SINNERSCHRADER GROUP

ANNUAL REPORT 2012/2013

WHAT'S NEXT

WHAT'S NEXT

SINNERSCHRADER GROUP

SINNERSCHRADER	Radical Relationships
SINNERSCHRADER MOBILE	Full-service Mobile Agency
COMMERCE PLUS	E-commerce Agency
MEDIABY	Data-driven Relationships
NEXT AUDIENCE	Your Data. Your Audience

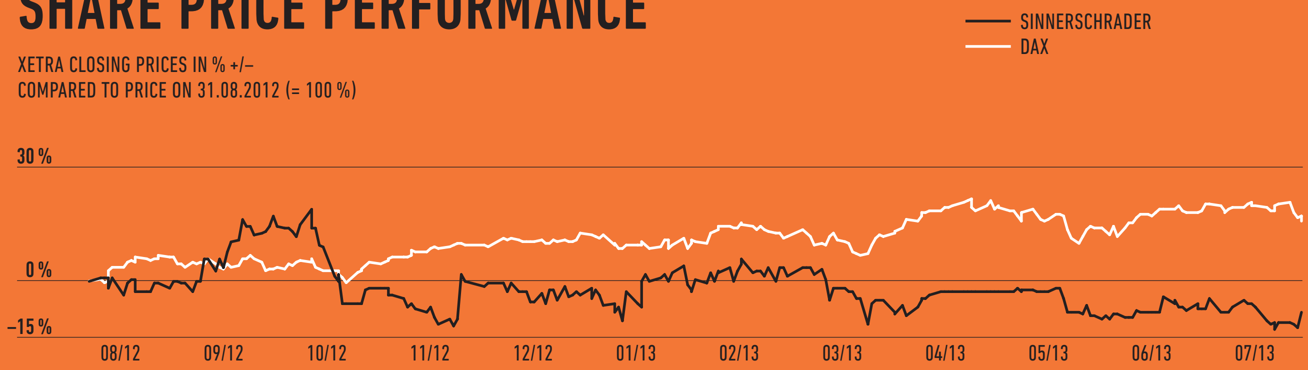
KEY FIGURES OF THE SINNERSCHRADER GROUP

		2012/2013	2011/2012	CHANGE
Net revenues	€ 000s	36,401	35,984	+1 %
EBITA	€ 000s	681	1,627	–58 %
Relation of the EBITA to net revenues (operating margin)	%	1.9	4.5	–58 %
Net income attributable to the shareholders of SinnerSchrader AG	€ 000s	1	157	–99 %
Net income per share	€	0.00	0.01	–99 %
Cash flows from operating activities	€ 000s	2,439	2,094	+16 %
Employees, full-time equivalents	number	406	388	+5 %

		31.08.2013	31.08.2012	CHANGE
Liquid funds and securities	€ 000s	5,949	5,197	+14%
Shareholders' equity	€ 000s	12,047	12,133	–1 %
Shareholders' equity rate	%	52	57	–9 %
Employees, end of period	number	451	420	+7 %

SINNERSCHRADER SHARE PRICE PERFORMANCE

XETRA CLOSING PRICES IN % +/–
COMPARED TO PRICE ON 31.08.2012 (= 100 %)



SINNERSCHRADER GROUP
ANNUAL REPORT 2012/2013

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#next13

MATTHIAS SCHRADER

CEO of SinnerSchrader

The digital revolution is not over. Twenty years after the Internet got a user-friendly face in the form of the Mosaic web browser, developed by then-student Marc Andreessen, the net is now omnipresent and is penetrating ever more areas of our lives.

This infrastructure is the operating system on which new digital business models and start-ups are based. At an ever-increasing pace, they are developing innovations to challenge the existing markets and players. Nothing is the same as it once was. Commerce, banks, insurance, tourism, entertainment, brand manufacturers – every sector is having to change rapidly. Standing still is not an option.

But what is to be done? What will stay? And, even more importantly, what is just a fashionable trend? What does digital transformation mean for my business? Very specifically and without any airy-fairy PowerPoint charts?

To answer these questions we have been organising the annual NEXT Conference since 2006. NEXT has now developed from a relatively limited client event into one of the leading conferences for the digital industry in Germany. In spring 2013 around 2,000 participants met in Berlin to discuss the challenges of the digital revolution with around 150 international speakers.

We have interviewed some of these high-profile personalities, from a presidential advisor to tech enthusiasts, brand experts and entrepreneurs. They explain what is on their minds, the trends that they can see and the strategies a company has to develop to be on the right side in this revolution.

THE MOST IMPORTANT LESSON: THE DIGITAL REVOLUTION IS NOT OVER. IT HAS ONLY JUST BEGUN.

WHAT'S NEXT?
NEXTBERLIN.EU

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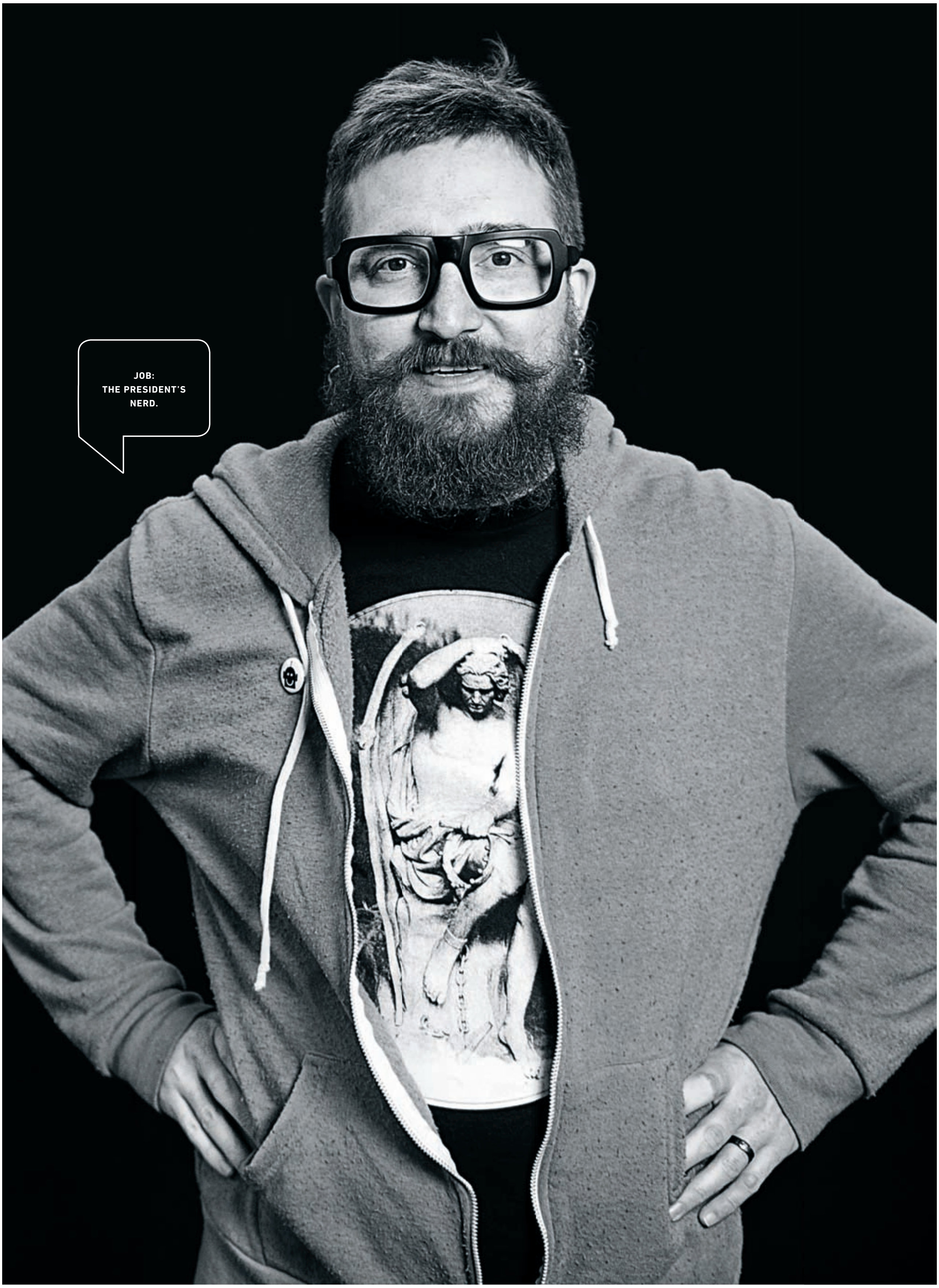
BEST YET OME.

"IN 2020 AROUND 50 BILLION DEVICES WILL BE ONLINE – SEVEN TIMES AS MANY AS THE NUMBER OF PEOPLE ON THE PLANET."

As Managing Director at Telefónica, PETER RAMPLING is responsible for digital strategy in Germany, the Czech Republic and Slovakia. He is also a member of the Board of Telefónica Digital Europe and of Telefónica Germany.


BSP

HARPER



REED

"REAL INTERACTION IS THE FUTURE OF CAMPAINING."

What can companies learn from Obama's re-election campaign?

HARPER REED
Technology specialists, analytics experts and designers should be at the executive level. Technology is often neglected in the board room. Nobody is interested in it. That will have to change. A company either succeeds in this or fails.

Big Data played a major role in the re-election campaign. Your team was struggling with faulty address information that you had bought from publishers. At the same time, however, your experience with personal visits to voters in their homes was good. Is the trend moving towards personal contact?

HARPER REED
It's always about people. This is where "micro-listening" comes into play. For years in online advertising we have had mechanisms to display the right advertising to people: targeting, retargeting, and so on. We applied these techniques to personal interaction with voters. If someone was interested in health policy, then we talked about health policy with him. That is a fundamental difference to standard poster advertising because it results in real interaction. And that is extremely important. That is the future of campaigns and beyond. Lots of people then said: how innovative! But, honestly speaking, we only did something that has been standard in sections of industry for years. And, moreover, some of it would be quite illegal in Germany.

In an interview with "DIE ZEIT" you called German data protection legislation "crazy". Why?

HARPER REED
No matter how good a law is, it is outdated in five years at the most. More likely two years. That is why the laws in force are just not appropriate any more! It is also crazy that the Germans are worried about data misuse – but they all use Facebook. Of course, you have to understand the historical context in Germany. The big challenge is to prevent the misuse of data on the one hand but to foster innovation on the other. Start-ups in Germany tell me that to be successful globally they would be better off going to California because they can't do anything here.

How would you describe perfectly balanced data protection legislation? Maybe even legislation that is globally binding ...

HARPER REED
Obviously there have to be data protection laws, but they should only regulate the use of data by governments – and not data in general. I concentrate on the positive use and not the negative.

What would your campaign have looked like if it had had to be conducted under German data protection legislation?

HARPER REED
We would probably have left out all of the technology part. And we would still have won. We had the better candidate, great volunteers and, quite simply, the better team.

HARPER REED is a technology expert and entrepreneur. In 2012 he was Chief Technology Officer in Barack Obama's campaign for re-election. The campaign is considered to be the most technically sophisticated and astute in history. Before his work for the President, Harper Reed advised technology companies and was CTO at the fashion start-up Threadless.

www.harperreed.org – twitter: @harper

BRYCE

“OUR GRANDFATHERS WERE ‘COMPANY MEN’. THEY SPENT THEIR WHOLE WORKING LIVES IN ONE COMPANY. OUR CHILDREN WON’T EVEN UNDERSTAND THE CONCEPT.”

BRYCE ROBERTS is Managing Director of O’Reilly Alpha Tech Ventures. The venture capital company invests in start-ups. In the past, O’Reilly Alpha Tech Ventures has supported Bitly, Foursquare, Tripit and Instructables, among others.

www.bryce.vc – twitter: @bryce

ROBERTS

MARINA

“ORGANISATIONS AND COMPANIES ARE NOTHING OTHER THAN A MEANS OF MAXIMISING PROFITS AND MINIMISING COSTS. AND IT IS PRECISELY THIS PRINCIPLE THAT IS NOW BEING JETTISONED. [...] BY BECOMING INTERCONNECTED, THANKS TO TECHNOLOGY, INDIVIDUALS CAN CREATE THINGS THAT USED TO NEED HUGE ORGANISATIONS.”

MARINA GORBIS is Executive Director of the Institute for the Future, a non-profit research and consulting institution in Silicon Valley. Marina Gorbis has advised hundreds of companies, educational institutions and governments in matters relating to the future. She regularly writes for BoingBoing.net, FastCompany and other leading US media. Her work currently focuses on social production and its impact on industry. Marina Gorbis deals with this subject in her latest book “The Nature of the Future: Dispatches from the Socialstructed World”.

www.odessatothefuture.com – twitter: @mgorbis

GORBIS

THE BOUNDARY BETWEEN PRODUCTS AND SERVICES IS BECOMING BLURRED.

ROBERT SCOBLE has represented the enthusiastic advocates of the next technological wave since his earliest days as a famous face at Microsoft, His book "Naked Conversations", co-written with Shel Israel, is considered to be the bible for the age of blogging and created the conditions for the social media era. With his new book, "The Age of Context", he wants to do the same for the era of mobile devices and the cloud and the resulting context-dependent information.

www.scobleizer.com – twitter: @Scobleizer

ROBERT

BY ADAM TINWORTH

In spite of his great online fame, Robert Scoble is a friendly and approachable man. The number of NEXT participants who are allowed to try out his Google Glass during the conference is clear evidence of this. The glasses are one of those things that excite someone like Scoble and help him to define "The Age of Context". "The modern age is an age of wearable devices," he said at NEXT Berlin 2013.

"Very soon, fashion designers will integrate these technologies into clothes." People, Scoble continued, think a lot about what they can do with these tools instead of being clear about what they really are: sensors. And a large number of sensors also generates a vast quantity of data: Big Data. "The amount of data that we are collecting is growing exponentially," Scoble says. "This results less in an internet of things and more in a context." Navigation and location data are an example. Google, Waze and Foursquare generate data about our world, and this information is becoming increasingly meaningful. This results in fascinating opportunities for developing new business models. "Very soon, a limousine service such as Uber will be able to allow its cars to drive up when the app knows that a conference is ending," explains Scoble. Data and context help us to make reliable predictions. To benefit from this, communication between business and customers is needed – and a high degree of trust.

"Soon, hotels will know when I'm arriving and whether I've been a guest at other hotels in the chain anywhere in the world," Scoble said. Better service for loyal customers – automatically, even before they turn up at reception – is the form of reward that is needed for people to be willing to hand over their data. When you know more about your customers you can offer them better service. Telephone calendars already search for the context around appointments.

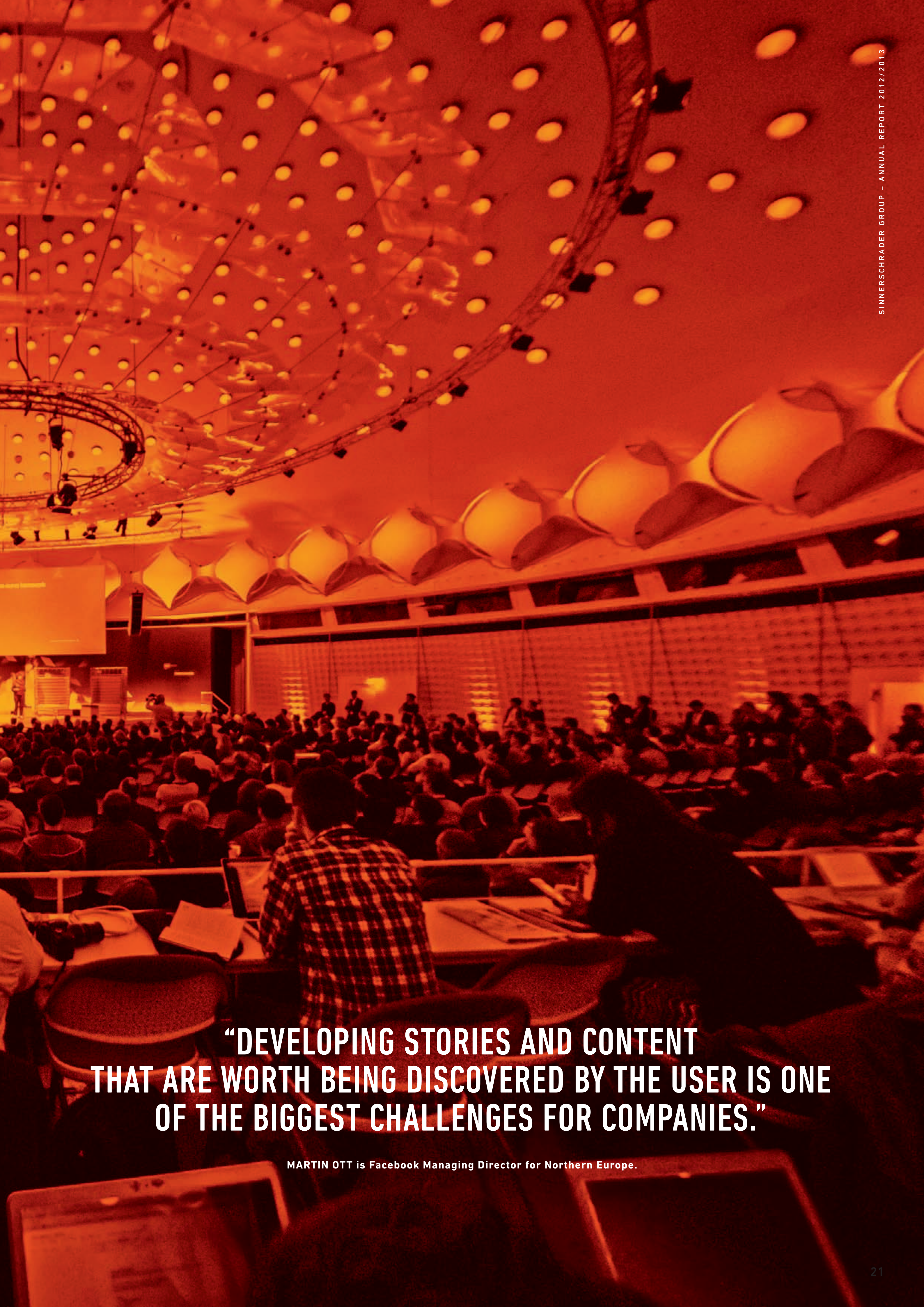
Knowledge in the right context is power. This the quintessence of Scoble's presentation at NEXT Berlin: "Sensors will monitor our health. Blood sugar meters will make life easier for diabetics," Scoble says. "Qualcom is already developing a tool that can contact your doctor who can then examine you remotely."

The interaction between mobile devices, their sensors and new business models will further blur the boundary between products and services. The more devices and sensors we have, the more information we can absorb – and provide. Added to this is the context that has been gained, which will then give the whole thing a meaning.

Robert Scoble: Google Glass premiere at NEXT Berlin 2013

SCOBLE


Here be
Dragons



“DEVELOPING STORIES AND CONTENT THAT ARE WORTH BEING DISCOVERED BY THE USER IS ONE OF THE BIGGEST CHALLENGES FOR COMPANIES.”

MARTIN OTT is Facebook Managing Director for Northern Europe.

LIMOR

"ROBOTS WILL DO THINGS IN NEW AND CLEVER WAYS, BUT THEY WILL NOT REPLACE PEOPLE."

Robotics is a trendy subject.
What is so fascinating about it?

LIMOR SCHWEITZER
In the course of history, humans and animals have always been oppressed to create products for a handful of people. The automation of the modern age has the same purpose, but also serves a much greater mass of people. We tend to associate the word "robot" with a modern computer-based and autonomous object. But we forget that they have long been a part of our everyday lives: in the form of washing machines, cars or vacuum cleaners.

So robots are nothing new?

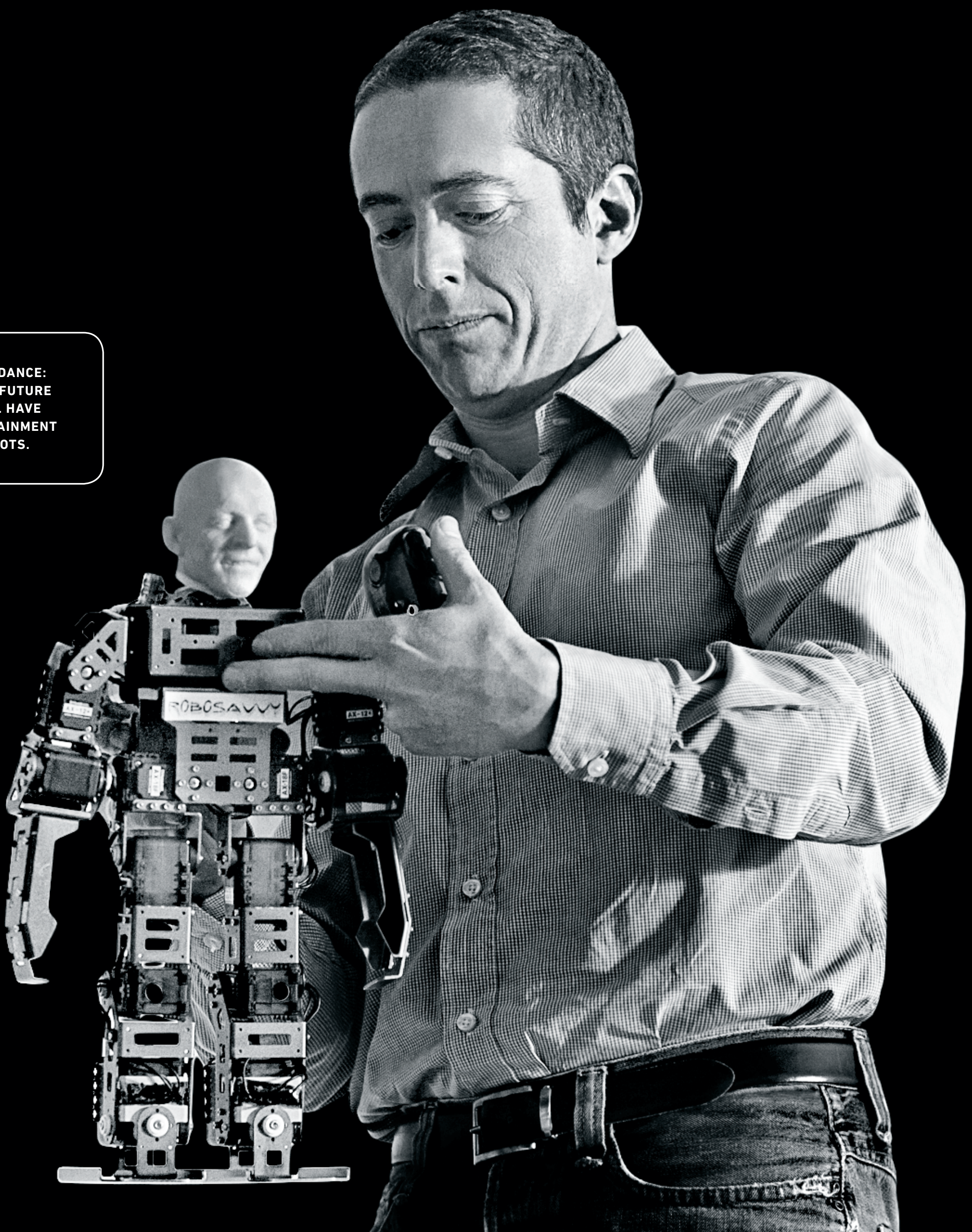
LIMOR SCHWEITZER
We can say that the trend is developing further, for example in the form of a commercial robot servant that can do all human tasks. That could be very much in demand in factories or on farms. We will see automation and new types of motors that are operated by human hands. This won't all happen at once, but will take place gradually. It will start with robots being able to take on individual tasks, but not things that are made for our hands or bodies.
Whenever there are reports about a robot that will replace human activity they arouse great interest and even greater expectations. In my opinion, the next steps towards the utopian world of automata will be for robots to do things in a new and clever way but not to replace human activities. What's more, in the world of entertainment there will be more experimental robots who will present things according to a human example – like fashion.

