to design, and 42 to administrative activities. In comparison to the previous year, capacity rose by 5, 38 and 13 full-time employees in consulting, technology and design, respectively. A further 7 employees were added in the administrative area. The strong growth in the area of technology is related to the acquisitions carried out in 2011, which mainly brought technical employees into the Group.

EMPLOYEE STRUCTURE ACCORDING TO AREAS
in number of full-time employees for 9M 2011/2012



previous year = 9M 2010/2011

05 RISKS AND OPPORTUNITIES

With respect to risk management at SinnerSchrader and the main risks and opportunities in particular, there were no major changes in the third quarter of 2011/2012 in comparison to the situation outlined in the 2010/2011 Annual Report. There are still no identifiable risks that could endanger the existence of the SinnerSchrader Group or SinnerSchrader AG.

06 MAJOR EVENTS AFTER THE BALANCE SHEET DATE

Due to the declining revenue in the spot-media Group, personnel capacity was reduced by around 20 % in June 2012 through employment terminations for operational reasons. Furthermore, it was decided to merge the spot-media Group and next commerce GmbH in the second half of 2012 in order to pool the e-commerce service expertise of the two companies.

07 OUTLOOK

The unexpected reduction in orders placed with the spot-media agency in the third quarter of 2011/2012 has significantly changed the outlook for the 2011/2012 financial year.

Considerable difficulties with a SinnerSchrader agency fixed-price project in the first half of 2011/2012 had already given rise to the risk that the original profit predictions – EBITA of € 3.25 million and net income of € 1.7 million – would not be achieved. The significant loss in revenue for the spot-media agency in the third quarter of 2011/2012, which will continue in the fourth quarter and of which only a small part can be absorbed through fast cost cuts, now makes it impossible to achieve the profits predicted.

With respect to the development of the spot-media business, subsequent to the end of the quarter of the report, the management quickly worked out a concept to adjust personnel capacity and implemented it in June 2012 in order to be able to achieve a balanced result despite reduced revenue at the latest at the beginning of the new 2012/2013 financial year. This means that, in the fourth quarter, the current financial year will be additionally burdened by one-off costs for restructuring measures expected to amount to € 0.3 million. SinnerSchrader has furthermore decided to merge the two e-commerce service units in the Group – the spot-media Group and next commerce GmbH – in order to pool available expertise and benefit from synergies in terms of sales and costs in the medium term.

Despite the negative effect arising from the spot-media Group, SinnerSchrader expects the revenue volume for the fourth quarter to be above € 9 million again and operating results to be clearly positive. Depending on the success of individual business initiatives, there is a chance of achieving positive earnings again in the fourth quarter of 2011/2012.

For the year as a whole, SinnerSchrader now assumes that EBITA will be in a corridor between € 1.3 million and € 2.0 million, and that consolidated income will be positive. Despite the spot-media Group losses, revenue is likely to exceed the forecast of € 35.5 million.

02

CONSOLIDATED QUARTERLY REPORT OF SINNERSCHRADER AG

CONSOLIDATED BALANCE SHEETS AS OF 31 MAY 2012

Assets in €	**31.05.2012**	31.08.2011
Current assets:		
Liquid funds	3,660,205	3,710,941
Marketable securities	1,502,048	2,031,999
Cash and cash equivalents	**5,162,253**	**5,742,940**
Accounts receivable, net of allowances for doubtful accounts of € 264,157 and € 277,607 at 31.05.2012 and 31.08.2011, respectively	5,667,729	7,925,784
Unbilled revenues	2,822,418	1,127,337
Tax receivables	46,361	75,205
Other current assets and prepaid expenses	514,663	652,916
Total current assets	**14,213,424**	**15,524,182**
Non-current assets:		
Goodwill	4,381,513	4,362,056
Other intangible assets	624,347	1,087,263
Property and equipment	1,339,361	1,123,929
Tax receivables	129,174	149,470
Total non-current assets	**6,474,395**	**6,722,718**
Total assets	**20,687,819**	**22,246,900**