SCHWEITZER

LIMOR SCHWEITZER is CEO of RoboSavvy. The British company produces and markets mobile robots. The most famous model is a dancing robot whose movement sequences are very true to life. And what is truly special: this RoboSavvy can be completely manufactured with a 3D printer, a world premiere.

www.robosavvy.com – twitter: @robosavvy

LET'S DANCE:
IN THE FUTURE
WE'LL HAVE
ENTERTAINMENT
ROBOTS.



PEER

“GERMANY WILL BE A PIONEER IN THE FOURTH INDUSTRIAL REVOLUTION.”

STEINBRÜCK

SPD Candidate for Chancellor Peer Steinbrück
at NEXT Berlin 2013

“THE DIGITAL WORLD
IS REVOLUTIONISING INDUSTRY.
A NEW ECONOMIC AND
TECHNOLOGICAL AGE IS DAWNING:
DIGITISATION AND
INTERCONNECTEDNESS ARE
RUSHING INTO CLASSIC
INDUSTRIAL SECTORS.
GERMANY CAN BENEFIT FROM
WORKING WITH YOUNG,
VITAL DIGITAL ENTREPRENEURS.”

DEAN

"A PUGNACIOUS CEO ONCE SAID TO ME: 'THERE ARE THREE WAYS OF BURNING MONEY: GAMBLING ADDICTION, DIVORCE – AND INNOVATION.'"

Dean Crutchfield at NEXT Service Design 2013 on high investments by companies in misguided investment processes.

CRUTCHFIELD

The market is changing radically. Service innovations are becoming ever more important.
What are the major challenges for brands and companies?

DEAN CRUTCHFIELD

Markets are saturated and brands have realised that they either need a USP or they will fail. The pressure is intensified by growing rivalry, the increasing power of suppliers and the great influence of consumers via "SoCoLoMo" – Social, Commerce, Local and Mobile. What's more, flexible new game changers are entering the market. Service innovations will decide who will win or lose this game.

How well prepared are companies for the new challenges?

DEAN CRUTCHFIELD

The aims from a company's point of view have to be organic growth and innovation. 65 per cent of companies in the western world are service-based, but recent studies have shown that almost two thirds of CMOs are not fully prepared for the massive changes that face them thanks to the digital marketing revolution and the need for service innovations. Many companies will fail these challenges for the following reasons: insufficient understanding of innovation and the associated processes and inadequate knowledge of consumers. Some fail because they don't understand service innovation as a true vision or part of the brand or because they lack resources and support from management. Added to this, there are often weak innovation processes, a lack of knowledge of the right service innovation and no connections between the business strategy and the product portfolio.

And what makes a brand successful in the long term?

DEAN CRUTCHFIELD

To stand out and be successful a brand firstly needs a good strategy that can advance decisions for the brand and a compressed management tool to allocate tasks and drive the innovation process. Secondly, the company's leadership needs a clear vision of how the management and the marketing agencies involved have to work together.

DEAN CRUTCHFIELD from CO OP Brand Partners is a multi award-winning brand consultant.
He advises Fortune 500 companies and world-famous brands in brand-strategic issues and innovations.
The Forbes columnist's clients include Comcast, GE, McDonald's Kraft and PepsiCo.

www.deancrutchfield.com – twitter: @DeanCrutchfield

NICOLAS

You are focusing on sharing spare seats in cars.
Can mobility sharing be transferred to other sectors?

NICOLAS BRUSSON

Sharing is extremely attractive in mobility services because cars are high-value but little-used capital assets. Although many cars are on the road six days a week, around 80 per cent of vehicles on our roads have only one person in them. Sharing makes simple and effective use of this dormant capital asset. The same logic can be applied to other high-value but little-used capital assets. If something is expensive to purchase but we don't fully exploit the potential, we can definitely assume that various forms of shared use will be profitable.

We have to find solutions to our over-consumption, which uses up our resources more quickly than they can grow back. But I am optimistic. We have the energy to overcome these challenges so that the whole of society can benefit from them. BlaBlaCar is only one of many new and innovative models that make sense for people and the planet. If a small company such as us can change means of transport for countless people then the prospects are definitely good.

BlaBlaCar is now on the market in many European countries.
Can you see any differences in the interaction
between drivers and passengers in the various countries?

NICOLAS BRUSSON

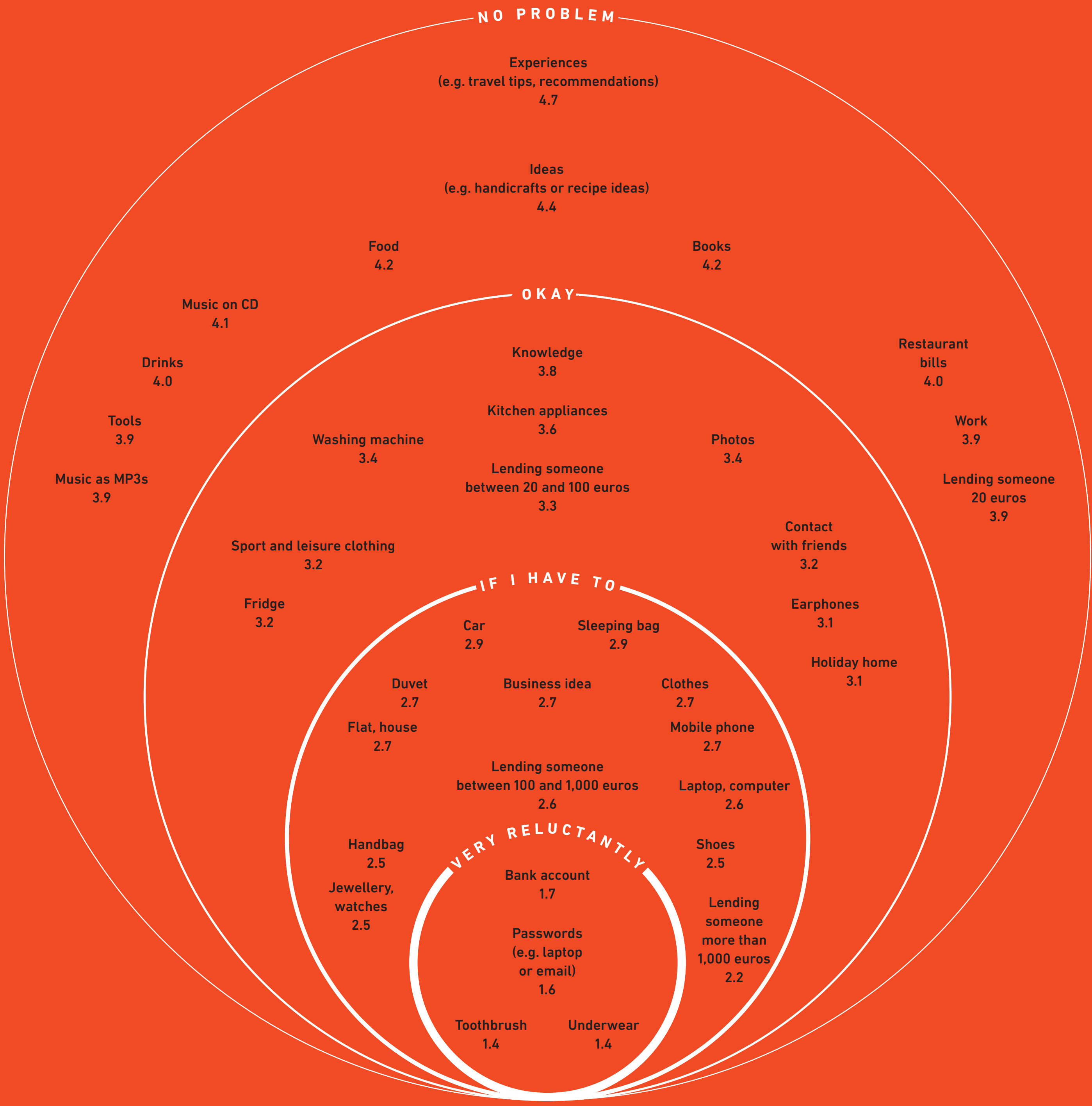
We called our company BlaBlaCar because, when registering, a user states how talkative he or she is. It ranges from Bla (tends to keep to him or herself), through BlaBla (willing to engage in a nice chat) to BlaBlaBla (chatting without stopping). We conducted an analysis and found out that the people in Poland are the greatest "BlaBlaBlas" in Europe. The BlaBlaCar service has been engineered to bring the best experience possible to passengers and drivers, so you'll have the same great user experience, whatever language you use the site or mobile apps in.

NICOLAS BRUSSON is the founder and COO of BlaBlaCar, the biggest web-based car-sharing community with three million members.
Brusson started his career in start-ups in Silicon Valley in 2000 and subsequently worked in London as a VC.
As well as revolutions in the transport system, he has specialised in the evaluation of innovative business ideas

www.blablacar.de — twitter: @nbrusson

BRUSSON

WHAT WE SHARE ...



... AND WHAT WE DON'T SHARE.

GDI Study, No. 39, 2013:
Sharity. The Future of Sharing

ALICE

"THE REPRESENTATIVE OF A LARGE US CHAIN OF TOY SHOPS ONCE SAID: 'BEFORE I DECIDE WHETHER WE ARE INTERESTED IN YOUR DOLL, WE HAVE TO HAVE 5,000 OF THEM IN OUR WAREHOUSE.' THE TRADITIONAL TOY INDUSTRY IS THEREFORE VERY CAPITAL-INTENSIVE AND GEARED TOWARDS LARGE QUANTITIES. 3D PRINTERS CAN REVOLUTIONISE IT. NO ONE NEEDS 250,000 DOLLARS ANY MORE TO IMPLEMENT AN IDEA."

ALICE TAYLOR is founder and CEO of MakieLab. The London company offers 3D printable toys, thus combining digital avatars familiar from computer games with reality. Users can individually design dolls on the computer that will then become reality via 3D printers.

www.makie.me – twitter: @makielab

TAYLOR

MIKKO

Has the traditional bank become obsolete?
What will the bank of the future look like?

MIKKO TEERENHOVI
The only thing that bank customers will bring into branches in future is the sand on their shoes – as the Finnish bank expert Björn Wahlroos once said. Even though that is provocative, there is a grain of truth in it: most of the previous sales channels have become obsolete. The traditional bank will not become superfluous but it will change radically at heart. An online bank is already standard for many. Many of the existing banks think that they can view the future positively with a few innovative tools and clever new interfaces. But they can only see the past.

At the same time, expectations and consumer behaviour
are changing radically. Where can this be seen?

MIKKO TEERENHOVI
We will experience an avalanche of new and specialised players in this field. New services will surpass the existing ones in terms of user friendliness, price and quality. This is a clear win from the consumer's point of view. In the near future, consumers will be able to compare and choose their financial products in an authentic and diverse range. People are no longer married to their banks. Some have even found out that they don't need a bank any more.

What will be important in the future?
What makes a digital product successful?

MIKKO TEERENHOVI
I don't know why we should see digital products as a separate category; many areas of our lives are already digital. Separating the digital from the rest of the world seems to be unrealistic to me. All successful customer projects are part of an emerging mega-trend. Predicting success is no easier today than it used to be. It is actually unbelievably difficult. You need a good gut feeling and support from extensive studies about current global trends. And you also need a bit of luck.

MIKKO TEERENHOVI is the lead designer at Holvi.com, a Finnish start-up that wants to re-invent the traditional bank. The focus is on a particularly transparent way of managing one's own financial situation. Holvi.com acts as a fully functioning bank, but also offers comprehensive means of personal money management using aggregated billing data, for example.

www.holvi.com

TEERENHOVI

STEPHEN

“PEOPLE STATE THE GOAL AND MACHINES WILL FIND OUT HOW IT CAN BE IMPLEMENTED.”

WOLFRAM

BY ADAM TINWORTH

Many people's first contact with Wolfram Alpha is via Siri's voice – the voice interface of Apple's iOS devices, such as the iPhone. The mathematical and image-based queries that Siri answers are actually solved by Wolfram Alpha in the background. Its creator Stephen Wolfram is behind this.

"We try to answer computer-based questions that have not been asked before," said Wolfram at NEXT Berlin. "Google answers questions that someone has already asked." Wolfram Alpha tries to collect sets of data with as much useful and relevant information as possible and then convert them into a computer-readable format. Human experts are needed for this. It is very time-consuming, but productive. Stephen Wolfram assumes that there is already more information in Wolfram Alpha than text content on the web.

Wolfram Alpha is possible thanks to Mathematica, a programming language that Stephen Wolfram developed around 25 years ago. Mathematica enables every algorithm to be calculated. This is done by a symbolic language that describes every object with data. For example, as soon as an image is translated into a data bundle, Mathematica can start to make calculations with this object. Wolfram is working on enabling normal users to make use of the full potential of this system. "People state the goal and machines will find out how it can be implemented," he says.

It is thus hardly surprising that companies such as Apple are starting to use Wolfram Alpha for their software. As soon as we have data about people and their activities, we can find out what they want even before they have asked for it. In other words, what Google is attempting with Google Now – but on a larger scale.

There is hardly anything more amazing than a service that solves a problem that you're not even aware of. Wolfram is offering companies the basis, in the form of Wolfram Alpha, to develop such a service.

STEPHEN WOLFRAM is the founder and CEO of Wolfram Research, author of "A New Kind of Science" and creator of Mathematica and Wolfram Alpha. "The aim of Wolfram Alpha is to make all human knowledge calculable." That is how Stephen Wolfram defines his creed and the fine difference from Google. Google is concerned with organising the information in this world and making it available. Wolfram Alpha wants to go beyond this.

www.stephenwolfram.com

ANAB

“TECHNOLOGIES THAT WERE ONCE ACCESSIBLE ONLY TO SCIENTISTS ARE INCREASINGLY AVAILABLE TO AND AFFORDABLE FOR NORMAL CITIZENS. THIS TREND IS DEVELOPING A GREAT REVOLUTIONARY FORCE. CHALLENGES THAT ONCE REQUIRED THE COMBINED FORCES OF A WHOLE NATION OR A LARGE COMPANY CAN NOW BE MASTERED BY A SMALL GROUP OF PEOPLE OR EVEN INDIVIDUALS.”

ANAB JAIN is the founder and Managing Director of the design agency Superflux in London. She leads interdisciplinary projects for customers such as Microsoft Research, Sony and the government of the United Arab Emirates.

www.superflux.in – twitter: @anabjain

JAIN

ALEXANDER

“THE FOCUS IS ON PEOPLE. THE BEST SUPERCOMPUTER IS STILL THE HUMAN BRAIN.”

ALEXANDER BAUMGARDT is a designer, strategist and business consultant. He is considered to be one of the leading progressive thinkers in human-centred design, a way of thinking about design that optimises products and services with regard to their suitability for use. Baumgardt works for clients such as Audi, Deutsche Telekom, General Electric, ING and Samsung. He teaches Design Strategy and Interaction Design at California College of the Arts in San Francisco. His career has included managerial positions in European and US design agencies, such as MetaDesign and Method.

alexander-baumgardt.com – twitter: @baumgardt

BAUMGARDT


NEXTBERLIN.EU

LETTER TO THE SHAREHOLDERS
THE SHARE
CORPORATE GOVERNANCE
REPORT OF THE SUPERVISORY BOARD

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

When, at this point, it has to be reported for the second year in succession that the past financial year has been a difficult one, that targets haven't been met, that earnings turned out to be low and that for this reason no dividend can be paid out, explanations for this may initially sound trite. Similarly, forecasts that next year things will definitely be better and that the revenue and profit are bound to increase also lack credibility.

We who have been entrusted with the management of your company and who now, on looking at the figures, have to report in this form on the 2012/2013 financial year, are very well aware of this.

However, for your part you can be sure that we, as shareholders of SinnerSchrader AG, are on your side in our mutual best interest. This means that we are not only dissatisfied with the figures for the past financial year, we are also feeling its effect directly in our pockets, just like you.

This doesn't make the figures in the Statement of Operations for the 2012/2013 financial year better, but it does make for a focussed business policy targeted at entrepreneurial perspectives that do not excessively exploit the means available.

Persistently weak demand in the first half of the financial year from September 2012 to February 2013, which resulted in declining revenues from business with both established and new clients, took us by surprise. The second half-year period was positive again. Nevertheless, for the financial year as a whole SinnerSchrader managed to achieve only a small increase in revenue of 1.2 %, to € 36.4 million.

This low growth in revenue made the burden of costs incurred as budgeted for the development of audience management business, for the establishment of the operations in Munich and Prague and for the merger of next commerce GmbH and spotmedia AG to become Commerce Plus GmbH, feel heavier. As a consequence, the EBITA fell from € 1.6 million in the previous year to € 0.7 million, and net income was only just balanced.

We believe there are two reasons for the conspicuous caution in terms of investing in digital marketing platforms and campaigns in the first half of the financial year. On the one hand, the economy in Germany went through a weak phase during this period, the extent of which had not been expected by economists. And on the other hand, it would now appear that many companies had paused to reflect on the question of "What's next?" with respect to the digitisation of their business model and on marketing.

We chose "Here be Dragons"[1)] as the overall theme of our annual next conference for the digital economy – not without reason. The advance of digitisation and the market success of "pure players", whose business models are based exclusively on digital channels, is forcing many companies to take steps into territory which has until now been uncharted territory for them.

Many investments in digitisation to date have mainly been about simply transferring traditional procedures in marketing, sales and customer relationship management to the digital world. This is no longer enough. According to market research institute Forrester, the number one issue on hand for those responsible for marketing today concerns how they can use digital technologies to achieve a genuine edge over competitors and enhance their company's relevance on the market.

The first half of 2012/2013 thus did not unsettle us in respect of market and growth opportunities for SinnerSchrader. On the contrary, we continued to strengthen in the 2012/2013 financial year – among others by establishing the new regional offices, by enhancing our strategic consulting expertise and broadening the management board of the SinnerSchrader agency correspondingly by pooling the expertise of next commerce and spot-media focused on the entire e-commerce process into Commerce Plus GmbH, and by expanding SinnerSchrader Mobile to become a full-service agency for mobile applications and websites.

SinnerSchrader is also willing to enter uncharted territory in order to tap market opportunities. This is what the investment in establishing audience management business is for. The fact that success cannot (yet) be guaranteed is due to the nature of starting up in unexplored areas. However, in the 2012/2013 financial year, we took a big step forward in being able to provide our clients with an instrument with which they will be able to put the management and optimisation of their advertising expenses in the digital sector on a new footing.

The development of business in the last quarter of the 2012/2013 financial year, which we were able to close with a new record revenue of € 9.8 million and good results, and the first two months of the new financial year make us confident that the best is yet to come.

This is reflected in our forecast for the 2013/2014 financial year, with net revenue of more than € 41 million, an EBITA of € 2.5 million to 3 million, and a renewed, clearly positive net income. We are aware that we now need to deliver, and we and the employees in the SinnerSchrader Group are getting down to work.

Hamburg, November 2013
Matthias Schrader   Thomas Dyckhoff

1) "Here be dragons" is an expression found in medieval maps indicating unchartered potentially dangerous territory.

THE SHARE

STOCK MARKET

Prices on the German stock market developed positively across the board in the period of the 2012/2013 SinnerSchrader financial year from 1 September 2012 to 31 August 2013, and neither the phase of economic weakness in the first six months of this period nor recurrent concerns about the development of the European debt crisis were able to dampen the positive price trend. Central banks in the significant economic areas (USA, Europe and Japan) are pursuing a strategy of making liquidity available to the markets at favourable conditions and maintaining the interest level at record lows. This has overridden many negative factors and seen share prices continue to rise worldwide. The trend continued after 31 August 2013.

From its closing level of 6,970.79 points on 31 August 2012, the DAX rose clearly by 16.2 % to 8,103.15 points in the period up to 30 August 2013, the final trading day of the 2012/2013 SinnerSchrader financial year. Its development was comparatively consistent: at the beginning of May 3013 it rose to exceed the then all-time high of 8,105.69 at that time, achieved in summer 2007. By the beginning of November the DAX had even continued to rise, to figures above the 9,000-point mark.

The positive mood on the German stock markets overall is reflected in the performance of the market-wide indices CDAX and Prime All Share, which, at 18.5 % and 18.7 %, respectively, in the period from 31 August 2012 to 31 August 2013, exceeded the gains on the DAX. All three indices thus showed growth rates of between 15 % and 20 % for the second year in succession.

The technological indices, and in particular the information technological indices in which SinnerSchrader is listed – in the Technology All Share and the DAXsubsector IT-Services index and the DAXsector Software index – also developed most positively in the period of the 2012/2013 SinnerSchrader financial year. The Technology All Share and the DAXsubsector IT Services index even clearly outperformed the cross-sector industries, with growth rates of 26.3 % and 39.0 %.

However, the DAXsector Software index, which had shown the strongest performance in the indices observed by SinnerSchrader in the comparable period in the previous year when it rose by 39.2 %, did not exceed growth of 11.2 % in the year of the report. The heavyweight in this index, SAP AG, which had strengthened in e-commerce and Internet platform business through the Hybris acquisition for around one billion US dollars, only managed an increase of 6.7 % in the period from 31 August 2012 to 31 August 2013. The SAP share had recorded an increase of 37.9 % in the previous year.

SINNERSCHRADER SHARE

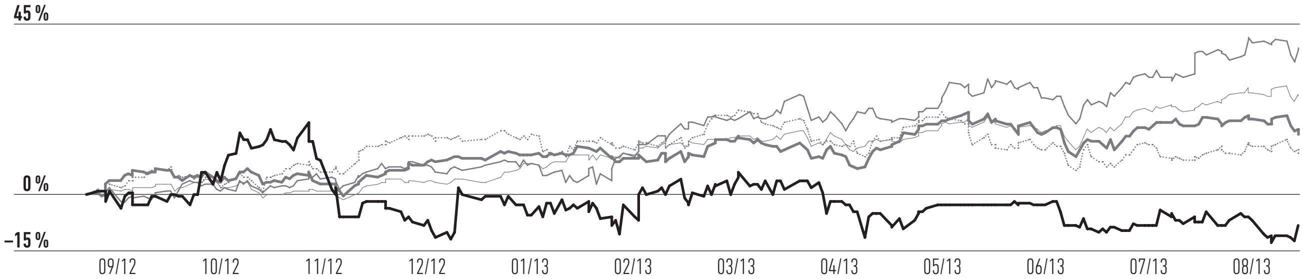
The weakened performance of the SAP share does nothing to alter the fact that after 2011/2012, 2012/2013 also offered an extremely positive stock market environment in the second year in succession. SinnerSchrader was however again not able to use this positive environment to benefit the development of its share price in 2012/2013.