Liabilities and shareholders' equity in €	**31.05.2012**	31.08.2011
Current liabilities:		
Trade accounts payable	2,511,920	2,572,823
Advance payments received	748,994	766,543
Accrued expenses	3,597,674	3,055,633
Tax liabilities	468,960	620,208
Other current liabilities and deferred income	446,884	1,290,946
Total current liabilities	**7,774,432**	**8,306,153**
Non-current liabilities:		
Financial liabilities	293,608	363,866
Deferred tax liabilities	447,682	374,057
Total non-current liabilities	**741,290**	**737,923**
Shareholders' equity:		
Subscribed capital		
Common stock, stated value € 1, issued: 11,542,764 and 11,542,764, outstanding: 11,210,969 and 11,269,013 at 31.05.2012 and 31.08.2011, respectively	11,542,764	11,542,764
Treasury stock, 331,795 and 273,751 at 31.05.2012 and 31.08.2011, respectively	-578,014	-452,131
Additional paid-in capital	3,669,974	3,669,974
Reserves for share-based compensation	202,780	171,187
Accumulated deficit (incl. revenue reserves)	-2,690,908	-1,749,646
Changes in shareholders' equity not affecting net income	25,501	20,676
Total shareholders' equity	**12,172,097**	**13,202,824**
Total liabilities and shareholders' equity	**20,687,819**	**22,246,900**

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

CONSOLIDATED STATEMENTS OF OPERATIONS FROM 1 SEPTEMBER 2011 TO 31 MAY 2012

in €	Q3 2011/2012	Q3 2010/2011	9M 2011/2012	9M 2010/2011
Gross revenues	**9,480,372**	**9,121,460**	**30,962,867**	**27,069,035**
Media costs	-1,112,260	-1,342,193	-4,225,336	-4,469,071
Total revenues, net	**8,368,112**	**7,779,267**	**26,737,531**	**22,599,964**
Cost of revenues	-6,399,226	-5,555,486	-19,760,596	-15,454,772
Gross profit	**1,968,886**	**2,223,781**	**6,976,935**	**7,145,192**
Selling and marketing expenses	-1,083,175	-992,246	-2,941,464	-2,346,052
General and administrative expenses	-956,151	-1,041,329	-3,102,954	-2,964,368
Research and development expenses	-141,964	-175,728	-408,544	-376,402
Operating income	**-212,404**	**14,478**	**523,973**	**1,458,370**
Other income	1,389	126,619	44,989	147,263
Other expenses	-1,482	-6,979	-18,780	-9,074
Financial income	16,055	31,861	48,787	91,525
Financial expenses	-2,120	-938	-8,814	-23,060
Remaining Financial income	–	–	52,780	–
Income before provision for income tax	**-198,562**	**165,041**	**642,935**	**1,665,024**
Income tax	-17,656	-72,384	-462,906	-570,713
Net income	**-216,218**	**92,657**	**180,029**	**1,094,311**
Net income per share (basic)	-0.02	0.01	0.02	0.10
Net income per share (diluted)	-0.02	0.01	0.02	0.10
Weighted average shares outstanding (basic)	11,210,969	11,203,757	11,217,254	11,191,859
Weighted average shares outstanding (diluted)	11,224,105	11,244,523	11,232,808	11,216,847

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FROM 1 SEPTEMBER 2011 TO 31 MAY 2012

in €	Q3 2011/2012	Q3 2010/2011	9M 2011/2012	9M 2010/2011
Net income	**-216,218**	**92,657**	**180,029**	**1,094,311**
Other comprehensive income				
Foreign currency translation adjustment	-10	3	-29	16
Change in fair value of available-for-sale financial instruments	-1,724	8,519	7,167	14,028
Taxes on income recognised directly in shareholders' equity	556	-2,749	-2,313	-4,527
Changes in shareholders' equity not affecting net income	**-1,178**	**5,772**	**4,825**	**9,517**
Consolidated comprehensive income	**-217,396**	**98,429**	**184,854**	**1,103,828**

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY FROM 1 SEPTEMBER 2011 TO 31 MAY 2012

in €	Number of shares outstanding	Common stock	Treasury stock
Balance at 31.08.2010	**11,181,819**	**11,542,764**	**-596,142**
Comprehensive income	–	–	–
Disbursed dividend	–	–	–
Deferred compensation	–	–	–
Re-issuance of treasury stock	87,194	–	144,011
Balance at 31.05.2011	**11,269,013**	**11,542,764**	**-452,131**
Balance at 31.08.2011	**11,269,013**	**11,542,764**	**-452,131**
Comprehensive income	–	–	–
Disbursed dividend	–	–	–
Deferred compensation	–	–	–
Purchase of treasury stock	-58,044	–	-125,883
Balance at 31.05.2012	**11,210,969**	**11,542,764**	**-578,014**

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

	Additional paid-in capital	Reserves for share-based compensation	Retained earnings/losses	Changes in shareholders' equity not affecting net income	Total shareholders' equity
	-3,599,444	**141,259**	**-2,132,749**	**21,129**	**12,575,705**
	–	–	1,094,311	9,517	1,103,828
	–	–	-895,202	–	-895,202
	–	21,130	–	–	21,130
	70,530	–	–	–	214,541
	3,669,974	**162,389**	**-1,933,640**	**30,646**	**13,020,002**
	3,669,974	**171,187**	**-1,749,646**	**20,676**	**13,202,824**
	–	–	180,029	4,825	184,854
	–	–	-1,121,291	–	-1,121,291
	–	31,593	–	–	31,593
	–	–	–	–	-125,883
	3,669,974	**202,780**	**-2,690,908**	**25,501**	**12,172,097**

CONSOLIDATED STATEMENTS OF CASH FLOWS FROM 1 SEPTEMBER 2011 TO 31 MAY 2012

in €	**9M 2011/2012**	9M 2010/2011
Cash flows from operating activities:		
Net income	180,029	1,094,311
Adjustments to reconcile net income to net cash used in operating activities:		
Amortisation of intangible assets	468,650	386,512
Depreciation of property and equipment	493,325	421,113
Share-based compensation	31,593	21,130
Bad debt expenses	-13,450	–
Gains/losses on the disposal of fixed assets	2,395	-118
Deferred tax provision	71,311	113,304
Changes in assets and liabilities:		
Accounts receivable	2,271,505	-430,351
Unbilled revenues	-1,695,081	1,540,763
Tax receivables	49,140	20,204
Other current assets	175,372	-627,582
Accounts payable, deferred revenues and other liabilities	-738,312	670,752
Tax liabilities	-151,248	-447,126
Other accrued expenses	542,041	489,527
Net cash provided by (used in) operating activities	**1,687,270**	**170,913**

in €	9M 2011/2012	9M 2010/2011
Cash flows from investing activities:		
Acquisition of subsidiary companies less acquired liquid funds	–	-916,388
Purchase price payments for acquisition of subsidiary companies in previous years	-273,917	-388,713
Purchase of property and equipment	-718,822	-504,823
Proceeds from sale of equipment	1,936	1,309
Additions of marketable securities	-500,000	-1,000,000
Proceeds from the disposal of marketable securities	1,000,000	2,800,000
Net cash provided by (used in) investing activities	**-490,803**	**-8,615**
Cash flows from financing activities:		
Payment to shareholders	-1,121,291	-895,202
Payment for treasury stock	-125,883	–
Incoming payment for treasury stock	–	17,056
Net cash provided by (used in) financing activities	**-1,247,174**	**-878,146**
Net effect of rate changes on cash and cash equivalents	-29	16
Net increase/decrease in cash and cash equivalents	**-50,736**	**-715,832**
Cash and cash equivalents at beginning of period	3,710,941	2,246,227
Cash and cash equivalents at end of period	3,660,205	1,530,395
thereof back-up of bank guarantees	443,730	716,857
For information only, contained in cash flows from operating activities:		
Interest payment received	45,340	87,578
Paid interest	-4,503	-15,025

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

03

NOTES
OF SINNERSCHRADER AG

01 GENERAL FOUNDATIONS

The Consolidated Interim Financial Statements as of 31 May 2012 of SinnerSchrader Aktiengesellschaft ("Sinner-Schrader AG" or "AG") and its subsidiaries ("SinnerSchrader Group", "SinnerSchrader", or "Group") for the first nine months and the third quarter of the 2011/2012 financial year from 1 September 2011 and 1 March 2012, respectively, to 31 May 2012 were prepared according to the International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board ("IASB") in force on the report date, taking account of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and in compliance with the standard for interim financial reports specified by DRS 16 of the German Accounting Standards. They were not subject to auditing and should be read in conjunction with the Consolidated Financial Statements of SinnerSchrader AG as of 31 August 2011.