After a good start in the first three months, in which the SinnerSchrader share developed even better than the market itself, the price slumped in November 2012 after the final figures for the 2011/2012 financial year had been published, and the forecast for the 2012/2013 financial year gradually worsened to the level at which the year ended on 31 August 2013.

The market was obviously uncertain in respect of perspectives for SinnerSchrader. The reasons for this were the weak net income for the 2011/2012 financial year and the fact that no dividend was paid, together with the announcement that the negative effects on profits due to the establishment of audience management business in NEXT AUDIENCE GmbH would increase again in the 2012/2013 financial year. SinnerSchrader has obviously not been able to demonstrate the strategic and economic potential of audience management business. The reduction in the profit prediction for 2012/2013 in spring 2013 contributed to this uncertainty, and the development of the price was no longer positive, in spite of improved financial figures.

SINNERSCHRADER SHARE PRICE PERFORMANCE 2012/2013 (INDEX-LINKED)

XETRA CLOSING PRICES IN % +/– COMPARED TO PRICE ON 31.08.2012 (= 100 %)



SHARE PRICE PERFORMANCE DATA 2012/2013[1)]

Price on 31.08.2012	€1.70
Price on 30.08.2013	€1.56
Price performance in 2012/2013	€–0.15
in % of price on 30.08.2012	–8.5%
Dividend in 2012/2013	€0.00
Total performance in 2012/2013	€–0.15
in % of price on 30.08.2012	–8.5%
Peak price	€2.05
Lowest price	€1.40
Shares outstanding as at 30.08.2013	11,122,612
Market capitalisation as at 30.08.2012	€17.3 million

1) In relation to Xetra prices

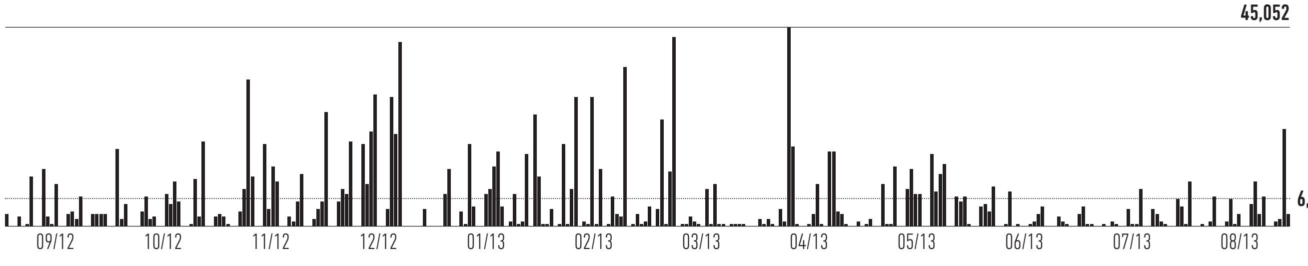
VOLUME DATA FOR 2012/2013[1)]

Average volume per day in number of shares	6,213
Average volume per day in €	10,199
Peak daily volume in number of shares	45,052
Peak daily volume in €	74,864

1) In all relevant stock exchanges

SINNERSCHRADER SHARE SALES VOLUME 2012/2013

IN NUMBER OF SHARES IN ALL RELEVANT STOCK EXCHANGES



On the whole, the share price weakened against the market in the period from 31 August 2012 to 31 August 2013, by 8.5 %, from € 1.70 to € 1.56. The uncertainty had a marked effect on the liquidity of the share. The average trading day volume across all the trading centres was reduced to 6,231 shares with a current value of € 10,199. This figure amounted to 11,720 shares, or € 24,299, in the previous year.

SHAREHOLDER STRUCTURE

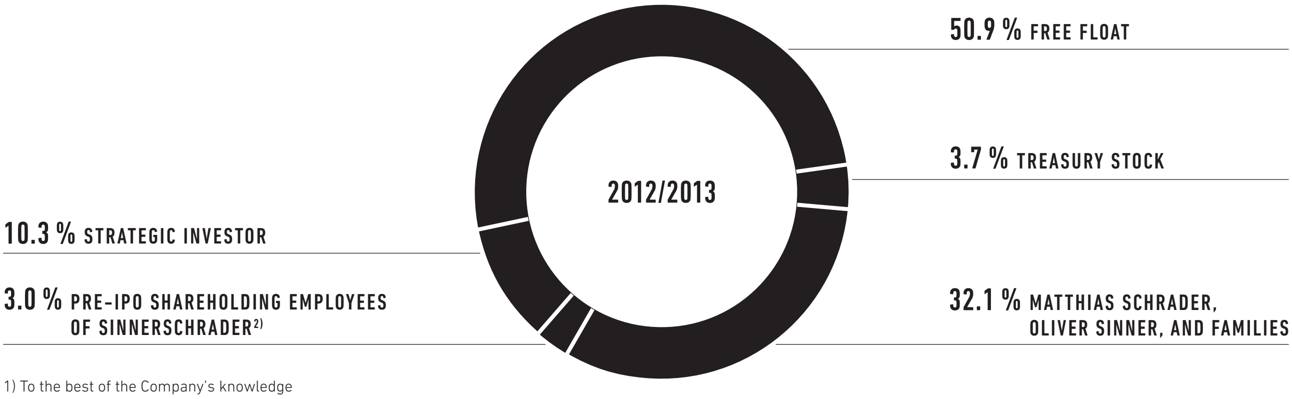
To the best of the Company's knowledge, the shareholder structure of SinnerSchrader AG remained stable in the 2012/2013 financial year. SinnerSchrader AG received no mandatory notifications pursuant to Article 21 of the German Securities Trading Act ("Wertpapierhandelsgesetz") in the 2012/2013 financial year.

The proportion of shares received before or in connection with the stock market launch and held by the founders of the SinnerSchrader Group and their families, the strategic investors who joined during the stock market launch in 1999, the Management Board, former and current employees and executives, and the Company itself, was 49.0 % as at 31 August 2013.

In comparison to the balance sheet date of the previous year, the proportion of treasury stock held by SinnerSchrader AG rose from 3.0 % to 3.6 % on 31 August 2013.

SHAREHOLDER STRUCTURE ON 31 AUGUST 2013[1)]

IN %



1) To the best of the Company's knowledge
2) If Board or consortium member

INVESTOR RELATIONS

SinnerSchrader AG continued its investor relations work in the 2012/2013 financial year in the same scope as in the previous years. The focus was on an extensive and transparent explanation of the business development in the financial reports. Furthermore, SinnerSchrader presented itself to interested investors at investor conferences, such as the Deutsches Eigenkapitalforum, and conducted discussions, either in individual face-to-face meetings or on the telephone, with shareholders, analysts, and representatives of the business press who continuously observe SinnerSchrader AG and comparable companies.

Since the 2005/2006 financial year, Warburg Research GmbH (formerly SES Research GmbH), Hamburg, has regularly published updated assessments of the SinnerSchrader figures and information on the development of the SinnerSchrader share. Since April 2009, Close Brothers Seydler Bank AG has been the designated sponsor of SinnerSchrader AG and has secured the liquidity of the SinnerSchrader share in the Xetra trading system of the Frankfurt Stock Exchange.

Confidence, transparency, and consistency are the guidelines of investor relations work at SinnerSchrader, and investor relations represent a major element of good and transparent company management within the meaning of the standards laid down in the Corporate Governance Code. All relevant information on the SinnerSchrader share can be found at any time by all shareholders and interested parties on the Company's website at www.sinnerschrader.ag.

KEY SHARE FIGURES

German Securities Code no. (WKN)	514190
ISIN	DE0005141907
Symbol	SZZ
Reuters symbol	SZZG.DE
Bloomberg symbol	SZZ.GR
Segment	Regulated Market, Prime Standard
Stock exchanges	Xetra, Frankfurt, Hamburg, Stuttgart, Munich, Düsseldorf, Berlin
Indices	DAXsector Software, DAXsubsector IT-Services, CDAX, Prime All Share, Technology All Share
Designated Sponsor	Close Brothers Seydler Bank AG
Analysts	Susanne Schwartze/Felix Ellmann, Warburg Research
Issued shares	11,542,764
Outstanding shares	11,122,612

CORPORATE GOVERNANCE

Corporate Governance comprises all the values, principles, and rules governing corporate management and control. Since 2002, the Government Commission on the German Corporate Governance Code has published principles and standards which characterise good, responsible Corporate Governance. The Code is regularly further developed by the Government Commission on the basis of current findings and requirements. It was last adjusted on 13 May 2013.

The Supervisory Board and the Management Board of SinnerSchrader AG welcome the development of Corporate Governance in Germany and are committed to the principles established in the German Corporate Governance Code which aim at good, transparent, value-oriented corporate management.

DECLARATION OF COMPLIANCE

Under Article 161 of the German Stock Corporation Act ("AktG"), all German companies quoted on the stock exchange must comment on compliance with the principles and norms laid down in the German Corporate Governance Code ("DCGK"), once a year, in a Declaration of Conformity. On 15 December 2012, the Supervisory Board and the Management Board of SinnerSchrader AG duly submitted a Declaration of Conformity on the basis of the German Corporate Governance Code in its version of 15 May 2012. Its wording is printed at the end of these comments on Corporate Governance and is always available for viewing to all shareholders and interested parties on the website www.sinnerschrader.ag under "Corporate Governance", together with the wording of the Code. The declaration confirms that, with just a few exceptions, SinnerSchrader complied with the recommendations of the German Corporate Governance Code.

In December 2013, the Management Board and Supervisory Board will deal with Corporate Governance at regular intervals and renew the annual declaration on the basis of the unchanged Code.

DECLARATION ON CORPORATE GOVERNANCE

Since the entry into force of the German Accounting Law Modernisation Act ("BilMoG"), companies quoted on the stock exchange have had to submit a declaration on corporate governance, which, in addition to the Declaration of Conformity, is to provide relevant information on its corporate governance practices applied over and above the legal requirements, and a description of the functioning of the Management Board and the Supervisory Board as well as of the composition and functioning of its committees. This declaration is also always available for viewing on the website www.sinnerschrader.ag under "Corporate Governance".

COMPANY BOARDS

The management board of a stock corporation is appointed by the supervisory board and is independently responsible for managing the enterprise. It carries out business following the law, the statutes of the company, and the rules of procedure decreed by the supervisory board for the management board. Under these rules, the management board is required to seek approval from the supervisory board prior to undertaking certain business transactions.

The Management Board of SinnerSchrader AG still consists of two members. The appointment of the Chairman of the Management Board, Matthias Schrader, will continue until 31 December 2015; the Chief Financial Officer, Thomas Dyckhoff, has been appointed until 31 December 2016. Conflicts of interest according to Section 4.3 of the German Corporate Governance Code did not arise in the 2012/2013 financial year.

The Supervisory Board monitors the Management Board and advises it on the management of the Company. The key tasks of the Supervisory Board include acting as the representative of SinnerSchrader AG to the Management Board, appointing members of the Management Board, establishing the compensation for these members, monitoring the work of the Management Board and the Company, particularly as regards accounting processes, the effectiveness of the internal monitoring system, and the effectiveness of the risk management system, commissioning the financial auditors and monitoring the financial audit, approving the Annual Financial Statements and Consolidated Financial Statements, and making decisions regarding the business transactions of the Management Board which require approval under the law, the Statutes of the Company, or the rules of procedure.

The Supervisory Board of SinnerSchrader AG consists of three members elected by the Annual General Meeting. The Supervisory Board currently comprises Mr Dieter Heyde, Chairman, Prof. Cyrus D. Khazaeli, Deputy Chairman, and Mr Philip W. Seitz. All Supervisory Board members are appointed until the end of the Annual General Meeting, which decides on discharging the Supervisory Board for the 2012/2013 financial year.

Conflicts of interest according to Section 5.5 of the German Corporate Governance Code did not arise in the 2012/2013 financial year. SinnerSchrader AG has no direct or indirect business relationships with members of the Supervisory Board. In particular, there are no consultancy or other service or work contracts between the AG and individual members of the Supervisory Board.

COMPENSATION REPORT FOR THE MANAGEMENT BOARD AND SUPERVISORY BOARD

In accordance with the German Management Board Compensation Disclosure Act, detailed information on the compensation of the Board members can be found in Section 6.2 on page 72 of the Consolidated Status Report and the Group Status Report as well as in the Notes to the Annual Financial Statements of SinnerSchrader AG which are reproduced on page 150 of this Annual Report. The current stock option plans are also explained there and in the Notes to the Consolidated Financial Statements.

SHARES HELD BY BOARD MEMBERS

An overview on page 132 of this financial report provides information on the SinnerSchrader shares and derivatives based on SinnerSchrader shares held by members of the Supervisory Board and Management Board as at 31 August 2013 as well as any changes to these in the 2012/2013 financial year. As at 31 August 2013, the shares held by the Management Board comprised around 21.9 % of the shares issued by SinnerSchrader. The Supervisory Board still did not hold any SinnerSchrader shares as at 31 August 2013.

DIRECTORS' DEALINGS

According to Article 15a of the German Securities Trading Act, the Board members, other individuals in management positions, and persons closely connected to the Board members or individuals in management positions are obliged to disclose the purchase or sale of SinnerSchrader shares or derivatives related to these shares to SinnerSchrader AG if their equivalent value during the year exceeds a total of € 5,000. In the 2012/2013 financial year, SinnerSchrader AG did not receive any notifications of this kind from third parties.

ACCOUNTING PRINCIPLES

Following EU Regulation 1606/2002, the accounting of the SinnerSchrader Group has been carried out according to International Financial Reporting Standards since the 2005/2006 financial year. Prior to this, United States Generally Accepted Accounting Principles ("US-GAAP") were used. The Annual Financial Statements of SinnerSchrader AG continue to be prepared in accordance with the accounting regulations of the German Commercial Code.

The Annual and Consolidated Financial Statements were audited by an auditing firm which declared its independence to the Supervisory Board and which was chosen for this task by the Annual General Meeting on 20 December 2012.

DECLARATION BY THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF CONFORMITY WITH THE RECOMMENDATIONS OF THE GOVERNMENT COMMISSION ON THE GERMAN CORPORATE GOVERNANCE CODE REQUIRED BY ARTICLE 161 OF THE GERMAN STOCK CORPORATION ACT

The Management Board and Supervisory Board of SinnerSchrader AG declare that in the reporting period since the last compliance declaration on 15 December 2011, SinnerSchrader AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version of 15 May 2012, with the exception of the following deviations and will continue to comply with them in future with the exception of the following deviations:

SUPERVISORY BOARD

Section 3.8:
D&O insurance with no excess has been taken out for the members of the Supervisory Board. The recommendations according to No. 3.8 of the German Corporate Governance Code (excess in D&O insurance also for the Supervisory Board) have not been complied with and will not be complied with because an excess is considered inappropriate in view of the low levels of Supervisory Board compensation and, in the view of the Company, is not appropriate for increasing the motivation and responsibility with which the members of the Supervisory Board perform their tasks.

Section 5.3.1 ff.:
The Supervisory Board has not formed any committees because it only comprises three members.

Hamburg, 15 December 2012
SinnerSchrader Aktiengesellschaft

For the Supervisory Board	For the Management Board
Dieter Heyde	Matthias Schrader

REPORT OF THE SUPERVISORY BOARD FOR THE 2012/2013 FINANCIAL YEAR

The Supervisory Board has once again intensively followed the business development of SinnerSchrader Aktiengesellschaft and its subsidiaries in the 2012/2013 financial year. In doing so, it cooperated with the Management Board openly and in a spirit of trust. At regular Supervisory Board meetings, in monthly reports, and through written, telephone, and personal exchanges, the Management Board kept the Supervisory Board informed of business developments and the current situation of the Group, its strategic development, risk management, important business incidents, and investment plans. The Management Board promptly included the Supervisory Board in business transactions and decisions which were significant to the Company or the Group. Furthermore, the Supervisory Board continued its talks with key employees in the SinnerSchrader Group. In particular, these concerned talks with the managements of the subsidiaries and the heads of the central divisions of the AG.

On this basis, the Supervisory Board discharged its duties as required by law and the Statutes, supervised the business conduct of the Management Board, and advised the Management Board on the management of the Company. The yardsticks for monitoring were the legality, correctness, practicality and efficiency of the Management Board's actions. In view of the continuing small number of its members, the Supervisory Board decided not to form any committees and performed all of its tasks in the body as a whole.

SUPERVISORY BOARD MEETINGS

During the 2012/2013 financial year, the Supervisory Board met for eight ordinary meetings on 4 October 2012, 6 November 2012, 20 December 2012, 28 January 2013, 11 February 2013, 9 April 2013, 20 June 2013 and on 28 August 2013. Furthermore, the Supervisory Board held additional telephone conferences on 17, 29 and 30 October 2012, 7 and 12 November 2012. The members of the Supervisory Board all attended the ordinary meetings and participated in the telephone conferences, with the exception of the telephone conferences on 29 and 30 October 2012.

The meetings all took place in the presence of the Management Board. If needed and for the talks with key employees, the Supervisory Board met without the Management Board being present before it concerned itself with the individual items on the agenda of a meeting.

In all of the ordinary meetings, the Supervisory Board considered the course of business and the situation of the Group up to or on each cut-off date, the forthcoming quarterly report where appropriate and an updated revenue and profit forecast for the whole financial year, in each case on the basis of the current status of monthly reporting. Key focuses during the course of the year as a whole were the development of NEXT AUDIENCE GmbH business, the assessment of the opportunities and risks relating to the establishment of audience management business, dealing with the options for taking on more partners and weighing up the advantages and disadvantages of taking on these partners.

Furthermore, the Supervisory Board dealt with the following issues in the individual meetings:

In the ordinary meeting on 4 October 2012, the Supervisory Board mainly concerned itself with the plan for the Group and its individual business units for the 2012/2013 financial year, and on the respective outlook for the two subsequent years. The plans were adopted by the Supervisory Board. Furthermore, in the presence of the auditors the Supervisory Board dealt with the status of end-of-year work on the 2011/2012 Consolidated Accounts and Annual Report, and with the focal points of the upcoming Annual Report.

In the telephone conferences on 17, 29 and 30 October 2012, the Supervisory Board informed itself about the status of the audit and about the individual aspects of the Annual Report and the Consolidated Financial Statements, in particular the results of the impairment tests in the Consolidated Financial Statements and the valuation of the investments in the separate financial statements.

In the ordinary meeting on 6 November 2012, the Supervisory Board, in the presence of the auditors, who explained in detail the results of their audit, including the audit of the internal control and risk management system, conducted extensive discussions on the complete set of Consolidated Financial Statements, the Annual Report and the combined Status Report and Consolidated Status Report of SinnerSchrader Aktiengesellschaft for the 2011/2012 financial year. The Supervisory Board also dealt with the agenda of the Annual General Meeting of 20 December 2012.

In a telephone conference on 7 November 2012, the Supervisory Board, on the basis of the discussions held in the meeting on 6 November 2012, approved the proposal of the Management Board to report a balanced profit in the balance sheet through a withdrawal from the revenue reserves, which meant that there was no need to make a proposal to the Annual General Meeting on the appropriation of profit.

In conclusion, after the audit and the presentation of the audit reports by the auditors had been completed, the Supervisory Board again dealt conclusively with the financial statements and the status report and approved the financial statements in a telephone conference on 12 November 2012. The Supervisory Board also approved the details of the share option programme, which was to be presented to the Annual General Meeting for approval.

In addition to the recurring themes around the particulars of the management of SinnerSchrader Deutschland GmbH, the extension of the appointment of the Finance Director Thomas Dyckhoff, and the attendant question of compensation were on the agenda of the meeting of 20 December 2012. The Supervisory Board decided to reappoint Mr Dyckhoff until 31 December 2016.

The ordinary Meeting of the Supervisory Board on 28 January 2013 was characterised by the current development of business at that time and the assessment of progress in the development of NEXT AUDIENCE GmbH.

On 11 February 2013, the Supervisory Board conducted a review of the corporate strategy. It also adopted resolutions on matters concerning the compensation of the Management Board – including a resolution on goals achieved in the 2011/2012 financial year and on goals for the current financial year.

The Supervisory Board meetings on 9 April 2013 and 20 June 2013 were once again characterised by the Board concerning itself with the current business development, the full-year forecast and the development of NEXT AUDIENCE.

Finally, on 28 August 2013, the Supervisory Board dealt with the plans of the Group, its segments and business units for the 2013/2014 financial year. It also adopted the overall plan and the plan for the segments and business units.

THE BOARDS

The composition of the Supervisory Board did not change in the 2012/2013 financial year. It is made up of Mr Dieter Heyde as Chairman, Prof. Cyrus D. Khazaeli as Deputy Chairman and Mr Philip W. Seitz, who is appointed as an independent financial expert within the meaning of Article 100 para. 5 of the German Stock Corporation Act.

There were also no changes to the composition of the Management Board in the 2012/2013 financial year. The members of the Management Board are still Mr Matthias Schrader as Chairman and Mr Thomas Dyckhoff as Finance Director. Mr Schrader has been appointed to the Management Board until 31 December 2015, and Mr Dyckhoff until 31 December 2016 following his reappointment in the 2012/2013 financial year.

The Management Board and Supervisory Board were discharged for the 2011/2012 financial year at the Annual General Meeting on 20 December 2012.

CORPORATE GOVERNANCE

Dealing with Corporate Governance, especially with the German Corporate Governance Code in the currently valid version, is a permanent part of the work of the Management Board and the Supervisory Board. The Company makes every effort to ensure that it meets the requirements of good corporate governance as laid down in the Code as far as possible and that it implements the required measures to do so.

On 15 December 2012, the Supervisory Board and the Management Board submitted the Declaration of Conformity with the Corporate Governance Code, in its version of 15 May 2012, which is required by Article 161 of the German Stock Corporation Act and which documents general compliance with the courses of action recommended by the Code. The Declaration is always accessible on the Company's website, www.sinnerschrader.ag, under "Corporate Governance". Furthermore, it is printed in the Corporate Governance Report in the Company's Annual Report.

CONSOLIDATED ACCOUNTS AND ANNUAL REPORT

The accounts and the Annual Financial Statements of SinnerSchrader AG as well as the Consolidated Financial Statements including the Joint Status Report of the Group and of SinnerSchrader AG for the 2012/2013 financial year as at 31 August 2013, drawn up pursuant to Article 315a para. 1 of the German Commercial Code according to the international accounting standards (IFRS), were audited by BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, at the request of the Supervisory Board and have been given an unqualified audit opinion. BDO AG was appointed auditor for the Annual and Consolidated Financial Statements by the Annual General Meeting on 20 December 2012 upon the proposal of the Supervisory Board. The Supervisory Board has not identified any circumstances to doubt the impartiality of BDO AG. BDO AG had itself submitted a declaration of independence about the proposal to the Annual General Meeting prior to the Supervisory Board's decision.

After preliminary discussion on the commencement of the audit between the auditor and the Supervisory Board, in the presence of the Management Board, as part of an ordinary Supervisory Board meeting on 9 October 2013, the Supervisory Board, in the presence of the auditor and the Management Board, discussed the Annual Report, the Consolidated Financial Statements, the summarised Status Report and the Consolidated Status Report in detail at its meeting on 7 November 2013. The financial statements, status report and draft audit reports were forwarded to the members of the Supervisory Board in plenty of time before the meeting. In the meeting, the auditors verbally presented the main themes and results of their audit, including the audit of the internal control and risk management system, and answered the Supervisory Board's questions to its satisfaction. On the basis of this explanation, the Supervisory Board summed up and acknowledged the results of the audit in a telephone conference on 8 November 2013, once again in the presence of the auditors. The Supervisory Board raised no objections and followed the results of the auditor. It approved the Consolidated Accounts and the Annual Report. The Annual Report is thus established. The Annual Report of SinnerSchrader AG shows a balance sheet profit of € 0, so there was no need to decide on a proposal for the appropriation of profit.

BUSINESS DEVELOPMENT

In the 2012/2013 financial year, SinnerSchrader did not develop as it had endeavoured and nor as had been forecast, although the economic environment in Germany had been expected to be more favourable. However, against the background of impressive growth figures for online trading as an indicator of the dynamics in the digital change, nobody had expected the economic weakness to result in such considerable caution in terms of the orders placed by new and existing customers as that experienced by SinnerSchrader in the first half of the financial year.

In contrast, the trend in demand was positively revived in the second financial half year, but it was only possible to partly make up for the deficit that had built up in the first half of the year. For this reason, and due to the investments in the establishment of audience management business, which negatively affected the bottom line in the amount of around € 1.4 million – not quite as badly as expected – the operating results and net income were again below the corresponding figures of the previous year.

The fact that SinnerSchrader was nevertheless able to close the 2012/2013 financial year with a new record revenue in the first quarter and get the new financial year off the ground with a well-filled sales pipeline, shows that there is a good chance of a delayed realisation of growth expectations in the 2013/2014 financial year, and of consequently achieving positive effects on the results.

The 2013/2014 financial year will be a crucial year for the establishment of the audience management business. The market response to the approach to business and the service portfolio of the NEXT AUDIENCE Platform, which is still in the development stage, is encouraging. The completion of the software certainly still harbours risks, but good progress was made in this respect in the 2012/2013 financial year, and there is now a much better chance of being able to deliver the 1.0 version in good time early in January 2014.

2013/2014 should thus see a turnaround in the negative trend of the two previous financial years. According to forecasts by the experts, the general economic environment offers a much better framework in which to achieve this than it did in the situation of one year ago.

THANKS

The Supervisory Board would like to thank the Management Board and all employees of the SinnerSchrader Group for their dedication in the 2012/2013 financial year. It is and will remain the key foundation of the development of SinnerSchrader in the new 2013/2014 financial year and beyond.

Hamburg, 8 November 2013

Dieter Heyde
Chairman of the Supervisory Board

SINNERSCHRADERGROUP 2012/2013

JOINT STATUS REPORT
CONSOLIDATED FINANCIAL STATEMENTS
ANNUAL FINANCIAL STATEMENTS
FURTHER INFORMATION

1 GENERAL

The following Status Report is the joint Consolidated Status Report and Group Status Report of SinnerSchrader Aktiengesellschaft ("SinnerSchrader AG" or "AG") for the 2012/2013 financial year, which covered the period from 1 September 2012 to 31 August 2013. In particular, it shows the development of the income, financial, and asset status of the SinnerSchrader Group ("SinnerSchrader" or "Group") and the AG in the 2012/2013 financial year and addresses the key risks and opportunities and the probable future development of business. Unless explicit reference is made to the AG, the statements refer to the Group.

The Consolidated Financial Statements for 2012/2013 were drawn up according to International Financial Reporting Standards ("IFRS") as they are to be applied in the EU and the additional regulations under commercial law pertaining to Article 315a para. 1 of the German Civil Code (HGB).The Annual Financial Statements of SinnerSchrader AG for 2012/2013 follow German accounting regulations.

The Status Report and the Group Status Report, particularly Section 9, contain statements and information aimed at the future. These can be recognised by the use of words such as "expect", "anticipate", "forecast", "intend", "plan", "strive", "estimate", "become", or "should". Such forward-looking statements are based on current knowledge, estimates, and assumptions. They 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 its 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.

The following graphs and tables are not components of the audited Status Report.

2 GROUP BUSINESS AND STRUCTURE

2.1 BUSINESS ACTIVITIES

With 451 employees as at 31 August 2013, SinnerSchrader is one of the biggest independent digital agency groups in Germany. SinnerSchrader offers companies in Germany and abroad a comprehensive portfolio of services for the use of digital technologies to further develop and optimise 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.

SinnerSchrader's range of services mainly comprises

- advice about and development of strategies for the use of digital technology for marketing, sales and communication as well as the establishment of digital business models,
- the customised conception, design and technical development of websites, Internet applications and mobile apps,
- content-related and technical maintenance, performance measurement and optimisation as well as technical operations, including the provision of the technical infrastructure of websites and Internet applications,
- the development, implementation and execution of digital marketing and communication measures,
- the planning and implementation of online advertising measures with a focus on performance-oriented display advertising (online media),
- the delivery and performance measurements of advertising media (adserving) using modern targeting and retargeting methods which are compatible with data protection legislation on the basis of an adserving solution developed in-house using a software-as-a-service model,
- the assumption of overall responsibility for setting up and managing sales channels on the Internet, including logistics, payment processing and shop management (e-commerce outsourcing).

The service portfolio thus remained largely unchanged in the 2012/2013 financial year. The creation of the "Strategy" management unit in the SinnerSchrader agency met the growing need for strategic consulting in digital projects.

In the adserving business, SinnerSchrader pressed ahead with the development of a software program which puts advertisers in a position to safely manage and optimise their online advertising expenditure in a new, integrated form as specified by the stringent German standards for data protection (audience management). The completion of the software and the generation of initial revenue from audience management is scheduled for the 2013/2014 financial year.

The expansion of the regional presence of the SinnerSchrader Group was continued in the 2012/2013 financial year with the establishment of an office in Prague to serve the development of the customer relation with ŠKODA. Services in the 2012/2013 financial year were thus rendered from offices in Hamburg, Frankfurt am Main, Berlin, Hanover, Munich and Prague.

SinnerSchrader primarily works for companies based in Germany, though in the 2012/2013 financial year it also worked for reputable companies from the Czech Republic, Switzerland, the UK, France, and Italy. SinnerSchrader aims for long-term customer relationships and has been working for several major customers for more than ten years. The majority of the customers can be assigned to the Retail & Consumer Goods, Financial Services, Telecommunications & Technology and Transport & Tourism sectors.

2.2 STRUCTURE OF THE GROUP

SinnerSchrader continues to operate its business from seven actively operating companies, although there were two changes in the structure of the company during the course of the 2012/2013 financial year:

- SinnerSchrader Praha s.r.o. was founded in September 2012 for setting up the office in Prague. The new company, a full subsidiary of SinnerSchrader AG, was entered in the Commercial Register on 8 November 2012.
- spot-media AG and next commerce GmbH, which are also full subsidiaries of SinnerSchrader AG, were merged to become Commerce Plus GmbH with retroactive effect as at 1 September 2012. The two units, mainly specialised in developing, maintaining and operating online shops using PHP technologies, were combined, hence reducing the complexity of the Group. In this context, the subsidiary of spot-media AG, spot-media Consulting GmbH, was renamed "Commerce Plus Consulting GmbH".

The group of operating companies in the SinnerSchrader Group was unchanged from the previous year, and was made up of Commerce Plus GmbH and its subsidiary together with SinnerSchrader Praha s.r.o., SinnerSchrader Deutschland GmbH, SinnerSchrader Mobile GmbH, mediaby GmbH and NEXT AUDIENCE GmbH. newtention services GmbH and the two foreign companies, SinnerSchrader UK Ltd. and SinnerSchrader Benelux B.V. remained non-operative in the year of the report.

SinnerSchrader Deutschland GmbH and its predecessors have been part of the agency group since it was founded in 1996. It is the biggest subsidiary and is responsible for the digital agency business under the "SinnerSchrader" brand. With the exception of online media and adserving business (including the retargeting network), E-Commerce Outsourcing and the development of native mobile apps, the SinnerSchrader Agency renders a full range of services for companies with considerable annual digital budgets (more than € 500,000). In this context, branding and marketing communications services are rendered under the "Haasenstein" brand, which was launched in 2010.

SinnerSchrader Deutschland GmbH forms the Interactive Marketing segment with TIC-mobile GmbH taken over in May 2011, which was subsequently renamed SinnerSchrader Mobile GmbH. SinnerSchrader Mobile GmbH focuses on applications for mobile devices such as smart phones and tablets.

As part of the merger of spot-media AG and next commerce GmbH, the business conducted by the spot-media Group was taken out of the Interactive Marketing segment and included in the Interactive Commerce segment, in which SinnerSchrader now offers a full range of services, ranging from the concept to the establishment and the operation of digital sales channels, under the "Commerce Plus" brand. The Commerce Plus Group renders its services either by way of service and work contracts or on the basis of e-commerce operator models. In the case of the latter, Commerce Plus GmbH takes responsibility for the development, management and operation of the online sales channel for companies on the basis of contracts lasting several years in return for revenue-related, and thus performance-related, remuneration. Commerce Plus, without being accordingly restricted, has its technological focus on PHP-based technologies, in particular on Magento.

mediaby GmbH, which was hived off from SinnerSchrader Deutschland GmbH in 2009, and NEXT AUDIENCE GmbH form the Interactive Media segment. mediaby GmbH performs the business of an online media agency and primarily positions itself as a specialist for performance-oriented display advertising. NEXT AUDIENCE GmbH, which emerged when newtention technologies GmbH was renamed, develops and markets adserving technology, using a software-as-a-service model, in which state-of-the-art methods for profiling advertising recipients and for targeting and retargeting are implemented which comply with the stringent German standards for data protection. NEXT AUDIENCE is currently developing a new generation of its software, which will further develop business with software solutions for the data-driven management and optimisation of online advertising measures for advertisers, i.e. audience management.

SinnerSchrader AG acts as the managing holding company in the Group and is responsible for the strategic control and further development of the Group, financing the operating business, administering the liquidity reserves and communicating with the capital market. Furthermore, SinnerSchrader AG centrally provides the subsidiaries with infrastructure and administrative services.

3 MARKET AND COMPETITIVE ENVIRONMENT

In their "joint autumn 2013 diagnosis", leading German economic research institutes have forecast that the gross domestic product will grow by 0.4 % in the current year of 2013. With this forecast, they are confirming that economic momentum in 2013 has again slowed down noticeably in comparison to the previous year, which, in turn, was not strong with growth in the real gross domestic product at 0.7 %. In 2011 the German economy grew by as much as 3.3 %.

Before the start of the year, the research institutes still assumed economic growth of 1.0 % for 2013, which would have meant a slight growth in dynamics against 2012. However, expectations at that time were already thwarted by a surprisingly weak fourth quarter in 2012 and a weak first quarter in 2013. The real gross domestic product in the fourth quarter of 2012 was at the same level as the comparable quarter of 2011. In the first quarter of 2013, the Federal Statistical Office even reported a decline of 1.6 % in comparison to the previous year – without adjustment for calendar effects resulting from a different number of working days in the periods under comparison. The last declining quarter against that of the previous year was the fourth quarter of 2009.

However, from the second quarter of 2013 on, a period for which the Federal Statistical Office reported growth of 0.9 % against the same quarter of the previous year in August 2013, the trend of declining economic momentum, which had persisted for eight quarters, was brought to a halt. The economic research institutes involved in the joint diagnosis expect this trend to continue in the following quarters. In their forecasts they assume that the real gross domestic product in the third quarter of 2013 will exceed that of the previous year by 1.1 %.

The weak economic factors were however determining for the SinnerSchrader 2012/2013 financial year, which approximately covers the period from the beginning of the fourth quarter of 2012 to the end of the third quarter of 2013. On the basis of the quarterly figures from the Federal Statistical Office and the joint diagnosis for the third quarter, the real gross domestic product for this annual period showed only a very low growth rate of 0.1 %, after 1.1 % and 4.0 % in the comparable periods of 2011/2012 and 2010/2011.

There had been an indication of the weak economic development in the final quarter of 2012 and the first quarter of 2013 in the ifo business climate index trend. After the index had reached a temporary high of 109.7 in March and April 2012, it gradually slid down again month after month to reach 100.1 in October 2012. In the peak during the boom years of 2010 and 2011, the business climate index had been at 115 points in February 2011.

DEVELOPMENT OF GROSS DOMESTIC PRODUCT

ADJUSTED FOR PRICE BY QUARTER AND YEAR,
CHANGE TO SAME QUARTER OF PREVIOUS YEAR AND TO PREVIOUS YEAR IN %

Source: German Federal Statistical Office; 3rd and 4th quarters 2013 based on Joint Economic Forecast Autumn 2013

A "slowdown in the speed of global growth, recessionary tendencies in the Euro region and considerable uncertainties in connection with mastering the debt crises" were the reasons that the Deutsche Bundesbank gave for the "perceptible damper on the German economy" in its monthly report in February 2013. A stable, healthy consumer climate during the whole of 2012 – measured with the indicator of the German Consumer Research Association (GfK) – was not able to offset decreasing foreign trade and weakness in the domestic propensity to invest.

However, as at November 2012, the ifo business climate index was already pointing upwards again, mainly driven by a clear improvement in business expectations, particularly in all the areas of the commercial economy covered by the index – the processing industry, mainstream construction industry, wholesaling and retailing. By September 2013, the index had, in a clear upwards trend, risen to 107.7 points, and in October it remained only just under the figure for September. Even though the confidence prevalent in the first quarter of 2013 was not yet justified, as described, the trend was also dampened by a long cold period. It nevertheless remained unbroken. More than anything else, catch-up effects in the construction industry and private consumer spending have turned the gross domestic product trend around, and made growth in the same range as that of the previous year possible. In the third quarter of 2013, for which figures are not yet available, investments and exports should have contributed towards stimulating the economy.

The consumer climate measured by the GfK remained unaffected by the weak economic environment in 2012, which continued through to the spring of 2013. In the light of the high employment rate with optimistic expectations for income and a considerable propensity to buy, it maintained its position at a positive level. The consumer climate of spring 2013 continued to improve among consumers as well, with clear improvements in economic expectations. In September and October 2013, it was a whole point above the respective figures for the previous year.

The general mood is positive in retail, which, according to German Retail Federation (HDE), expects revenue to increase by 1.5 % in 2012, with further growth in 2013, the fourth growth year in succession. The mood is even better in the sub-segment of online and distance selling just as it was in previous years as well. The German E-Commerce and Distance Selling Trade Association (bvh), which regularly publishes figures here, has reported growth of 27.2 % for online trading in goods for 2012. The bvh forecast for 2013 presumes that the dynamic development will continue. The association believes that there will be a 21.3 % increase, to total € 33.5 billion. The bvh has reported growth rates of altogether 43.8 % in online trading in goods for the first half of 2013.

On the basis of the bvh figures, online trading in goods accounted for 6.5 % of all the retail revenues reported by the HDE in 2012. It is to rise to 7.8 % in 2013 in accordance with forecasts made by the two associations. While online trading is growing most dynamically, for the first time ever, the HDE reported a decrease in the retail floor space, which is mainly due to the insolvency of Schlecker, a chain of chemist shops.

In September 2013, HDE President Josef Sanktjohanser stated as follows: "Just as digitisation is changing the media, the online boom will result in a fundamental change in retail." He was referring to an industry in which the consequence of digital change became particularly clear to the outside world during the course of the SinnerSchrader financial year, when the "Financial Times Germany" was closed, with the problems incurred by the "Frankfurter Rundschau" and with the decision taken by the publishing house Axel Springer Verlag to sell a large part of its print products, including the listings magazine "HÖRZU" and the renowned regional newspaper "Hamburger Abendblatt".

The shift in advertising expenditure away from print to the digital channels is making an impact here. According to the Circle of Online Marketers (OVK) in the German Association of the Digital Economy (BVDW), gross advertising investments in online advertising increased by 13 % in 2012. The 2013/02 OVK online report states that these investments will probably increase by 12 % in 2013. In view of an otherwise quite flat development in gross advertising investments, the share of online advertising expenses is growing significantly, not least at the expense of the print media.

Retailing and the newspaper and magazine industry are examples of the challenges in all the consumer-oriented sectors, also in retail banking, in the insurance industry and/or in the automobile industry. The pace of innovation in the "digital world" also heightens the challenge for all the established companies. The triumph of smart phones and tablets has put the issue of the development of mobile strategies and their integration in the overall digital marketing strategy on the agenda.

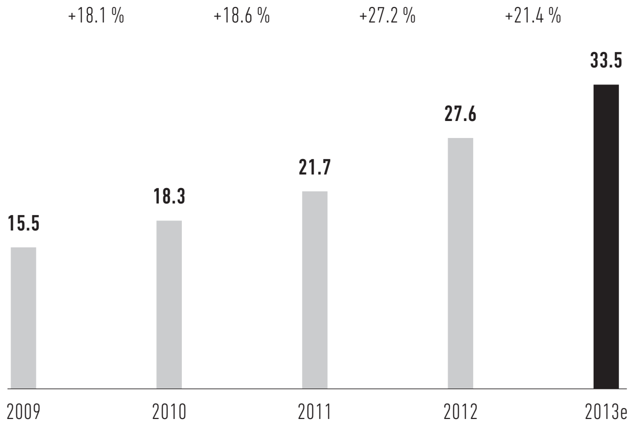
According to the latest ARD/ZDF online study in 2013, the popularity of mobile devices is having a clear effect: While the daily average time spent on the Internet by online users of 14 years and older stagnated at 130 to 140 minutes a day in the period from 2009 to 2012, it has soared to 169 minutes a day in 2013. For those using mobile devices to access the Internet, the average amount of time spent on the Internet every day is as much as 208 minutes when an average of 6.3 days is spent online, according to the 2013 online study. The other group returns comparable figures of 122 minutes and 5.1 days.

On the one hand, this development increases the need of a company to invest in the digital shift of their business models. On the other hand, due to uncertainty about the right approach in conjunction with economic doubts, the development may temporarily also lead to delays in making investment decisions.

However, there is no question about the medium and long-term relevance of the digital shift as one of the important areas of investment for a company's development. This is also made clear by the fact that an increasing number of consulting firms is becoming digitally reinforced through acquisitions, such as the takeover of digital agency Fjord by Accenture in May 2013. SAP's takeover of software supplier hybris, which develops and sells a software platform for establishing large online shops and portals, for around one billion US dollars in June 2013 has drawn a lot of attention to this finding in the SinnerSchrader 2012/2013 financial year.

DEVELOPMENT OF E-COMMERCE REVENUES

VALUE OF GOODS, PURCHASED ONLINE BY GERMAN CONSUMERS
IN € MILLION CHANGE OVER PREVIOUS YEAR IN %



Source: German E-Commerce and Distance Selling Trade Association (bvh)

4 BUSINESS DEVELOPMENT AND GROUP SITUATION

Unlike in previous years – and even during the financial crisis in 2008/2009 – SinnerSchrader was not able to remain unaffected by weak economic development in the 2012/2013 financial year. An extremely low number of inquiries from new customers marked the first half year. In addition to this, existing customers were noticeably cautious in terms of commissioning new projects. In the first two quarters, net revenue hence fell short of the comparative figures for the previous year.

However, the business trend turned around again with a clear boost in demand in the second half of the year, although this demand was only partially reflected in the year of the report due to the sales lead time. Group revenues nevertheless clearly exceeded those of the previous year in the third and fourth quarters of 2012/2013.

SinnerSchrader only achieved a slight overall increase of 1.2 %, to € 36.4 million in net revenue for the financial year from September 2012 to August 2013.

However, the weak growth in the year of the report was not only caused by the economy. Decisions taken by two major customers in the second half of 2011/2012 to substantially reduce their business conducted with spot-media AG results in an expected considerable decline in revenue in comparison to the previous year. After the merger between spot-media AG and next commerce GmbH, this decline is reflected in the Interactive Commerce segment, in which revenues declined by 19.5 % in comparison to the previous year. With increases in revenue of 8.8 % and 0.5 % in the other two segments, this decline was only just offset.

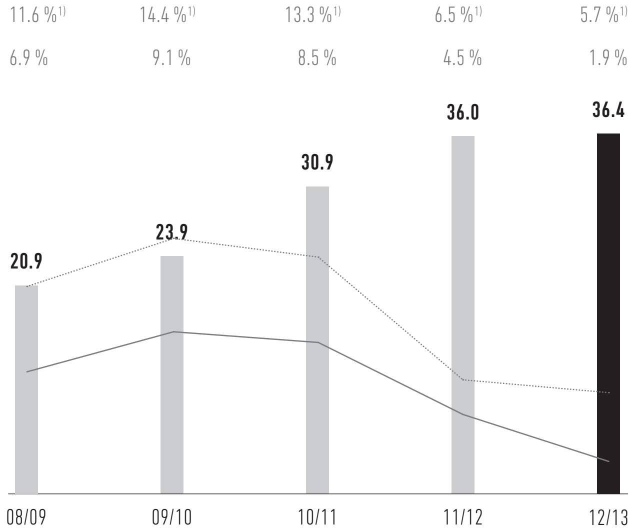
The operating result (EBITA) decreased considerably in the 2012/2013 financial year in comparison to the previous year, by around € 0.95 million to just under € 0.7 million. It was mainly the scheduled increase in advance payments for the further development of adserving business that had the effect of generating an audience management offer that is still unique on the German market. In the year of the report, advance payments made amounted to a total of around € 1.4 million.

Furthermore, media business also struggled with a clear decline in income. The development of the operating result in the other segments was positive, but given the generally inadequate growth dynamics it was not strong enough to compensate for the cumulative decline in the Interactive Media segment.

As a consequence, the SinnerSchrader Group only achieved balanced net income in the year of the report.

DEVELOPMENT OF NET REVENUES AND NET REVENUE MARGIN

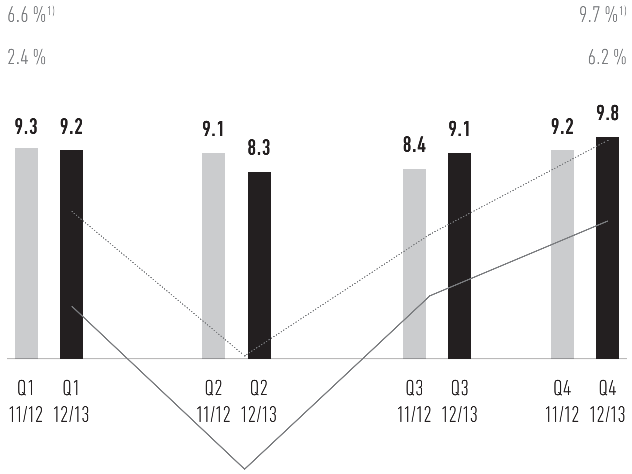
IN € MILLION AND %



1) Before costs for expansion of service portfolio

DEVELOPMENT OF NET REVENUES AND NET REVENUE MARGIN BY QUARTER

IN € MILLION AND % FOR THE 2012/2013 FINANCIAL YEAR
(NET REVENUES COMPARED TO FIGURES FOR PREVIOUS YEAR)



1) Before costs for expansion of service portfolio

Despite the generally weak development of revenue and the negative development of the operating result due to increased advance payments, the SinnerSchrader Group reported a € 0.3 million improvement in the operative cash flow, to € 2.4 million in the year of the report. This figure reflects the pleasingly positive business dynamics of the past few months of the financial year, one of the reasons being a considerable inflow of deposits.