The accounting, valuation, and consolidation principles of the Quarterly Report at hand are unchanged from the Group's Consolidated Financial Statements as of 31 August 2011. They are disclosed and explained in the Group's Consolidated Financial Statements as of 31 August 2011, which are published in the 2010/2011 Annual Report.

02 CONSOLIDATION GROUP

The consolidation group as of 31 May 2012 had not changed in comparison to 31 August 2011 and consisted of SinnerSchrader AG as well as the following direct and indirect subsidiaries of the AG, each of which is fully consolidated:

1. SinnerSchrader Deutschland GmbH, Hamburg, Germany
2. spot-media AG, Hamburg, Germany
3. spot-media consulting GmbH, Hamburg, Germany
4. NEXT AUDIENCE GmbH, Hamburg, Germany (previously newtention technologies GmbH)
5. newtention services GmbH, Hamburg, Germany
6. next commerce GmbH, Hamburg, Germany
7. mediaby GmbH, Hamburg, Germany
8. SinnerSchrader Mobile GmbH, Berlin, Germany
9. SinnerSchrader UK Ltd., London, Great Britain
10. SinnerSchrader Benelux BV, Rotterdam, the Netherlands

In the 2010/2011 financial year, SinnerSchrader Mobile GmbH in Berlin (until 17 May 2011: TIC-mobile GmbH), the business operations of spot-media consulting GmbH in Berlin (until 1 January 2011: Maris Consulting GmbH) and next commerce GmbH in Hanover (until 1 February 2011: Visions new media GmbH) did not contribute to the revenue and profits for the full period of the report in the comparable period up to 31 May 2011.

Assuming that SinnerSchrader Mobile GmbH and the Berlin business operations of spot-media consulting GmbH had already been part of the Group since 1 September 2010, Table 1 shows the comparison of the key operating figures of the reporting period with respect to the previous year:

Table 1 | Previous year comparative figures pro forma in € 000s

	9M 2011/2012	9M 2010/2011 pro forma
Gross revenues	30,963	28,121
Total revenues, net	26,738	23,652
EBITA	1,019	1,648

Key data for the period from 1 September 2010 to the time of purchase on 1 February 2011 could not be determined for the business operations of next commerce GmbH in Hanover because of the insolvency of Visions new media GmbH.

spot-media Group

As part of the acquisition of spot-media AG by SinnerSchrader AG and the takeover of the business operations of Maris Consulting GmbH by spot-media consulting GmbH, earn-out agreements were concluded to provide for payment of the purchase price in several tranches dependent on the business development of the respective unit (revenue and EBIT).

The final purchase price tranche in the amount of € 160,000 and € 114,000, respectively, was paid for the two acquisitions in the second quarter of 2011/2012. The tranches were both below the estimates on which entry in the balance sheet was based.

Different purchase dates, i.e. February 2008 for spot-media AG and January 2011 for the business operations of Maris Consulting GmbH, required that the estimate shortfalls be treated differently. For the acquisition of spot-media AG, falling short of estimates under IFRS 3 (to be applied up to the 2009/2010 financial year) resulted in an impairment to recognised goodwill in the amount of € 26,000. Under the revised IFRS 3, the estimate shortfall was to be posted in recognition of profit or loss for the acquisition of the business operations of Maris Consulting GmbH, and resulted in financial income in the amount of € 53,000 in the second quarter of 2011/2012.

03 SEGMENT REPORTING

SinnerSchrader still breaks down its business into the three business segments Interactive Marketing, Interactive Media, and Interactive Commerce. The Interactive Marketing segment is formed by SinnerSchrader Deutschland GmbH as well as the spot-media Group and SinnerSchrader Mobile GmbH. mediaby GmbH and the newtention Group are brought together in the Interactive Media segment. next commerce GmbH forms the Interactive Commerce segment.