The liquidity from cash funds and fixed-term deposits, at € 5.95 million on the balance sheet date of 31 August 2013, was € 0.75 million higher than the final figure for the previous year. However, the year-end spurt resulted in an increase in the balance sheet total, which in turn saw the shareholders' equity rate declining by 4.5 percentage points to a good 52 %..

4.1 REVENUES

The SinnerSchrader Group achieved revenues of € 36.4 million in the 2012/2013 financial year. This was € 0.4 million more than in the previous year, corresponding to a growth rate of only 1.2 %.

Two very different half-year periods characterised the development of SinnerSchrader business from September 2012 to August 2013. The first two quarters of 2012/2013 were determined by cautious demand, probably caused by the economy and by the effect of the decisions taken by two major customers in the second half of 2011/2012 to reduce the volume of business conducted with spot-media AG. Furthermore, the conversion in the settlement model of an important mediaby GmbH customer at the beginning of the fourth quarter resulted in perceptible declines in revenue. The revenues of the previous year were thus not met in either quarter. The total decline in revenue of € 0.85 million, or 4.6 %, resulted in the first half year of 2012/2013.

As confidence and willingness to invest in the German economy increases, the development in the second half of the financial year turned around and was again positive, and the sales figures for the second half of the previous year grew by almost € 13 million or 7.2 %. In the final fourth quarter, SinnerSchrader achieved a new record revenue, which, at € 9.8 million, was a good € 0.5 million or 5.7 % above the previous peak in the first quarter of 2011/2012.

When taking a look at the Interactive Marketing, Interactive Media and Interactive Commerce segments in which SinnerSchrader structures its business, the 2012/2013 financial year shows very different developments. While the Interactive Marketing segment increased its net revenue by 8.8 % in spite of the adverse effects of the general economy, the Interactive Media segment only grew by a weak 0.5 %. In the Interactive Commerce segment, the revenue actually fell markedly, by 19.5 %.

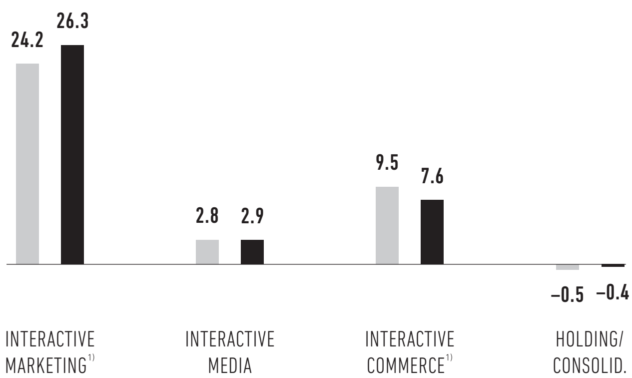
The main reason for the considerable decline in revenue in the Interactive Commerce segment was the fact that two major spot-media AG customers, with whom a total of around € 3.7 million had been earned in the previous year, each decided independently of one another to significantly reduce their business volume. One of the customers had decided to expand its insourcing strategy; the other customer had almost fully retracted its relationship with spot-media AG as part of the consolidation of agency relations following a takeover. In comparison to the previous year, a revenue volume in the range of € 1.9 million was lost; when considering a period of two financial years, as much as € 3.2 million was lost.

SinnerSchrader decided to merge the business conducted by the spot-media Group, which primarily focused on digital sales processes, and next commerce GmbH, not least due to this development. SinnerSchrader implemented this decision by merging the companies to become Commerce Plus GmbH retrospectively as at the beginning of the 2012/2013 financial year. For this reason, the loss of revenue is shown in the Interactive Commerce segment. The spot-media Group was maintained in the Interactive Marketing segment prior to this merger.

In total, revenues of € 7.6 million were achieved in the Interactive Commerce segment. Even though the unit, which was newly created as a result of the merger, has thus not yet been able to separate itself significantly from the declines in revenue with the two major customers of the former spot-media AG, the segment did gain a secure foothold in the year of the report. The gap to the previous year decreased during the course of the year, from more than 24 % in the first quarter to below 14 % in the last quarter. Commerce Plus gained numerous new customers, in particular in the second half year period of 2012/2013. This is reflected in a new customer rate of around 10.5 % for the full year of the report.

NET REVENUES BY SEGMENT[1)]

IN € MILLION FOR THE 2012/2013 AND 2011/2012 FINANCIAL YEARS



1) In the 2012/2013 financial year, the spot-media Group switched from the Interactive Marketing segment to the Interactive Commerce segment; the figures for the previous year have been adjusted.

The new customers include a major chain of chemist shops in southern Germany, the wine trader vinos and a mobile phone supplier for whom Commerce Plus GmbH developed and implemented a new hardware shop concept. Commerce Plus GmbH now operates this hardware shop.

Revenue in the Interactive Media segment amounted to just under € 2.9 million in the 2012/2013 financial year. The development of revenue in the segment was extremely cautious, with growth at only 0.5 % higher than in the previous year. While NEXT AUDIENCE achieved double-digit growth rates in adserving business, SinnerSchrader had to accept losses in its media agency business.

Increases in adserving business were achieved, even though the development of the new platform, on which NEXT AUDIENCE has been working in expanding the basis of business through to audience management with the focus on advertisers since 2012, had not yet been completed. Business with advertisers in particular has nevertheless shown a pleasingly positive development. With the use of NEXT AUDIENCE technology, these advertisers are endeavouring to achieve more autonomy when optimising their digital advertising expenditure, and expect a change to the clearly expanded opportunities provided by the NEXT AUDIENCE Platform, which is now scheduled to be completed at the end of 2013. The reorientation of NEXT AUDIENCE has been welcomed on the market.

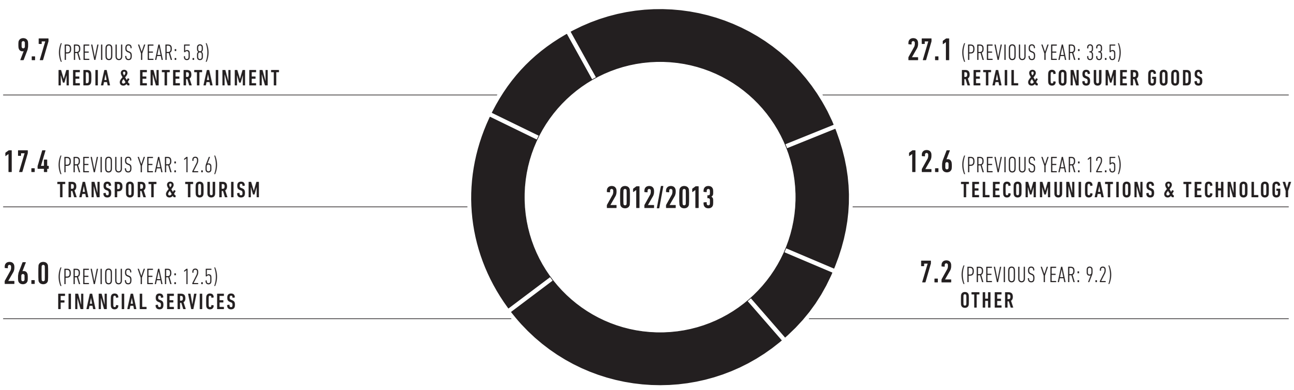
Media agency business developed negatively in the year of the report because an important mediaby GmbH customer reduced its supervised advertising expenditure in the autumn of 2012, and, in this context, switched the settlement of the agency services from performance-based to commission-based remuneration. The resulting negative effects on revenue have already been partly offset during the course of the financial year by means of a reinforced effort in new business and the use of cross-selling potential in the SinnerSchrader Group. Agency business thus contributed considerably towards the pleasing new-customer rate of 13.8 % for the Interactive Media segment.

The Interactive Marketing segment achieved revenue of € 26.3 million in the 2012/2013 financial year, and enabled the SinnerSchrader Group as a whole to continue to grow, with growth at € 2.1 million, or 8.8 %, in comparison to the previous year. The SinnerSchrader agency and SinnerSchrader Mobile, which together make up the segment, both contributed to this growth. However, the SinnerSchrader agency, with an increase of 6.7 %, clearly fell short of its own targets, while SinnerSchrader Mobile exceeded the plans with a growth rate of 47.3 %.

The weak economic environment and bleaker expectations for business in the German economy in the first financial half year proved to be an obstacle to growth. The SinnerSchrader agency was able to gain two lucrative, high-potential new customers with Ferrari and Gelbe Seiten, but the number of new customers and the revenue volume nevertheless remained appreciably below the figures for the previous years. This was not offset by business with existing customers, since a certain reluctance to invest prevailed in this area as well. In the first half year, growth in the SinnerSchrader agency did not exceed a figure of 0.7 %.

NET REVENUES BY SECTOR

IN % FOR THE 2012/2013 FINANCIAL YEAR



In business with new customers and with existing customers conducted by the SinnerSchrader agency, the second half of the year of the report was perceivably brisker. This was reflected in revenue with a growth rate of 12.7 % in comparison to the second half of the previous year. Making the deal for the concept, design and implementation of a multichannel strategy for the leading premium department store chain in Switzerland, Magazine zum Globus AG, was the biggest success. It was still implemented in the 2012/2013 financial year from a sales pipeline that was again well-filled, and contributed in part to revenue in 2012/2013. At 3.3 % on an annual basis, the new-customer rate nevertheless remained far behind the rate for the previous years.

The fact that long-standing existing customer Unitymedia KabelBW entrusted the SinnerSchrader agency with more tasks during the course of the second half year period and that the agency has since taken care of the entire digital interface connecting the cable network operator to its customers is a perfect example of the renewed upturn in business with existing customers. The decision taken by the Czech car manufacturer ŠKODA in the summer of 2012 in favour of the SinnerSchrader agency as a digital lead agency had a positive effect on the development of revenue throughout the entire year of the report; in 2011 SinnerSchrader had started to work for ŠKODA on a project basis.

For SinnerSchrader Mobile, the growing significance of mobile devices for digital marketing strategies resulted in a positive demand from customers within the SinnerSchrader Group and outside of it throughout the entire 2012/2013 financial year. SinnerSchrader Mobile made targeted investments in the expansion of concept, design and consulting expertise following its takeover by SinnerSchrader in May 2011, and now covers the entire value-added chain for mobile projects. Both contributed to the pleasing development of business, with a growth rate of 47.3 % and a new-customer rate of 19.2 %.

Due to weak business with new customers in the SinnerSchrader agency, the new-customer rate for the entire Group was only 5.7 %. This figure was still at 9.7 % in the previous year. In absolute terms this is equivalent to a decline in the volume of revenue generated with new customers from € 3.5 million in the previous year to only just under € 2.1 million in the 2012/2013 financial year. On the basis of the development of customer relations of the former spot-media AG at Commerce Plus, revenue with existing customers declined by a good € 1.6 million.

Weaker new business in comparison to the previous year meant that the declining trend in customer concentration seen in the past few years did not continue. The share of the ten biggest SinnerSchrader Group customers in net revenue rose again and amounted to 62.0 % in the 2012/2013 financial year after it had already fallen short of the 60 % mark in the previous year, at 58.6 %. In 2010/2011 the ten biggest customers of the Group had accounted for 63.2 % of revenue. The development is comparable when viewing the five biggest customers. The share for 2012/2013, at 41.5 %, exceeded the figure of 38.5 % for 2011/2012, but it fell short of the 46.3 % for 2010/2011. The top customer accounted for 10 % of revenue; in the two previous years the biggest customer accounted for 9.7 % and 13.0 %, respectively.

In the sector mix there was mainly a shift at the expense of the share of the Retail & Consumer Goods sector and in favour of the share of customers in the Transport & Tourism and Media and Entertainment sectors in the 2012/2013 financial year. The share of customers in the Retail & Consumer Goods sector decreased by 6.4 percentage points, to 27.1 %. Customers in this sector thus remained the most important group for SinnerSchrader in spite of a considerable decline. One of the two strongly declining customer relations of the former spot-media AG operates in this sector.

The share of the Transport & Tourism sector grew by 4.8 percentage points to 17.4 %, mainly due to the increase in revenue for business conducted with ŠKODA. The share of the Media & Entertainment sector increased by 3.9 percentage points to 9.7 %, one of the reasons being the positive business relationship with Stage Entertainment.

The share of customers from the Financial Services sector showed itself to be comparatively stable. This sector accounted for 26.0 % of revenue; the figure for the previous year, at 26.4 %, was only marginally higher. The SinnerSchrader Group earned 12.6 % of its revenue in 2012/2013 from customers allocated to the Telecommunications & Technology sector.

This is a slight rise of 0.1 percentage points over that of the previous year. In this case it must be taken into account that the second strongly declining customer relationship with the former spot-media AG operates in this sector.

Of the total revenue, 7.2 % cannot be allocated to any of the five sectors singled out. The comparable value of the previous year was 9.2 %. The biggest individual customer in this sector – 11th place in the ranking of all the customers – operates in the Pharmaceuticals & Healthcare sector.

4.2 OPERATING RESULT (EBITA)

In the 2012/2013 financial year, SinnerSchrader generated earnings before interest, taxes and depreciation effects from acquisitions (EBITA) in the amount of € 0.7 million. In spite of slight revenue growth, SinnerSchrader has reported a considerable fall against the previous year, in which the EBITDA was € 1.6 million.

RECONCILIATION OF OPERATING INCOME ACCORDING TO STATEMENT OF OPERATIONS AND EBITA

	2012/2013 IN € 000S	2011/2012 IN € 000S	CHANGE IN %
Operating income	413	649	–36.4
Add-back amortisation expenditure[1]	268	625	–57.1
Add-back amortisation of goodwill	—	353	–100.0
EBITA	**681**	**1,627**	**–58.1**

1) Amortisation of intangible assets from acquisitions

The decision taken by SinnerSchrader to again accept higher advance payments in NEXT AUDIENCE GmbH for further developing the adserving business in the Interactive Media segment to create an audience management offer that is still unique on the German market accounted for € 0.7 million of this € 0.9 million fall. The advance payments, not taking account of development costs that can be capitalised, amounted to € 1.4 million for the Group, after € 0.7 million in the previous year. In the year of the report, another € 0.3 million in expenses eligible for capitalisation were recognised for the development of the NEXT AUDIENCE Platform which will replace the existing n7 adserving software, probably at the beginning of 2014. SinnerSchrader recognised development expenditure in the amount of € 0.1 million in the 2011/2012 financial year.

Without taking account of these advance payments in the establishment of audience management business, SinnerSchrader earned an operating result of € 2.1 million in the 2012/2013 financial year, against € 2.3 million in the previous year.

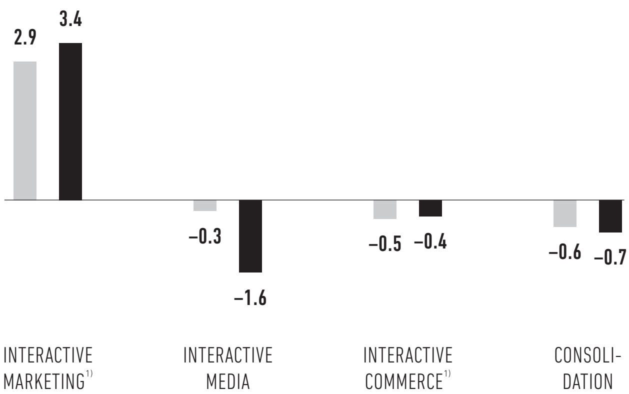
Media agency business is now responsible for the only negative contribution to the comparable value of the previous year, due to the occurrence of revenue losses and costs for increased marketing activities. The operating result for the Interactive Media segment totalled € –1.6 million in the year of the report, thus falling short of the figure for the previous year by € 1.3 million.

During the course of the financial year, the Interactive Commerce segment was able to improve its profits slightly by € 0.1 million, in spite of the considerable fall in revenue, but with the EBITA at just under € –0.4 million, the segment was again in the red. The reduction in personnel capacity, which had become necessary following the decisions taken by two major customers of spot-media AG, which was incorporated in the Interactive Commerce segment, and the non-recurring costs resulting from the move to new offices, were fully allocated to the previous year. However, the considerable cost overruns resulting from a fixed-price project which had been confirmed in the spring of 2012 but only delivered in summer 2013, and the costs for merging next commerce GmbH and the spot-media Group to form Commerce Plus GmbH had a negative effect on the operating result in the 2012/2013 financial year.

The Interactive Marketing segment made a significantly positive contribution to the development of the operating result, even though it fell short of the original expectations. The segment income rose by a good € 0.4 million, to € 3.4 million, in the year of the report. The operating margin of the largest of the three segments thus improved from 12.2 % in the previous year to 12.9 % in the year of the report. An extremely large share of the growth in profits for the segment was earned by SinnerSchrader Mobile GmbH, which thus reported the most positive development in the year of the report. In contrast, for the SinnerSchrader agency the development of the operative result was comparatively slow. The positive increases in earnings on the basis of a rise in the revenue were partly used up for the costs for the establishment of the operations in Munich and Prague.

EBITA BY SEGMENT[1]

IN € MILLION FOR THE 2012/2013 AND THE 2011/2012 FINANCIAL YEARS



1) In the 2012/2013 financial year, the spot-media Group switched from the Interactive Marketing segment to the Interactive Commerce segment; the figures for the previous year have been adjusted.

DEVELOPMENT OF COSTS BY FUNCTION

The fall in the operating result is a consequence of a worsening of the gross margin, which fell by 2.9 percentage points against the previous year, to 24 % in the 2012/2013 financial year. The main reasons for the repeated losses in the gross margin were a worsening in the utilisation of the operative capacity, with the exception of SinnerSchrader Mobile GmbH, particularly during the first financial half year, and in the case of NEXT AUDIENCE after the increase in the computer centre capacity, the expansion by way of a presence on the American continent, the settlement conversion of a major customer in the media agency business from a performance-based settlement to a commission model and considerable cost overruns in a fixed-price project in the Interactive Commerce segment.

Marketing costs rose slightly again in comparison to the previous year, and amounted to 10.8 % in relation to net revenue in the 2012/2013 financial year, after 10.4 % in the previous year. The increase in marketing efforts primarily concerned the Interactive Media segment, while the marketing costs in the two other segments remained the same or fell slightly in relation to revenue.

A clear decrease in costs is shown for the general and administrative costs, which fell in relation to revenue from 13.2 % in the previous year to 11.4 %. The main reason for this relief lies in the Interactive Commerce segment, in which the spot-media AG adjustment to the personnel capacity and the move to other offices had resulted in disproportionately high general and administrative costs. There were essentially no longer any costs of this type in the year of the report.

When viewing the cost development by function, it must be noted that the amortisation costs in the financial year were € 0.35 million lower than in the previous year. The amortisation costs – depreciation on intangible assets as part of purchase price allocations which were not posted in the balance sheet of the unit taken over, for example existing customers and allocated purchase price shares – are not included in EBITA, but are to be allocated to function costs under IFRS. These costs fell by one percentage point in relation to revenue. Since the amortisation costs are to be allocated to the functions, this fall has somewhat contained the rise in revenue and sales costs. Without this effect, the worsening of the gross margin would have been 3.7 percentage points and the marketing costs would have risen by 0.7 percentage points in relation to revenue.

The expenditure for research and development fell slightly, from 1.1 % of net revenue in the 2011/2012 financial year to 1.0 % of the net revenue in 2012/2013. However, in this case it must be remembered that the share of development costs incurred for the development of the new NEXT AUDIENCE Platform was recognised in the amounts of € 0.3 million and € 0.1 million, respectively, in the year of the report and in the previous year.

The balance of other operating expenses and income was positive again in the 2012/2013 financial year, at € 0.1 million. In the previous year it amounted to € –0.15 million, due to the allocation of the impairment to goodwill from the acquisition of newtention technologies GmbH in the amount of € 0.35 million. Since the impairment and the amortisation costs are not taken into account in the EBITA, the elimination of this burden does not have a positive effect on the EBITA. The other operating expenses and income thus had a negative effect on the EBITA in the amount of € 0.1 million in the year of the report.

DEVELOPMENT OF COSTS BY FUNCTION

	2012/2013		2011/2012		CHANGE
	IN € 000S	IN %[1]	IN € 000S	IN %[1]	IN %
Cost of revenues	27,659	76.0	26,302	73.1	5.2
thereof amortisation expenditure	188	0.5	450	1.3	–58.3
Costs of marketing	3,932	10.8	3,755	10.4	4.7
thereof amortisation expenditure	80	0.2	175	0.5	–53.9
General and administrative costs	4,137	11.4	4,737	13.2	–12.7
Research and development costs	357	1.0	392	1.1	–8.8

1) As a percentage of net revenues

DEVELOPMENT OF COSTS BY COST TYPE

In the 2012/2013 financial year there were comparatively moderate rises in all the cost items, which, with the exception of depreciation (not including amortisation and impairment) were in the lower single-digit range but above the level of growth in revenue. Over and above the scheduled additional expenses for the development of audience management business, there were mainly two factors that contributed to the disproportionate rise in costs.

On the one hand it is only possible and effective to a limited extent to adapt the cost situation to short-term under-utilisation such as occurred in the first financial half year. On the other hand, the essential establishment of a regional presence for the SinnerSchrader agency in Munich and Prague resulted in non-recurring costs and temporary over-capacities in the initial phase.

The personnel expenditure rose by 3 % in the 2012/2013 financial year. The full increase is the result of the increase in the personnel capacity, particularly in the newly established operations of the SinnerSchrader agency, SinnerSchrader Mobile and NEXT AUDIENCE. The capacity was increased from 388 full-time employees on average in the previous year to 406 employees. This resulted in a reduction in revenue per employee of around € 92,700 to € 89,700. In relation to the revenue, the personnel costs increased again, by 1.2 percentage points to 66.2 %.

In the year of the report, SinnerSchrader spent 4.2 % more on purchased goods and services than in the previous year. However, temporary surplus capacities made it possible to reduce the use of freelancers in comparison to the previous year. On balance, the increase in costs resulted from a larger volume of digital communication projects, usually with a higher proportion of external employees in the Interactive Marketing segment, and clear increases in the capacities used in external computer centres including the establishment of a computer centre presence with NEXT AUDIENCE on the North American continent.

Other operating expenses rose by 5.0 %. Increases across the cost item – including those for occupancy costs through renting new spaces at the new operations, for legal and consulting costs due to the establishment of the operation in Prague, for the merging of next commerce GmbH and the spot-media Group, the establishment of audience management business and for investor relation costs – were matched with cuts, mainly in the case of personnel consulting costs.

Depreciation, at an increase of 11.8 %, grew most in the 2012/2013 financial year. This was a consequence of the two high-investment financial years of 2011/2012 and 2012/2013, each with an investment volume of € 0.95 million. Investments as part of the establishment of the operations, the replacement of office furniture in the significant operations and the increase in the computer centre capacity for audience management business maintained the volume of investments in the year of the report at the high level of the previous year.

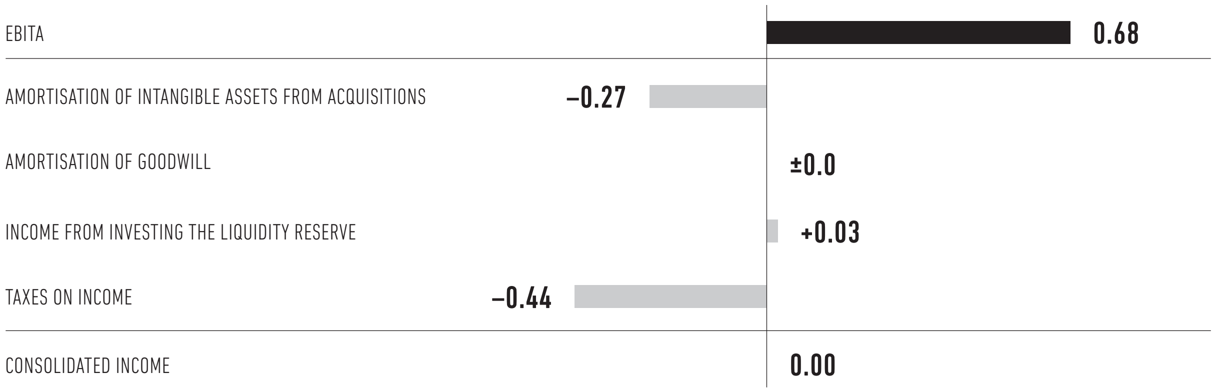
DEVELOPMENT OF COSTS BY COST TYPE

	2012/2013		2011/2012		CHANGE
	IN € 000S	IN %[1]	IN € 000S	IN %[1]	IN %
Personnel expenses	24,081	66.2	23,388	65.0	3.0
Costs of materials and services	5,064	13.9	4,859	13.5	4.2
Other operating expenses	5,923	16.3	5,643	15.7	5.0
Depreciation	749	2.1	670	1.9	11.8
Amortisation expenses	268	0.7	625	1.7	–57.1

1) As a percentage of net revenues

RECONCILIATION OF EBITA TO CONSOLIDATED INCOME

IN € MILLION FOR THE 2012/2013 FINANCIAL YEAR



4.3 NET INCOME

The negative development of the operating result only had a limited impact on the net income in the 2012/2013 financial year. SinnerSchrader thus ended the financial year with a barely balanced result, after net income of € 0.15 million in the last year.

On the one hand, compensation for the drop in the operating result was provided by the elimination of the financial burden in the amount of € 0.35 million due to the full impairment to goodwill resulting from the initial consolidation of the newtention Group, acquired in the 2008/2009 financial year, which had become necessary in the last year. The impairment tests carried out as at 31 August 2013 on the remaining goodwill to be allocated to SinnerSchrader Mobile GmbH and Commerce Plus GmbH in the total amount of € 4.0 million did not result in any need for impairment.

The low amortisation costs had an equivalent compensating effect of € 0.35 million. While amortisation costs amounted to a good € 0.6 million in the 2011/2012 financial year, they were reduced to a good € 0.25 million by the scheduled expiry of the amortisation periods in the year of the report, with the expiry of amortisation of the n7 software program, capitalised as part of the initial consolidation of the newtention Group, making the biggest single impact.

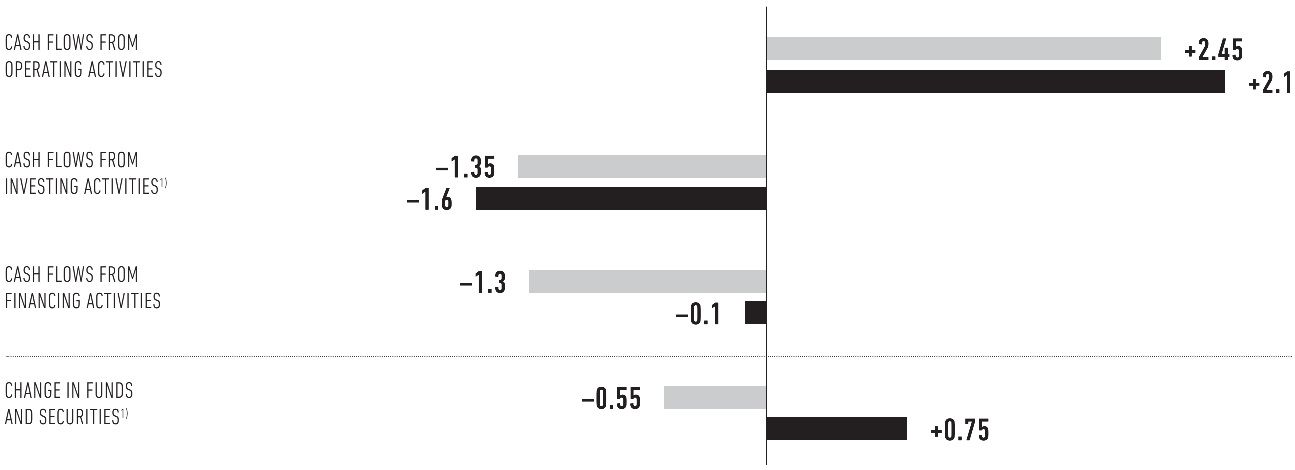
The elimination of a positive effect on income which resulted in the amount of € 0.05 million from the reduction in the purchase price estimated for the takeover of Maris Consulting GmbH in the previous year and a reduction of € 0.02 million in the balance of interest was slightly against the trend.

The negative effect from current and deferred taxes on income in the 2012/2013 financial year was lower than in the previous year due to lower taxable income and the possibility to use loss carry-forwards and carry-backs of € 0.15 million, but it nevertheless amounted to just under € 0.45 million. As in the previous years, the tax burden was disproportionally high, since it was still not possible to recognise deferred taxes on losses incurred by NEXT AUDIENCE GmbH in the profit or loss.

In total, the decline in the EBITA of € 0.95 million was thus matched by improvements in the result of € 0.8 million in the 2012/2013 financial year. The bottom line shows a balanced net income of € 1,287 and earnings per share of 0 cents.

CONSOLIDATED STATEMENTS OF CASH FLOWS

IN € MILLION FOR THE 2012/2013 AND 2011/2012 FINANCIAL YEARS



1) Without investment of liquid funds in securities and long-term fixed deposits

4.4 CASH FLOWS

Despite the poor development of the operative result in the 2012/2013 financial year and considerable investment expenditure, SinnerSchrader ended the year with a surplus of cash and cash equivalents in the amount of a good € 0.75 million – not taking account of the inflow of € 0.5 million from the redemption of an interest-bearing security held as a financial investment.

The main reason for the divergence in the development of income and cash flows is the fact that business in the SinnerSchrader Group increased substantially in the last few months of the financial year. On the one hand, the considerable volume of settlements in the past few months of the financial year, accompanied by good incoming payments, resulted in an increase in turnover tax liabilities, which were not matched by funds tied up in a higher amount of payables. On the other hand, in the period up to 31 August 2013, SinnerSchrader received a far higher amount of deposits than in the previous year. These two effects alone, included in the cash flow statement under changes to the debts, had a positive effect on the operating cash flow in the amount of € 0.6 million and € 0.9 million, respectively.

As at 31 August 2013, SinnerSchrader had furthermore taken in € 0.4 million from ticket sales for conferences held in September 2013, which is reflected as an increase in liabilities in the cash flow statement.

The operating cash flow amounted to just under € 2.45 million in the 2012/2013 financial year. The above-mentioned effects alone contributed € 1.9 million to this cash flow. In the year of the report, the annual profit adjusted by non-cash income and expenses, with the exception of the creation and reversal of reserves, resulted in operating cash flow in the amount of just under € 1.4 million.

In net terms, changes to other balance sheet items result in an outflow of funds of € 0.85 million. The other items and tax items alone were reduced by approximately the same amount in the 2012/2013 financial year. The implementation of the adjustments to the personnel capacity of the former spot-media AG, resolved in the previous year, the reduction in the claims for bonuses, and fees and tax payments which were not matched by comparable reserves in view of the weaker results situation contributed considerably to the reduction in the reserve item in the amount of € 0.8 million.

The operating cash flow amounted to € 2.1 million in the previous year. The differences in the changes to liability and reserve items are most noticeable in a comparison of the cash flow statements of the two financial years. In the two financial years, an efficient system of settlement and receivables management limited the amount of funds tied up in the accounts receivable and unbilled services to customers items to around € 0.15 million in the previous year and € 0.25 million in the year of the report.

SinnerSchrader employed funds in the amount of a good € 1.55 million for investments without the inflows and outflows of funds from the use of the liquidity investments in the 2012/2013 financial year. The funds used for investments amounted to just under € 1.35 million in the previous year. While the earn-out payments for corporate acquisitions were reduced by just under

€ 0.2 million to € 0.1 million against the previous year, the investments in tangible assets and software rose by another € 0.2 million over the level of the previous year, which had already been high. The investments amounted to around € 1.15 million in the year of the report, and were mainly intended for replacements and expansion purchases for establishing the operations, for replacing office furniture in the majority of operations and for expanding the computer capacity for audience management business.

The capitalised amount for the NEXT AUDIENCE GmbH goods on own account for the creation of the NEXT AUDIENCE Platform also increased, by € 0.2 million. Development costs of around € 0.3 million were capitalised in the 2012/2013 financial year.

In the field of financial activity, outflows of funds of a good € 0.1 million went into repurchasing 72,746 shares of treasury stock in the year of the report. In the previous year the outflow of funds was just under € 1.3 million, with the payment of a dividend in December 2011 accounting for the major part, and € 0.15 million being spent on repurchasing treasury stock.

4.5 ASSET AND FINANCIAL SITUATION

The surplus of cash and cash equivalents increased the liquidity reserve to € 5.95 million as at 31 August 2013. The sum of cash funds, fixed-term deposits and securities amounted to € 5.2 million on 31 August 2012. In the 2012/2013 financial year, the increase in the liquidity reserve contributed most to the rise in the balance sheet total, by just under € 1.7 million to € 23.0 million as at 31 August 2013.

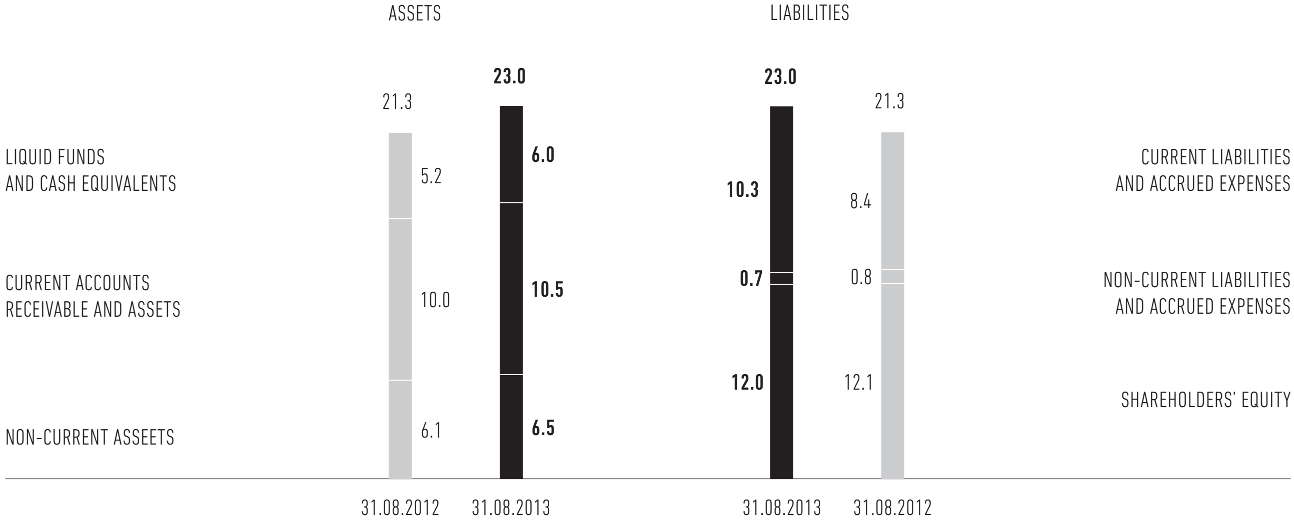
The other current asset items accounted for another € 0.5 million of the increase in the balance sheet total: accounts receivable and unbilled services accounted for around € 0.25 million; an increase in the tax refund claims accounted for € 0.2 million and other assets for a good € 0.05 million.

The substantial investment in tangible assets and software as well as the capitalisation of the development costs for the NEXT AUDIENCE Platform resulted in an increase in the value of the non-current assets of € 0.4 million.

Short-term liabilities, which increased by a total of € 1.8 million, were the counterpart to these increases on the asset sides. The increase in the other debts, including the increase in the prepaid expenses of € 1.3 million and deposits received in the amount of € 0.9 million, was particularly pronounced. The value for trade accounts payable was € 0.45 million higher than on 31 August 2012. Against this growth trend, the reserve items and tax liabilities decreased overall by just under € 0.85 million in comparison to the previous year.

DEVELOPMENT OF CONSOLIDATED BALANCE SHEET

IN € MILLION



The non-current liabilities, at € 0.7 million, remained almost constant in comparison to the amount on 31 August 2012. However, their composition changed: the other debt item in the amount of € 0.3 million from earn-out liabilities, which was to be reported as long-term up to 31 August 2012, had to be reclassified in current other liabilities since the remaining term up to the balance sheet date was shorter than a year. The resulting decrease was offset with an increase in deferred tax liabilities in a comparable amount. The main source of the increase was the difference between IFRS regulations and the regulations for tax assumptions in the valuation of projects which have still not been completed, which, together with the development of current other liabilities and deposits, is an indication of a high level of activity in the final quarter of the 2012/2013 financial year.

Finally, the shareholders' equity fell by € 0.1 million. Without a contribution from the net income, the negative effect of shareholders' equity from the repurchase of treasury stock made itself felt. Together with the increase in the balance sheet total, this slight drop resulted in a 4.5 percentage point reduction of the shareholders' equity rate, from 56.9 % on 31 August 2012 to 52.4 % on 31 August 2013. In spite of this decline, the SinnerSchrader Group remains soundly financed, without the use of financial liabilities.

4.6 EMPLOYEES

On 31 August 2013, 451 employees (including apprentices, interns, students/post-graduate students and management bodies) worked in the SinnerSchrader Group. This were 31 employees, or 7.4 %, more than on 31 August 2012.

Of the 451 employees, 259 belonged to the units in the Interactive Marketing segment. Adjusted by the re-classification of the spot-media Group in the Interactive Commerce segment, the comparative figure for the previous year was 237 employees. The focus of the increase in the capacity by 22 employees in this segment was on SinnerSchrader Mobile GmbH in Berlin and SinnerSchrader Praha s.r.o. in Prague. 7 and 11 more employees, respectively, than on 31 August 2012 were employed at the two operations. As part of the growth in business and in order to reinforce the corresponding aspect of the services portfolio, the management of the SinnerSchrader agency was increased by a Managing Director for strategies in the second half of the 2012/2013 financial year.

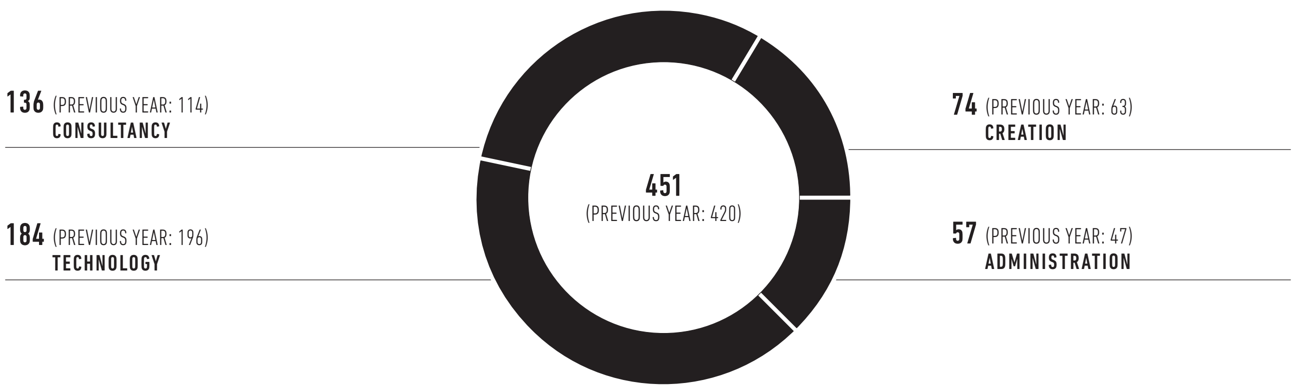
The capacity in the Interactive Media segment grew by 6 employees over the capacity on 31 August 2012, to 40 employees, with the increase mainly concerning the audience management business in which five extra employees mainly reinforced the Product Management/Development and Client/Professional Services divisions.

In the Interactive Commerce segment, the number of employees was reduced by another 4 employees as part of the adjustment to the lower level of revenue.

The managing holding company had 7 employees more than a year earlier on 31 August 2013, all of them performing intern and student functions, particularly in the area of conference management.

EMPLOYEE STRUCTURE ACCORDING TO AREAS

AS AT 31. AUGUST 2013



Broken down according to locations, the workforce was distributed as follows on 31 August 2013: 330 employees in Hamburg, 29 employees in Frankfurt am Main, 41 employees in Berlin, 25 employees in Hanover, 13 employees in Munich and another 13 employees in Prague. The comparative figures against the reporting date for the previous year were 325, 30, 38, 24, 3 and 0.

Of the total number of staff on 31 August 2013, 365 were permanent employees, 14 were apprentices and 72 were interns, post-graduate students and students working on a temporary basis. In the previous year, the total number of staff was distributed across these three groups with 355, 11 and 54 employees, respectively. The increase in the workforce was thus focussed on the interns and the students working on a temporary basis. In the 2012/2013 financial year, the average costs per employee fell accordingly in comparison to the previous year.

The average available personnel capacity for a year, shown as the number of full-time employees, was just under 406 in the 2012/2013 financial year, against a capacity of around 388 employees in the previous year. The increase by 18 full-time employees corresponds to a 4.6 % increase in capacity.

The capacity was spread as 232, 41 and 102 full-time employees over the Interactive Marketing, Interactive Media and Interactive Commerce segments. While the capacity in the Interactive Marketing and Interactive Media segments exceeded that of the previous year by around 27 and 10 full-time employees, respectively, in the Interactive Commerce segment the figure was reduced by around 22 full-time employees, or 17.9 %. In the 2012/2013 financial year, 31 full-time employees worked in the holding company, which were 3 full-time employees more than in the previous year.

Broken down according to functions, slightly fewer than 117 full-time employees, or 28.8 % of the workforce, were assigned to consulting, customer, project management and media planning tasks in the year of the report. 176 full-time employees worked in technology, which corresponds to a share of 43.4 %. 69 full-time employees, or 17.0 %, worked in design functions. 44 full-time employees, or 10.8 %, performed administrative functions. In the previous year, the overall capacity of 105, 182, 60 and 41 full-time employees was distributed across the four functional areas. This corresponds to 27.0 %, 46.9 %, 15.5 % and 10.6 %. The share of employees performing design and consulting functions increased and in contrast, the share of technical employees was reduced by around 3.4 percentage points in the 2012/2013 financial year. Technology nevertheless remains the functional area with by far the highest number of employees in the SinnerSchrader Group.

5 BUSINESS DEVELOPMENT AND SITUATION OF THE AG

SinnerSchrader AG is the managing holding company of the SinnerSchrader Group. Its business activity comprises developing and implementing the Group's strategy, expanding of the business portfolio, controlling, monitoring and financing the operating Group companies, administrating and controlling Group liquidity, managing the domestic companies liable for tax, performing central Group tasks, such as Investor Relations work, providing and administering the infrastructure used jointly by the Group companies, in particular the office premises, as well as rendering central administrative services.

DEVELOPMENT OF THE INCOME SITUATION

In the 2012/2013 financial year, the income situation of the AG was also characterised by the decision taken in the spring of 2012 to establish audience management business in NEXT AUDIENCE GmbH. To this end, the AG provided € 1.6 million in funds to NEXT AUDIENCE GmbH by way of payments into the capital reserve during the course of the year of the report. These funds were mainly used for the development of the NEXT AUDIENCE Platform, the establishment of computer centre capacity and the marketing of the audience management concept in future. The completion of the new software and initial revenue from audience management are scheduled for the beginning of 2014.

Since there is currently no supplier of comparable technology on the German market, from an objective point of view relatively high uncertainty prevailed in terms of the success of this technology. This uncertainty was taken into account by depreciating € 1.3 million of the participating interest in the NEXT AUDIENCE Platform. Similarly, in the previous year, the value of the shares and receivables from NEXT AUDIENCE had been depreciated in the amount of € 1.9 million.

The AG received income in the amount of € 1.5 million from the profit and loss transfer agreements concluded with SinnerSchrader Deutschland GmbH and Commerce Plus GmbH. This was € 0.3 million less than in the previous year and a reflection of the partly unsatisfactory development of the operative result of the Group in the 2012/2013 financial year.

The AG achieved just under € 3.8 million in revenues from the rendering of administrative services and the provision of infrastructure in the 2012/2013 financial year. These revenues fell short of those of the previous year by € 0.2 million, mainly because the AG had temporarily reached an agreement with some if its subsidiaries not to charge for services. Transferring responsibility for the administration of the company's own IT infrastructure to SinnerSchrader Deutschland GmbH also contributed to the reduction in revenues.

As in the previous year, other income was reported at € 0.1 million in the 2012/2013 financial year. This income mainly resulted from the reversal of reserves, from non-cash benefits for employees and from out-of-period transactions.

The aggregated operating costs of the AG rose by just under 1.1 %, to € 4.95 million, in the period of the report. Personnel costs, which rose from € 2.1 million in the previous year to € 2.2 million in the year of the report mainly as a result of the increase in the number of staff, accounted for a substantial proportion of the increases. Cost increases for depreciation and other operating expenses were marginal, amounting to just under € 0.2 million and € 2.4 million, respectively. The total of relevant increases on the other hand did not exceed € 0.05 million. The expenditure for procured services decreased against the trend by € 0.1 million to just under € 0.2 million due to the transfer of internal IT administration and to a reduction in the expenses for the AG's marketing projects.

The balance of interest was reduced by € 0.05 million and was slightly negative in the year of the report.

In the 2012/2013 financial year, normal business activities again generated a negative result for the AG in the amount of € 0.9 million. Since participation-related depreciation does not affect taxes, tax in the amount of just under € 0.4 million became payable on the result of ordinary business activities, as in the previous year, despite the reported losses. A deferred tax liability of € 0.2 million resulted due to a corresponding liability surplus in the financial year.