Accounting for the individual segments follows the accounting principles that are also used in the Group. Administrative costs incurred in SinnerSchrader AG are charged to the operative segments, where they can be assigned. Costs that cannot be assigned are not distributed to the segments – these are largely costs for original holding tasks, such as investor relations work.

Table 2a shows the segment information for the first nine months of the 2011/2012 financial year, whereas the comparative data of the previous year can be seen in Table 2b:

Table 2a | Segment information for the first nine months of 2011/2012 in € and number

01.09.2011– 31.05.2012	Interactive Marketing	Interactive Media	Interactive Commerce	Sum segments	Holding/ consolidation	Group
External revenues	22,842,196	6,264,923	1,855,748	30,962,867	–	30,962,867
Internal revenues	151,834	112,412	4,640	268,886	-268,886	–
Gross revenues	22,994,030	6,377,335	1,860,388	31,231,753	-268,886	30,962,867
Media costs	–	-4,225,336	–	-4,225,336	–	-4,225,336
Total revenues, net	**22,994,030**	**2,151,999**	**1,860,388**	**27,006,417**	**-268,886**	**26,737,531**
Segment income (EBITA)	**1,871,298**	**-154,884**	**-51,784**	**1,664,630**	**-645,798**	**1,018,832**
Employees, end of period	332	32	33	397	34	431

Table 2b | Segment information for the first nine months of 2010/2011 in € and number

01.09.2010– 28.02.2011	Interactive Marketing	Interactive Media	Interactive Commerce	Sum segments	Holding/ consolidation	Group
External revenues	19,700,245	6,275,330	1,093,460	27,069,035	–	27,069,035
Internal revenues	336,989	106,908	–	443,897	-443,897	–
Gross revenues	20,037,234	6,382,238	1,093,460	27,512,932	-443,897	27,069,035
Media costs	–	-4,469,071	–	-4,469,071	–	-4,469,071
Total revenues, net	**20,037,234**	**1,913,167**	**1,093,460**	**23,043,861**	**-443,897**	**22,599,964**
Segment income (EBITA)	**2,671,932**	**182,804**	**-570,023**	**2,284,712**	**-301,641**	**1,983,071**
Employees, end of period	312	26	25	363	33	369

Table 2c explains the transfer of the total of the segment earnings to the pre-tax earnings of the Group for the period from 1 September 2011 to 31 May 2012 and for the comparable period of the previous year:

Table 2c | Reconciliation of segment income to income before taxes of the Group in €

	9M 2011/2012	9M 2010/2011
Segment income (EBITA) all reporting segments	1,664,630	2,284,712
Central costs not passed on to segments	-645,798	-301,641
EBITA of the Group	1,018,832	-1,983,071
Amortisation of intangible assets from first consolidation	-468,650	-386,512
Financial income of the Group	92,753	68,465
Income before taxes of the Group	642,935	1,665,024

SinnerSchrader revenues were all earned by Group companies based in Germany.

04 BREAKDOWN OF EXPENSES ACCORDING TO THE TOTAL COST METHOD

The total revenues, marketing, administrative, and research and development costs in the first nine months of the 2011/2012 and 2010/2011 financial years were broken down according to cost types, as shown in Table 3:

Table 3 | Operating costs by cost type in €

	9M 2011/2012	9M 2010/2011
Personnel expenses	17,357,499	14,223,349
Costs of materials	381,110	176,246
Costs of services	3,337,997	2,676,117
Depreciation of property and equipment, as far as not from first consolidation	493,325	421,113
Other operating expenses	4,174,977	3,258,257
Amortisation of intangible assets from first consolidation	468,650	386,512
Total	**26,213,558**	**21,141,594**

05 TAXES FROM INCOME AND FROM EARNINGS

The taxes reported in the Statements of Operations from income and from earnings are made up of current and deferred components, as shown in Table 4:

Table 4 | Income tax in €

	9M 2011/2012	9M 2010/2011
Current	391,595	457,409
Deferred	71,311	113,304
Total	**462,906**	**570,713**

In the first nine months of the 2011/2012 financial year, current taxes in the amount of around € 392,000 were incurred (previous year: € 457,000). Deferred taxes were to be formed according to IAS 12 in the amount of around € 71,000 due to temporary differences between the book values in the Consolidated Balance Sheets and the tax assumptions in the Statement of Operations. In the comparable period of the previous year, deferred taxes amounted to around € 113,000.