The annual loss of € 1.3 million, unchanged from the previous year, will once again be balanced out with a withdrawal from the revenue reserves accumulated in previous years.

DEVELOPMENT OF THE ASSET AND FINANCIAL SITUATION

The shareholders' equity fell as a result of the comparatively weak income situation in the operative subsidiaries directly affiliated with the AG through profit and loss transfer agreements, but in particular as a result of the prudent valuation of the goodwill for NEXT AUDIENCE GmbH in consequence of the investment in the development of audience management business. Together with the negative effect from buying back 72,746 shares of treasury stock, the shareholders' equity was reduced by € 1.4 million in the 2012/2013 financial year, to € 31.5 million on 31 August 2013.

In line with the decrease in the shareholders' equity, the total amount of assets fell by € 0.35 million to € 35.4 million, with the main reduction being an amount of € 1.2 million in receivables due to the AG from its subsidiaries, insofar as these receivables were not to be balanced with liabilities. This was matched by increases of € 0.15 million in tangible and intangible assets resulting in connection with the expansion of the office space rented in a central location, and of € 0.3 million for the shares in affiliated companies from the goodwill resulting for NEXT AUDIENCE GmbH on the basis of a cautious estimation. In addition to this, the amount of liquid funds and other securities increased by € 0.3 million and the amount of other assets by € 0.1 million.

The shareholders' equity was reduced by three percentage points, to a ratio that nevertheless remains sound at 89.1 %.

While reserves were reduced by just under € 0.2 million on the liabilities side, the aggregated accrued liabilities item increased by a good € 0.1 million. The reduction in accrued liabilities was the result of advance tax payments made and lower claims for bonuses and fees. The increase in liabilities, which grew in the amount of € 0.45 million, was on the one hand the result of liabilities due to subsidiaries, liabilities from an increase in liquidity reserves held by the AG for subsidiaries, and liabilities resulting from increased claims for loss compensation. On the other hand, turnover tax liabilities were clearly higher, mainly as a result of a one-off settlement of expenses passed on to the subsidiaries, in the amount of € 0.7 million over those of the previous year. Against the trend, trade accounts payable as at 31 August 2013 were € 0.15 million lower than in the previous year.

EMPLOYEES

On the balance sheet date of 31 August 2013, SinnerSchrader AG had 40 employees, including members of the Management Board, interns and students, which was seven employees more than one year earlier. On average, 31 full-time employees worked for SinnerSchrader AG in the 2012/2013 financial year, compared to 28 full-time employees in the previous year. The continued growth of the Group and an increase in own work performed for the organisation of the annual next conferences made it necessary to increase the number of staff employed in the AG.

6 CORPORATE GOVERNANCE

6.1 DECLARATION ON CORPORATE GOVERNANCE

Under Article 289a of the German Commercial Code, companies quoted on the stock exchange must either include a declaration on corporate governance in their status report or make one accessible to the public on their website. The Management Board of SinnerSchrader AG submitted the declaration on 4 November 2013 and published it on the SinnerSchrader Investor Relations website at www.sinnerschrader.ag under the heading "Corporate Governance".

6.2 COMPENSATION REPORT

6.2.1 COMPENSATION SYSTEM FOR THE MANAGEMENT BOARD

The compensation system for the Management Board has not changed in comparison to the situation reported in the 2011/2012 Joint Status Report.

Specifying the structure and level of the Management Board compensation is the duty of the Supervisory Board.

The compensation system for the Management Board is aimed at paying the individual members appropriately according to their areas of activity and responsibility while taking adequate account of individual performance, company success, and the development of the share price by means of a substantial variable portion. It is made up of the following components:

- a non performance-related salary to be paid in twelve equal monthly instalments
- performance-related variable compensation related to one year, partially on the basis of achieving individual goals and corporate goals laid out in the annual plan and partially as a percentage of the net income
- performance-related variable compensation related to three years, depending on achieving specific minimum values for the average growth rate of net revenues and for the average net income margin over the three financial years
- share-based compensation component with a medium- to long-term incentive effect
- other benefits (mainly a company car, accident insurance, D&O insurance with an excess, and the reimbursement of expenses)

The individual weighting of each component takes account of the fact that the Management Board members hold varying stakes in the Company. As at 31 August 2013, Matthias Schrader, co-founder of SinnerSchrader AG, held 2,455,175 shares or 21.27 % of all shares issued. As at 31 August 2013, Thomas Dyckhoff held 74,950 shares.

The salary package of Mr Schrader therefore still does not contain any option allocations.

In connection with Mr Dyckhoff's reappointment for the period from 1 January 2008 to 31 December 2012, Mr Dyckhoff was promised 75,000 share options and, as at 1 August 2011, a further 45,000 share options from the 2007 Stock Option Plan which was adopted by the Annual General Meeting of 23 January 2007. No further share options were granted in connection with Mr Dyckhoff's reappointment for the period from 1 January 2013 to 31 December 2016. The 2007 Stock Option Plan provides for an exercise price in the amount of the average closing price of the SinnerSchrader share on the five trading days before allocation, exercise thresholds of 30 %, 40 %, and 50 % above the exercise price, and waiting periods of three, four, and five years for one-third each of the allocated options. The average exercise price for the options allocated to Mr Dyckhoff is € 1.87 per share.

Since 1 July 2010, the D&O insurance concluded for the Management Board members as part of the other benefits has made provision for an excess in the level prescribed according to Article 93 para. 2 sentence 3 of the German Stock Corporation Act ("AktG").

The members of the Management Board are subject to a post-contractual ban on competition which provides for remuneration for observing this period in the amount of 50 % of the most recent non performance-related annual compensation payment received. With respect to the compensation payments, it was agreed with the members of the Management Board that they must fulfil the recommendations of the Corporate Governance Code No. 4.2.3.

An individualised Management Board compensation overview broken down according to its components for the 2012/2013 financial year is listed in the Notes to the Consolidated Financial Statements and in the Notes to the SinnerSchrader AG Annual Report.

6.2.2 COMPENSATION SYSTEM FOR THE SUPERVISORY BOARD

The compensation system for the Supervisory Board has not changed against the compensation system of 31 August 2012. The structure and amount of the remuneration paid to the Supervisory Board is specified by the Annual General Meeting.

Under the Annual General Meeting resolution of 15 December 2011, remuneration for the regular Supervisory Board members is as follows:

- basic compensation of € 12,500 per year
- expenses
- D&O insurance without excess
- reimbursement of the turnover tax to be paid on the Supervisory Board compensation and the expenses

Unlike the other members, the Chairman of the Supervisory Board receives fixed compensation of € 20,000 a year.

An individualised Supervisory Board compensation overview broken down according to its components for the 2012/2013 financial year is listed in the Notes to the Consolidated Financial Statements and in the Notes to the SinnerSchrader AG Annual Report.

6.3 INFORMATION RELEVANT TO TAKEOVERS ACCORDING TO ARTICLE 315 PARA. 4 OF THE GERMAN COMMERCIAL CODE

The subscribed capital of SinnerSchrader AG is divided into 11,542,764 individual no-par value share certificates with a calculated face value of € 1 issued in the name of the owner. Different classes of shares have not been formed.

The members of the Management Board are underwriters of a consortium agreement in which the pre-IPO investors in SinnerSchrader AG are obligated to the pooling of voting rights in the event of exercising rights and to standard pre-purchase and co-sale rights.

On 31 August 2013 SinnerSchrader held 420,152 shares of treasury stock, which give it no voting rights or other rights.

Several shareholders have notified SinnerSchrader AG pursuant to Article 21 of the Securities Trading Act ("WpHG") in conjunction with Article 22 WpHG that over 10 % of the votes can be assigned to them. The most recent notification for each individual is listed in the Notes to the SinnerSchrader AG Annual Financial Statements as at 31 August 2013. According to the information there, as well as the presentation of the shares held by the Board members in the Notes to the Annual Financial Statements of the AG, Matthias Schrader, co-founder of SinnerSchrader and Chairman of the Management Board of the AG, directly held 2,455,175 shares as at 31 August 2013, corresponding to 21.27 % of all voting rights.

None of the shares issued in SinnerSchrader AG are granted special rights.

The AG does not initiate voting controls for employees holding a share of the capital if these employees do not fall under the cited consortium agreement.

The appointment and dismissal of the members of the Management Board is based on Article 84 AktG. In addition, the Statutes of SinnerSchrader AG make provisions for the Management Board to be made up of at least two people and for the Supervisory Board to be able to appoint deputy members of the Management Board.

According to Article 119 para. 1 No. 5 AktG, amendments to the Statutes are subject to the Annual General Meeting. According to the Statutes, the Supervisory Board is furthermore authorised to adopt amendments to the Statute that affect only the wording.

The Annual General Meeting of 20 December 2012 authorised the Management Board to increase the share capital of the AG once or repeatedly by up to a total of € 5,770,000 until 19 December 2017 with the approval of the Supervisory Board by issuing new no-par-value shares in return for a contribution in cash or a contribution in kind ("Approved Capital 2012"). The Approved Capital 2008 was cancelled by a resolution adopted at the Annual General Meeting of 20 December 2012.

The Annual General Meeting of 23 January 2007 authorised the Management Board to increase the share capital of the AG, once or several times, with the approval of the Supervisory Board by 31 December 2011 by issuing a total of up to 600,000 option rights to no-par-value share certificates of the AG with a term of seven years to employees and members of the management of the AG and affiliated companies conditionally by up to € 600,000 ("Conditional Capital III").

By a resolution adopted at the Annual General Meeting of 20 December 2012, the Management Board was also authorised to increase the share capital of the AG with the approval of the Supervisory Board by 19 December 2017 by issuing altogether up to 550,000 option rights for one no-value bearer share in the AG with a term of seven years to employees and members of the management of the AG and affiliated companies conditionally by up to € 550,000 ("Conditional Capital 2012"). The Annual General Meeting resolution of 20 December 2012 cancelled Conditional Capital I and II.

According to the Annual General Meeting of 16 December 2009, the Management Board is furthermore entitled to buy back treasury stock up to a total share in the AG of 10 % of the share capital via the stock exchange or a public purchase offer addressed to all shareholders by 15 December 2013. The Management Board may not take advantage of this authorisation to trade treasury stock.

As at 31 August 2013, there were no major agreements of the AG that are subject to the condition of a change of control.

No compensation agreements made by the AG in the event of a takeover offer have been made with members of the Management Board or employees.

7 RISKS AND OPPORTUNITIES OF FUTURE BUSINESS DEVELOPMENT

In its business, SinnerSchrader is subject to many risks which could have a negative impact on the Group's and the AG's asset, financial, and income situation or could result in SinnerSchrader failing to meet the goals it has set for future business development.

It is necessary to take risks when engaged in entrepreneurial activity aimed at earning profits. To ensure that the success is sustainable, it is important to manage these risks. On the one hand, this means evaluating them for probability of occurrence and the possible impact on the asset, financial, and income situation and continuously monitoring them. On the other hand, it means identifying measures with which risks can be limited or avoided and – with regard to the Group's own core expertise, financial strength, and the costs of the relevant measures – defining which limitation or avoidance measures can be taken and to what extent for which risks.

KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH RESPECT TO THE ACCOUNTING PROCESS PURSUANT TO ARTICLES 289 PARA. 5 AND 315 PARA. 2 NO. 5 OF THE GERMAN COMMERCIAL CODE

In managing the Group, it is one of the key tasks of the Management Board to define general conditions and processes for risk management for the SinnerSchrader Group, to monitor compliance with them, and to regularly analyse the development of the risks in each division with the managers of the operating units and administrative divisions.

In principle, SinnerSchrader's risk management system also aims to secure the shareholders' equity base for the long term and achieve an appropriate return on invested capital. The Group strives for a high shareholders' equity rate in order to guarantee the independence and competitiveness of the company and the continued existence of the operative companies and to finance both organic and inorganic growth.

The SinnerSchrader Group's risk management system and the risk profiles of the individual divisions are documented in a risk manual. An employee from the financial division of the AG has been appointed the Group's risk commissioner and has been commissioned to subject the specified risk management system to regular internal evaluation and to document the results in a risk report to the Management Board at least once a year. Furthermore, it is the task of the risk commissioner to randomly analyse individual divisions on behalf of the Management Board with regard to how far the specified measures to limit or avoid risks are being implemented.

It is the responsibility of the managers of the individual divisions to continuously monitor and manage the risks in their own divisions. If there is a significant increase in the degree of individual risks above a specified threshold, they are required to report it immediately to the Management Board.

Good risk management depends on quickly and reliably providing information to the management about the course of business. To this end, SinnerSchrader has set up a controlling and reporting system which reports on a monthly basis on the development of key business data in the individual divisions and on the financial results.

The risk management system of the SinnerSchrader Group also comprises the accounting-related processes in the managing AG and in the subsidiaries included in the Consolidated Financial Statements. The aim is to use principles, procedures and controls to ensure financial statements that conform with the rules and to prevent major misstatements within the context of external reporting.

Risk management in the accounting process is based on uniform balance sheet rules across the Group, compliance with which is regularly monitored by the central controlling and accounting divisions located within SinnerSchrader AG. Furthermore, a central bookkeeping system based on Microsoft Dynamics NAV has been implemented and is managed and posted to by the central accounting department. As at 31 August 2012, all operatively active companies were incorporated in this central bookkeeping system.

Another key aspect of the accounting-related risk management system is the drawing up of monthly financial statements that are the basis for a monthly reporting system across all business units and companies. In addition to a representation of the monthly figures and the cumulative figures for the current financial year, the monthly reports include an updated forecast for the year as a whole. Furthermore, they include comparisons to the plan and the previous year and the most recent forecast with respect to the key figures in the Statements of Operations and to the key operative indicators. The reports are the starting point for review talks taking place once a month between the Management Board of SinnerSchrader AG and the heads of the relevant unit and/or company. These talks are prepared by the central Controlling department and are used for the explanation of the key developments in the course of business and thus for validating the monthly figures.

Close interaction between central controlling and the accounting system is also a factor in risk management in the accounting process. Figures for the individual companies, parts of the Group and the Group as a whole must correspond to the figures posted in each case.

In order to ensure that the accounting system always complies with statutory requirements, the employees in the accounting department regularly take part in internal or external training. Furthermore, complex and new states of affairs and processes of major importance are subjected to an audit by the official auditors during the year with respect to correct representation in the books of the company concerned and the Group; if necessary, SinnerSchrader AG will also avail itself of the expertise of other specialists.

The cornerstones of the accounting-related control system are appropriate access rules and booking authorisations for the bookkeeping system and the application of a strict dual-control principle as the most important control instrument.

Furthermore, internal guidelines are used to instigate payments and to invest liquid funds to ensure the company assets.

RISK PROFILE

The following shows the individual major risks and opportunities to which the development of the income, financial and assets status of the SinnerSchrader Group is subjected.

The risk profile of the SinnerSchrader Group has not changed fundamentally against the 2011/2012 financial year with respect to the major risk fields. However, in the 2012/2013 financial year it became clear that economic risks are becoming more relevant. Since the digital shift in marketing has progressed, expenditure and investments in digital marketing platforms and initiatives are now focusing more strongly on economic cycles.

In view of the growth and the continued expansion of the business activities, other risks remain highly significant. These are the risks associated with the management of acquired subsidiaries, the management of locations – with the newly established location in Prague this has included countries abroad since the year of the report – and the management of complexity.

The 2012/2013 financial year has furthermore shown that the difference between the business model of a software product company such as NEXT AUDIENCE GmbH and that of the agency model of the other units in the Group represents a particular challenge. The decision to develop new audience management software on the basis of the existing n7 adserving software is an opportunity to make NEXT AUDIENCE GmbH profitable in the long term. However, it does bear the risk of the software program failing to meet the expectations placed on it and/or of success on the market not materialising. In the event of the risk arising, investments made in the development of NEXT AUDIENCE GmbH will have essentially been lost. Since the investments at Group level and in the separate financial statements of the AG had all been recognised in profit or loss, apart from around € 0.5 million as at 31 August 2013, the effects on the income and assets status would nevertheless be limited. Other risks could, however, lie in damage to the reputation of the SinnerSchrader brand or in the dissatisfaction of existing NEXT AUDIENCE GmbH customers, with whom SinnerSchrader also does business elsewhere.

In the following, individual risk areas identified as being important will be explained in more detail. This selection of risks does not mean that there can be no significant impact on the asset, financial, and economic situation of SinnerSchrader from other risks that have not been mentioned.

ECONOMIC RISKS

The general economic development influences the volume of investments in IT and Internet services as well as expenditure on online marketing and supporting services. A deterioration in the economic situation could reduce the market volume addressed by SinnerSchrader with regard to quantity and price. The measures for capacity adjustment which are necessary as a reaction to such a development may be effective only with a time lag and would lead to costs for restructuring measures.

COMPETITION

Competition in the market for Internet services is still intensive. The market is fragmented and the number of competitors high. Furthermore, new providers with a wider service portfolio and international business activities are crowding onto the market. The future development of SinnerSchrader largely depends on how well the company succeeds in holding its own in the competition with adequate prices for its services.

The extent to which the procurement of programming services in emerging nations becomes more important for competitiveness in relation to the individual developments offered by SinnerSchrader is also significant in this context. SinnerSchrader does not currently have sources for such services and, if necessary, could only build them up over time. Bigger competitors with an international market presence already have relevant structures or would be able to establish them more quickly.

OPERATIONAL RISKS

SinnerSchrader earns around 10 % of its net revenues with one customer; the ten biggest customers together account for around 62 % (previous year: 59 %) of the net revenues. It would only be possible to compensate for the loss of the business of these important customers after a considerable period of time, if at all, during which it would not be possible to reduce costs correspondingly.

Since the revenues from business in the Interactive Marketing and Interactive Media segments are not usually secured by long-term contracts, but instead largely come about on the basis of individual orders for a limited period, revenue plans are subject to a high degree of uncertainty. Orders on hand do not usually extend beyond one quarter's revenues.

SinnerSchrader processes a major part of its revenues within the framework of fixed price agreements. Because of the complexity and the high technical demands, costs originally calculated may be exceeded, resulting in unplanned losses. Furthermore, SinnerSchrader assumes standard guarantee and liability stipulations within the framework of project contracts which can result in considerable follow-up costs for individual projects.

Some of the projects that SinnerSchrader has completed for renowned customers are associated with a considerable effect on the public. Quality deficits in the provision of services, especially those that enable unauthorised access to personal data, can result in a negative external impact that would greatly impair the sale of services and thus the future development of the business.

Within the context of providing its services, SinnerSchrader sometimes has access to the personal data of its customers' customers. This data could be abused as a result of deliberate or negligent acts by its employees. In addition to the directly resultant damage, if such an incident were to become known, the associated loss of confidence in SinnerSchrader would make the sale of its services much more difficult.

In the Interactive Commerce segment, SinnerSchrader offers to develop, maintain, and operate online sales channels for companies in return for a share of the revenues; this service includes fulfilment, payment transactions, customer care, and, where appropriate, online marketing. Since the establishment and start-up costs are completely or largely borne by SinnerSchrader, contracts lasting several years are concluded with customers, in the course of which SinnerSchrader can cover its initial investment and generate a positive overall income from the project. Negative developments on the part of the customer, e.g. a deterioration in the perception of the customer's brand, a deterioration in the relative competitive position of the customer in its industry or a bankruptcy can mean that SinnerSchrader cannot earn back its initial investment with an adequate return.

PERSONNEL RISKS

The success of SinnerSchrader is heavily dependent on the qualification and motivation of its staff. Particular importance is attached to some employees in key positions. If SinnerSchrader does not succeed in attracting and retaining enough qualified specialists and talented young staff at adequate costs, the further growth and success of SinnerSchrader could be severely impaired.

TECHNOLOGICAL RISKS

The market for IT and Internet services is characterised by rapid change in the basic technologies used and by a level of standardisation which remains low. The future market success of SinnerSchrader depends on the extent to which the breadth and depth of the technological expertise can be kept at an adequate level and technological dead-ends can be avoided in view of the high employee orientation costs, with limited resources.

In the business field of adserving, SinnerSchrader basically develops and markets a software product. Keeping this product competitive in the long term requires annual development expenditure of a considerable level. It is decisive to the success of the product on the market that these further developments satisfy market needs in terms of content and time. If this is not successful, the preliminary development work could no longer be covered by income from marketing.

The reorientation of the business field to cover audience management, which is still somewhat underdeveloped in Germany, means that there is a risk of the services not being accepted on the market or not being accepted at reasonable prices for NEXT AUDIENCE GmbH. Furthermore, the development of Version 1.0 of the new NEXT AUDIENCE Platform, due to have been completed on 31 August 2013, is still underway. There is a risk of the software not being completed or not being completed to an adequate standard to be able to acquire customers wishing to use it. In either case, the investments in the development of the software and the establishment of the brand, and the current NEXT AUDIENCE customer base, would be lost.

Competitors in this market have bigger development teams, more financial resources, and maybe also the opportunity to position their adserving product with an attractive price due to cross-subsidies. If SinnerSchrader does not succeed in establishing an adequate cost-benefit ratio by means of differentiation, preliminary development work may not be covered.

RISKS FROM ACQUISITIONS

SinnerSchrader is also interested in expanding its market position in Germany through targeted acquisitions. The success of acquisitions depends on the extent to which the acquired company can be integrated in the Group structure and the desired synergies are achieved. In this context, acquisitions in the field of professional services entail the particular risk that the expertise, market knowledge, and customer relations which are being acquired are rarely permanently tied to the acquired company. Unsuccessful integration can therefore quickly lead to the need for considerable depreciation or even a total loss of the investment.

COMPLEXITY RISKS

In recent years SinnerSchrader has grown rapidly both organically and through acquisitions. Although the administrative structures have also been expanded, there is a risk that the SinnerSchrader Group will not promptly recognise undesirable developments in an area or will underestimate them because of the increased size and complexity of the Group. The undesirable development itself or the subsequent effort to remedy it can lead to considerable unplanned expenses. Reference is also made to section 8 ("Risk and Capital Management") in the Notes of the SinnerSchrader Group with regard to price change, default and liquidity risks and risks from cash flow fluctuations.

The 2011/2012 and 201272013 financial years have shown that the defined risks can occur, and can cause considerable deviations from planned assets, income and financial targets. However, on the basis of available information, at present no risks can be discerned which would put the continued existence of the SinnerSchrader Group or SinnerSchrader AG at risk. In spite of the problematic development of business in the 2011/2012 and 2012/2013 financial years, the asset and financial status of the Group remains stable.

OPPORTUNITIES

The risks are countered by opportunities, and SinnerSchrader could exceed its goals if they occur. The main opportunities lie with existing customers, the "SinnerSchrader" brand name, the positive signals for the development of the companies taken over, and the performance of some key members of staff, especially those with sales and customer-care tasks. Above and beyond what is assumed in the plans, these factors could result in the acquisition of large new high-potential customers or currently unforeseeable individual orders from existing customers.

A special opportunity lies in the development of the position of digital agencies in the market for marketing and advertising services. Because of their growing importance, digital agencies could take on a leading role among companies with respect to their marketing and advertising services and replace the service providers currently established there in the coming years. As a result, higher order volumes, longer-term customer relationships, and overall higher margins could be possible for SinnerSchrader.