06 SECURITIES

As of 31 May 2012, the total of securities fell by € 530,000 in comparison to 31 August 2011. It was still made up of corporate loans and bearer bonds of solvent companies and banks with good credit ratings (investment grade) with remaining terms to the balance sheet date of 2 to 21 months.

The securities can be sold at any time and are used to cover the short-term finance needs. In agreement with IAS 39, SinnerSchrader has qualified these securities as "available for sale" and thus evaluated them at their market value. Provided that they are not to be qualified as permanent, the unrealised profits or losses accounted for by these securities as of the balance sheet date are recorded in the Consolidated Statements of Comprehensive Income in the item "Changes in shareholders' equity not affecting net income", taking account of the taxes due on them.

Table 5 shows the total of securities and the unrealised profits and losses accounted for by them due to the market valuation as of 31 May 2012 and the distribution of the time to maturity:

Table 5 | Marketable securities in €

Remaining term as of 31.05.2012	Acquisition cost	Amortisation of acquisition cost	Unrealised gains	Unrealised losses	Book value as of 31.05.2012	Book value as of 31.08.2011
Less than 1 year	1,000,000	1,411	637	–	1,002,048	1,016,470
1 to 5 years	500,000	–	–	–	500,000	1,015,529
Marketable securities, total	**1,500,000**	**1,411**	**637**	**–**	**1,502,048**	**2,031,999**

07 FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

The contingencies and other financial obligations as of 31 May 2012 were largely unchanged compared to the Consolidated Financial Statements as of 31 August 2011.

08 TREASURY STOCK

As of 31 May 2012, the treasury stock of SinnerSchrader AG amounted to 331,795 shares with a calculated face value of € 331,795, representing 2.87 % of the share capital. As of 31 August 2011, SinnerSchrader AG held 273,751 shares of treasury stock representing 2.37 % of the share capital. In the first nine months of the 2011/2012 financial year, 58,044 shares of treasury stock were acquired for an average of € 2.17 per share.

The purchase price of the 331,795 shares of treasury stock held by SinnerSchrader AG as of 31 May 2012 was posted in the Balance Sheet at € 578,014, or an average of € 1.74 per share.

09 STOCK OPTION PLANS

With resolutions of the Annual General Meetings of December 2000 and January 2007, SinnerSchrader AG created the SinnerSchrader Stock Option Plan 2000 and the SinnerSchrader Stock Option Plan 2007, along with the necessary conditional capital of € 375,000 and € 600,000, respectively. Detailed information on these stock option plans can be found in the Notes to the Consolidated Financial Statements as of 31 August 2011.

In the first nine months of the 2011/2012 financial year, 135,000 share options from the Stock Option Plan 2007 were newly allocated at an average exercise price of € 2.22. In the first nine months of the 2011/2012 financial year, 30,167 share options from the Stock Option Plan 2000 expired at an average exercise price of € 2.08.

As of 31 May 2012, 545,000 employee options from the Stock Option Plan 2007 were still outstanding with a weighted average exercise price of € 1.95. These employee options were assigned to members of the Management Board of the parent company and to members of the management of subsidiaries.

Table 6a shows the parameters used to assess the newly allocated options in the 2011/2012 financial year on the basis of a binomial model according to Cox/Ross/Rubenstein:

Table 6a | Parameters for valuation of stock options at the date of issue

	9M 2011/2012
Expected life of option	3.5–5.5 years
Risk-free interest rate	1.60 %
Expected dividend yield	5 %
Expected volatility	36–38 %
Exercise price	€ 2.22
Price at valuation date	€ 2.15

Table 6b shows the changes in the number of options outstanding from the 2000 Plan and the 2007 Plan in the first nine months of the 2011/2012 financial year:

Table 6b | Outstanding stock options in number and €

	Number of options	Weighted average exercise price
Outstanding at 31 August 2011	**400,167**	**1.87**
Granted	135,000	2.22
Exercised	–	–
Cancelled	–	–
Expired	-30,167	2.08
Outstanding at 31 May 2012	**545,000**	**1.95**

IFRS 2 prescribes income-affecting entry in the balance sheet of costs resulting from the issue of employee options on the basis of the current value. The market value of the option on the issue date should be distributed over the waiting period for exercising the option and then proportionately entered in the Statements of Operations as personnel costs for the relevant period. The costs are recorded against the shareholders' equity in the reserve for share-based compensation. In the first nine months of the 2011/2012 financial year, the costs to be taken into account amounted to € 31,593, compared to € 21,130 in the comparable period of 2010/2011.

10 DIVIDEND

On 15 December 2011, the Annual General Meeting of SinnerSchrader AG decided, on the proposal of the Management Board and the Supervisory Board, to pay a dividend in the amount of € 0.10 per share from the balance sheet profit of the Annual Report as of 31 August 2011. Accordingly, on 16 December 2011 a sum in the amount of € 1,121,291 was paid out to the shareholders; the liquid funds and the shareholders' equity were reduced by this amount.

11 RELATED PARTY TRANSACTIONS

In the first nine months of the 2011/2012 and 2010/2011 financial years, SinnerSchrader earned revenues in the amount of € 5,684,304 and € 5,939,802, respectively, with companies in which members of the SinnerSchrader Supervisory Board held positions relevant to decision-making.

In April 2011, SinnerSchrader AG granted CEO Matthias Schrader a short-term loan in the amount of € 100,000. Interest on the loan was charged at standard market rates and the loan had to be paid back by 31 December 2011. As security, Mr Schrader assigned all his dividend claims from the shares he holds in SinnerSchrader AG and his claims to variable pay including fees. The loan was repaid on 30 December 2011.

12 MAJOR EVENTS AFTER THE BALANCE SHEET DATE

With respect to events which occurred after the interim period from 1 September 2011 to 31 March 2012, we refer to the information contained in Section 6 of the Status Report.

13 DIRECTORS' HOLDINGS OF SHARES AND SUBSCRIPTION RIGHTS TO SHARES ("DIRECTORS' DEALINGS")

The following Table 7 shows the number of shares and subscription rights to shares of SinnerSchrader AG held by Board members of SinnerSchrader AG as of 31 August 2011 and their changes in the first nine months of the 2011/2012 financial year:

Table 7 | Shares and options of the Board members in number

Shares	31.08.2011	Additions	Disposals	31.05.2012
Management Board:				
Matthias Schrader	2,455,175	–	–	2,455,175
Thomas Dyckhoff	74,950	–	–	74,950
Total shares of the Management Board	**2,530,125**	**–**	**–**	**2,530,125**
Supervisory Board:				
Dieter Heyde	–	–	–	–
Prof. Cyrus D. Khazaeli	–	–	–	–
Philip W. Seitz	–	–	–	–
Total shares of the Supervisory Board	**–**	**–**	**–**	**–**
Total shares of the Board members	**2,530,125**	**–**	**–**	**2,530,125**

Options	31.08.2011	Additions	Disposals	31.05.2012
Management Board:				
Matthias Schrader	–	–	–	–
Thomas Dyckhoff	120,000	–	–	120,000
Total options of the Management Board	**120,000**	**–**	**–**	**120,000**
Supervisory Board:				
Dieter Heyde	–	–	–	–
Prof. Cyrus D. Khazaeli	–	–	–	–
Philip W. Seitz	–	–	–	–
Total options of the Supervisory Board	**–**	**–**	**–**	**–**
Total options of the Board members	**120,000**	**–**	**–**	**120,000**

14 RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the Quarterly Financial Report of the SinnerSchrader Group gives a true and fair view of the asset, financial, and income situation of the Group, and the Interim Status Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principle opportunities and risks associated with the expected development of the Group.

Hamburg, 11 July 2012
The Management Board

Matthias Schrader | Thomas Dyckhoff

EVENTS & CONTACT INFORMATION

Financial Calendar 2011/2012

Announcement of preliminary figures for the 2011/2012 financial year	October 2012
Annual Report 2011/2012	November 2012
Annual General Meeting 2011/2012	December 2012

Conference Calendar 2011/2012

JSConf EU 2012	October 2012

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