The expansion of the business portfolio over the last three years could result in synergies on the sales side above and beyond what has currently been planned, thus helping to expand the customer base.

Also, the rising demand for the services offered by SinnerSchrader alone could result in SinnerSchrader being able to achieve higher prices on the market than assumed in the plans.

By successfully completing the development of the first version of the NEXT AUDIENCE Platform, SinnerSchrader could tap into a market that does not yet exist in Germany. Marketing the NEXT AUDIENCE Platform is an opportunity to make the company profitable in the long term, thus generating value for the entire Group.

Moreover, successful acquisitions could bring about considerable positive change to the planned development, since the forecasts are based only on an organic development of the companies in the SinnerSchrader Group.

8 MAJOR EVENTS AFTER THE BALANCE SHEET DATE

There were no major events after the balance sheet date on 31 August 2013 that should be reported.

9 FORECAST

SinnerSchrader fell considerably short of its original goals in the 2012/2013 financial year just completed. The jump from € 36 million in revenue in the 2011/2012 financial year to more than € 40 million through organic growth and the resulting positive effects for the operating result and net income, which had been planned before the beginning of the year and considered to have been realistically estimated, were not achieved.

The expectations expressed at that time were not met. Double-digit revenue growth was expected to be achieved, even without impulses from the general economic development and in spite of the losses in spot-media AG revenue, which were already known and had been planned for. In this case one of the greatest misjudgements was to presume that the investments in digital marketing would to a large extent continue to develop independently of the economic situation. As the market becomes more mature, this appears not to be the case. The expert opinion of October 2012 concerning the economic trend in 2013, which assumed that the real gross domestic product would grow by 1.0 %, proved to be far too optimistic. At present a GDP growth of 0.4 % is presumed for the current year.

As a consequence there were so few inquiries for projects from new and existing customers in all the segments in the first half of the financial year that by the end of February 2013, SinnerSchrader had reached an irrecoverable deficit in its growth planning.

The current situation is far better than the one a year ago. In terms of the economy, the second quarter of 2013 and – according to the latest estimations – the third quarter as well are already better than those of the previous year. The outlook for the fourth quarter and in particular for 2014 as a whole is also positive. Leading German economic research institutes have titled their joint diagnosis, which was published in October 2013, "Economy Picking Up ..." and are forecasting growth of 1.8 % for the real gross domestic product in 2014. The ifo business climate index and the GfK consumer climate index are well above the figures of one year earlier. In addition to this, the International Monetary Fund (IMF), whose current prediction for the development of the German economy in 2014 sees GDP growth of 1.4 %, believes that the positive development in Germany in 2014 will be embedded in better expectation for the economy in the Euro region and in the world.

In order to estimate the development of the corporate investments in digital marketing, SinnerSchrader uses specific indicators such as the online revenue generated with goods and gross investments in online advertising. These indicators show that a positive development can be expected, in spite of the fact that until now only forecasts for 2013 have been available, but none for 2014.

In line with these forecasts and estimations, the sales pipelines in all the units, in particular with the SinnerSchrader agency and Commerce Plus, have filled perceptibly again since late spring 2013 and the volume of orders was above average at the start of the financial year. The two agencies together acquired five new customers in the first two months of the 2013/2014 financial year.

Furthermore, the situation in the segments and in their units moved forward in the 2012/2013 financial year.

As already announced, the spot-media Group and next commerce GmbH were merged to form a larger Interactive Commerce segment. The integration of the two companies under a single management was brought a significant step forward in the 2012/2013 financial year. The management was supplemented with an experienced technician, who, in her capacity as COO/CTO, has been responsible for optimising the efficiency of the services provided by the newly created Commerce-Plus Group since February 2013. As far as can be discerned, the development of revenue in the two critical customer relations of the former spot-media AG reached its lowest point in 2012/2013. The problems with projects arising from the two merged companies were also cleared up.

In the Interactive Marketing segment, which remained the biggest segment even after the spot-media Group spin-off, the system of customer relationship managers introduced in the previous year was established in the SinnerSchrader agency in the 2012/2013 financial year. Satisfaction among some of the major customers with the performance of the agency was reflected in considerable budget increases, most of which will take effect in the new 2013/2014 financial year. The two new SinnerSchrader agency operations in Munich and Prague have been established and are now able to operate independently. The management of the agency was furthermore increased by a strategy department in order to be in a position to better meet the considerable need among those in the company with responsibility for marketing to be given strategic support in times of a digital change. The further development of the SinnerSchrader mobile agency in Berlin to become a full-service agency has been completed, and it is now able to cover the full value-added chain for mobile applications and mobile marketing. In the Interactive Media segment, the development of the audience management business model in which SinnerSchrader had invested strongly has progressed technically and in terms of the market. The first release of the new NEXT AUDIENCE Platform is expected to be completed at the beginning of 2014 – with the delays which usually result for software development projects involving this degree of complexity. The business model was validated on the market in numerous contacts with customers and potential customers. Triggered by the broad discussion on the surveillance practices of US secret services, interest in a German solution for the management of all a company's data relevant to advertising has increased again considerably. 2012/2013 was a difficult year for media agency business, due to the conversions of a major customer. However, some new customers were acquired, and this stabilised the reduced basis of the business in the second half of the financial year.

Against this background, SinnerSchrader expects to return to a clear double-digit growth rate and to achieve revenue in the range of € 41 million in the 2013/2014 financial year. The operating result (EBITA), including a repeated yet clearly reduced operating loss from NEXT AUDIENCE GmbH, is expected be in the range of € 2.5 million and € 3 million.

In the Interactive Marketing segment, SinnerSchrader expects double-digit growth of just less than the growth rate of 11 % to 12 % for the Group as a whole and further improvement to the operating margin. SinnerSchrader forecasts a return to a moderate increase in revenue, with growth in the range of 8 %. The company also predicts that an operating profit with a margin of 4 % to 5 % will be achieved.

The forecast for the Interactive Media segment predicts a successful product launch for the NEXT AUDIENCE Platform at the beginning of 2014 to ensure a considerable increase in revenue, a marked reduction in the operating loss on an annual basis and the break-even point on a monthly basis at the end of the 2013/2014 financial year. A turnaround is expected for the development of net revenue as well as a return to operating profits in the media agency business. On the bottom line this would mean growth in the range of 50 % for the segment and a clear reduction in the operating loss against that of the 2012/2013 financial year.

The operating development forecast for the 2013/2014 financial year will also have a clearly positive effect on net income and earnings per share.

Since failure to complete the development of the NEXT AUDIENCE Platform cannot be completely ruled out at present, the Interactive Media segment constitutes the biggest risk for the Group forecast. However, even if the establishment of audience management business fails, SinnerSchrader expects to be able to improve revenue, operating results and net income in the 2013/2014 financial year in comparison to the 2012/2013 financial year.

For the 2014/2015 financial year, SinnerSchrader sees continued good chances for growth in all the segments, which should result in double-digit growth in revenue for the Group as a whole. While the growth potential for the Interactive Marketing segment is considered to be in the range of the growth forecast for 2013/2014, the intention is for the Interactive Commerce segment to generate a double-digit improvement in growth dynamics. The Interactive Media segment is to continue to grow well above average on the basis of the expected success of the NEXT AUDIENCE Platform on the market. Sinner Schrader would then endeavour to achieve revenue of around 10 % from the operating result. If margins remain stable in the Interactive Marketing segment and improve slightly in the Interactive Commerce segment, exceeding the operative profit threshold in the Interactive Media segment should be an important driver of the development of the result and the margin in the 2014/2015 financial year. However, reservations concerning the development of audience management business in 2013/2014 apply to the 2014/2015 financial year as well.

The development of revenue and income planned for the Group will also have a positive effect on the development of the annual profit of the AG. The positive developments planned for the SinnerSchrader agency and Commerce Plus will have a direct effect on the AG by way of the existing profit and loss transfer agreements. mediaby and SinnerSchrader Mobile offer the possibility of further increasing the annual profit of the AG through dividend payments. Provided that the results achieved in the 2013/2014 and 2014/2015 financial years do not deviate too far downwards from the plans, the shares in the AG are unlikely to be depreciated. In the event that the audience management business fails, an equity interest value of € 0.5 million would need to be depreciated as at 31 August 2013. SinnerSchrader is aiming to pay dividends again from the significant annual profits expected for the 2013/2014 and 2014/2015 financial years.

Hamburg, 4 November 2013

The Management Board

Matthias Schrader Thomas Dyckhoff

SINNERSCHRADER GROUP 2012/2013

JOINT STATUS REPORT
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CONSOLIDATED BALANCE SHEETS

AS AT 31 AUGUST 2013

Assets in €	NOTES NO.	31.08.2013	31.08.2012
Current assets:			
Liquid funds	2.11	4,949,325	3,696,597
Marketable securities	4.6	1,000,000	1,500,000
Cash and cash equivalents		**5,949,325**	**5,196,597**
Accounts receivable, net of allowances for doubtful accounts of € 59,290 and € 61,445 at 31.08.2013 and 31.08.2012, respectively	2.9	6,751,167	7,042,643
Unbilled revenues	4.3	2,919,564	2,367,755
Tax receivables	4.4	240,610	46,361
Other current assets and prepaid expenses	4.5	605,256	540,855
Total current assets		**16,465,922**	**15,194,211**
Non-current assets:			
Goodwill	4.1	4,028,740	4,028,740
Other intangible assets	4.1	620,808	610,927
Property and equipment	4.1	1,770,872	1,360,890
Tax receivables	4.4	110,488	130,324
Total non-current assets		**6,530,908**	**6,130,881**
Total assets		**22,996,830**	**21,325,092**

Liabilities and shareholders' equity in €	NOTES NO.	31.08.2013	31.08.2012
Current liabilities:			
Trade accounts payable	2.13	3,290,956	2,840,101
Advance payments received	4.3	1,538,112	656,470
Accrued expenses	4.10	3,330,828	3,833,532
Tax liabilities	4.9	112,851	438,045
Other current liabilities and deferred income	4.11	1,957,842	676,320
Total current liabilities		**10,230,589**	**8,444,468**
Non-current liabilities:			
Financial liabilities	4.12	—	314,639
Deferred tax liabilities	5.5	719,018	433,349
Total non-current liabilities		**719,018**	**747,988**
Shareholders' equity:			
Subscribed capital			
Common stock, stated value €1, issued: 11,542,764 and 11,542,764, outstanding: 11,122,612 and 11,195,358 at 31.08.2013 and 31.08.2012, respectively	4.8	11,542,764	11,542,764
Treasury stock, 420,152 and 347,406 at 31.08.2013 and 31.08.2012, respectively	4.8	–730,252	–604,927
Additional paid-in capital	4.8	3,669,974	3,669,974
Reserves for share-based compensation	4.8	252,271	213,768
Accumulated deficit (incl. revenue reserves)	4.8	–2,712,724	–2,714,011
Changes in shareholders' equity not affecting net income	4.8	25,190	25,068
Total shareholders' equity		**12,047,223**	**12,132,636**
Total liabilities and shareholders' equity		**22,996,830**	**21,325,092**

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

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE 2012/2013 AND 2011/2012 FINANCIAL YEARS

in €	NOTES NO.	2012/2013	2011/2012
Gross revenues	2.17	**41,262,826**	**41,664,473**
Media costs		–4,861,608	–5,680,855
Total revenues, net		**36,401,218**	**35,983,618**
Cost of revenues		–27,659,004	–26,302,255
Gross profit		**8,742,214**	**9,681,363**
Selling and marketing expenses		–3,932,315	–3,754,612
General and administrative expenses		–4,137,408	–4,736,952
Research and development expenses	2.19	–357,240	–391,584
Other operating income and expenses, net	5.3	97,464	–148,889
Operating income		**412,715**	**649,326**
Financial income	5.4	51,740	58,271
Financial expenses	5.4	–22,187	–10,568
Other financial result	5.4	—	54,937
Income before provision for income tax		**442,268**	**751,966**
Income tax	5.5	–440,981	–595,040
Net income		**1,287**	**156,926**

Net income per share (basic)		0.00	0.01
Net income per share (diluted)		0.00	0.01

Weighted average shares outstanding (basic)		11,137,972	11,244,996
Weighted average shares outstanding (diluted)		11,137,972	11,256,666

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE 2012/2013 AND 2011/2012 FINANCIAL YEARS

in €	NOTES NO.	2012/2013	2011/2012
Net income		**1,287**	**156,926**
Other comprehensive income			
Items that may be reclassified to profit or loss in future periods			
Foreign currency translation adjustment	2.5	122	–31
Change in fair value of available-for-sale financial instruments	2.8	—	6,531
– thereof taxes on income recognised directly in shareholders' equity	2.8	—	–2,108
Changes in shareholders' equity not affecting net income		**122**	**4,392**
Consolidated comprehensive income		**1,409**	**161,318**

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE 2012/2013 AND 2011/2012 FINANCIAL YEARS

in €	NOTES NO.	NUMBER OF SHARES OUTSTANDING	COMMON STOCK
Balance at 31.08.2011		**11,269,013**	**11,542,764**
Comprehensive income		—	—
Disbursed dividend	4.8	—	—
Deferred compensation	4.8	—	—
Purchase of treasury stock	4.8	–73,655	—
Balance at 31.08.2012		**11,195,358**	**11,542,764**
Comprehensive income		—	—
Deferred compensation	4.8	—	—
Purchase of treasury stock	4.8	–72,746	—
Balance at 31.08.2013		**11,122,612**	**11,542,764**

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

	TREASURY STOCK	ADDITIONAL PAID-IN CAPITAL	RESERVES FOR SHARE-BASED COMPENSATION	RETAINED EARNINGS/LOSSES	CHANGES IN SHAREHOLDERS' EQUITY NOT AFFECTING NET INCOME	TOTAL SHAREHOLDERS' EQUITY
	–452,131	**3,669,974**	**171,187**	**–1,749,646**	**20,676**	**13,202,824**
	—	—	—	156,926	4,392	161,318
	—	—	—	–1,121,291	—	–1,121,291
	—	—	42,581	—	—	42,581
	–152,796	—	—	—	—	–152,796
	–604,927	**3,669,974**	**213,768**	**–2,714,011**	**25,068**	**12,132,636**
	—	—	—	1,287	122	1,409
	—	—	38,503	—	—	38,503
	–125,325	—	—	—	—	–125,325
	–730,252	**3,669,974**	**252,271**	**–2,712,724**	**25,190**	**12,047,223**

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE 2012/2013 AND 2011/2012 FINANCIAL YEARS

in €	NOTES NO.	2012/2013	2011/2012
Cash flows from operating activities:			
Net income		1,287	156,926
Adjustments to reconcile net income to net cash used in operating activities:			
Goodwill amortisation	4.1	—	352,773
Amortisation of intangible assets	4.1	268,234	624,866
Depreciation of property and equipment	4.1	749,440	670,399
Share-based compensation	7	38,503	42,581
Bad debt expenses	2.9	845	–216,162
Gains/losses on the disposal of fixed assets	5.3	31,145	4,225
Deferred tax provision	5.5	285,670	57,184
Changes in assets and liabilities:			
Accounts receivable	2.9	290,630	1,099,303
Unbilled revenues	4.3	–551,809	–1,240,418
Tax receivables	4.4	–174,413	47,990
Other current assets	4.5	–64,400	150,590
Accounts payable, deferred revenues and other liabilities	4.11	2,391,937	–252,185
Tax liabilities	4.9	–325,195	–182,163
Other accrued expenses	4.10	–502,704	777,899
Net cash provided by (used in) operating activities		**2,439,170**	**2,093,808**

in €	NOTES NO.	2012/2013	2011/2012
Cash flows from investing activities:			
Purchase price payments for acquisition of subsidiary companies in previous years	4.11	–92,557	–273,917
Purchase of property and equipment	4.1	–1,489,027	–1,063,708
Proceeds from sale of equipment	4.1	20,345	3,591
Acquisition of capital investments in the context of cash management	4.6	—	–1,000,000
Additions of marketable securities	4.6	—	–500,000
Proceeds from the disposal of marketable securities	4.6	500,000	2,000,000
Net cash provided by (used in) investing activities		**–1,061,239**	**–834,034**
Cash flows from financing activities:			
Payment to shareholders	4.8	—	–1,121,291
Payment for treasury stock	4.8	–125,325	–152,796
Incoming payment for treasury stock	4.8	—	—
Net cash provided by (used in) financing activities		**–125,325**	**–1,274,087**
Net effect of rate changes on cash and cash equivalents		122	–31
Net increase/decrease in cash and cash equivalents		**1,252,728**	**–14,344**
Cash and cash equivalents at beginning of period	4.7	3,696,597	3,710,941
Cash and cash equivalents at end of period	4.7	4,949,325	3,696,597
thereof back-up of bank guarantees	4.13	451,575	448,680

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

NOTES

ON THE 2012/2013 FINANCIAL YEAR

1 GENERAL FOUNDATIONS AND BUSINESS ACTIVITIES OF THE COMPANY

The Consolidated Financial Statements of SinnerSchrader Aktiengesellschaft (hereinafter referred to as “SinnerSchrader AG” or “AG”) and its subsidiaries (hereinafter referred to as “SinnerSchrader Group”, “SinnerSchrader” or “Group”) for the 2012/2013 financial year were completed according to the International Accounting Standards (“IAS”) and the International Financial Reporting Standards (“IFRS”) of the International Accounting Standards Board (“IASB”) in force in the European Union (EU) on the reporting date of 31 August 2013, taking account of the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and correspond to the supplementary requirements of Article 315a of the German Commercial Code (“HGB”). The financial statements were prepared on a going concern basis.

The Consolidated Financial Statements as at 31 August 2013 were released by the Management Board for submission to the Supervisory Board on 4 November 2013. The Consolidated Financial Statements will probably be approved at the balance sheet meeting of the Supervisory Board on 8 November 2013; until the time of approval it is possible for the Supervisory Board to amend the Consolidated Financial Statements.

The SinnerSchrader Group is a service company mainly active in Germany with its headquarters in Hamburg. With its services, SinnerSchrader supports its customers in the use of digital technologies for marketing, especially the Internet. In particular, SinnerSchrader provides the following services:

- Development, design, implementation and management of customised digital sales and marketing platforms and other interactive IT systems
- Consulting on and the development, design and technical implementation of digital advertising, communication and other marketing measures as well as measures for brand management
- Development, design and implementation of applications for mobile devices
- Technical operation and administration of digital marketing platforms and Internet-based IT systems
- Structuring, analysis, and preparation of data on the behaviour of users of interactive systems
- Planning and management of online marketing campaigns
- Provision and performance measurement of online advertising media via a software-as-a-service model
- Complete handling of set-up and management of online sales channels

The SinnerSchrader Group started its work in 1996. SinnerSchrader AG was founded in 1999 as a new managing parent company and went public in the same year. The 11,542,764 shares issued in SinnerSchrader AG have all been approved for trade in the regulated market’s Prime Standard segment of the Frankfurt Stock Exchange.

2 PRESENTATION OF THE MAIN EVALUATION AND BALANCING METHODS

2.1 FINANCIAL YEAR

The Consolidated Financial Statements of the SinnerSchrader Group refer to the financial years covering 1 September 2012 to 31 August 2013 ("2012/2013") and from 1 September 2011 to 31 August 2012 ("2011/2012") as well as the reporting dates of 31 August 2013 and 31 August 2012, respectively.

2.2 NEW ACCOUNTING PRINCIPLES

The following new standards and interpretations or amendments to existing standards and interpretations were applicable for the first time in the 2012/2013 financial year:

IAS/IFRS/IFRIC	NEW/AMENDMENT	CONTENT	APPLICATION DATE[1]
IAS 1	Amendment	Consolidated Financial Statement — Presentation of Items of OCI	1 July 2012

1) The new or adapted standards must be applied for financial years beginning on or after the application date.

The change results in an obligation to group items of other profits/losses in the Statement of Comprehensive Income, depending on whether or not these items can be recycled through the Statement of Operations. The first-time adoption had no major impact on the presentation of the asset, financial and income situation of the Group.

In previous years and in the 2012/2013 financial year, the IASB issued new standards and interpretations as well as amendments to existing standards and interpretations, the adoption of which was, however, not mandatory in the Consolidated Financial Statements for the 2012/2013 financial year:

IAS/IFRS/IFRIC	NEW/AMENDMENT	CONTENT	APPLICATION DATE[1]
Published prior to the 2012/2013 financial year			
IFRS 1	Amendment	First-Time Adoption – Government Loans	1 January 2013
IFRS 1	Amendment	First-Time Adoption – Severe Hyperinflation and Removal of Fixed Dates	1 January 2013
IFRS 7	Amendment	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 9	New	Financial Instruments (replacement of IAS 39) – Classification and measurement	1 January 2015
IFRS 10	New	Consolidated Financial Statements	1 January 2014
IFRS 11	New	Joint Arrangements	1 January 2014
IFRS 12	New	Disclosure of Interest in other Entities	1 January 2014
IFRS 10, IFRS 11, IFRS 12	Amendment	Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2014
IFRS 13	New	Fair Value Measurement	1 January 2013
IAS 12	Amendment	Deferred Tax: Recovery of Underlying Assets	1 January 2013
IAS 19	Amendment	Employee Benefits	1 January 2013
IAS 27	New	Separate Financial Statement	1 January 2014
IAS 28	New	IAS 28 (revised 2011) Investments in Associates and Joint Ventures	1 January 2014
IAS 32	Amendment	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 1, IAS 16, IAS 32, IAS 12, IAS 34	Amendment	Annual Improvements 2009–2011 Cycle	1 January 2013
IFRIC 20	New	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Published in the 2012/2013 financial year			
IFRS 10, IFRS 12, IAS 27	Amendment	Investment Entities	1 January 2014
IAS 36	Amendment	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
IAS 39	Amendment	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IFRIC 21	New	Levies	1 January 2014

1) The new or adapted standards must be applied for financial years beginning on or after the application date.

The application of some of the new standards/interpretations or their amendments presumes that they have been adopted within the context of the EU's IFRS endorsement procedure.

New standards/interpretations or amendments to existing standards/interpretations that have already been adopted by the EU but are not yet mandatory are fundamentally not used prematurely by SinnerSchrader, even if the standard allows for this. The effects of the first-time adoption of the regulations mentioned above on the consolidated asset, financial and income situation of SinnerSchrader are currently still being reviewed. SinnerSchrader does not, however, expect any resulting significant effects on the representation of the income, financial and assets status of the Group.

2.3 CONSOLIDATION GROUP

The consolidation group as at 31 August 2013 consisted of the AG as well as the following direct or indirect subsidiaries of the AG, each of which was fully consolidated:

1. SinnerSchrader Deutschland GmbH, Hamburg , Germany
2. Commerce Plus GmbH, Hamburg (formerly next commerce GmbH), Germany
3. Commerce Plus Consulting GmbH, Hamburg (formerly spot-media consulting GmbH), Germany
4. NEXT AUDIENCE GmbH, Hamburg , Germany
5. newtention services GmbH, Hamburg, Germany
6. mediaby GmbH, Hamburg, Germany
7. SinnerSchrader Mobile GmbH, Berlin, Germany
8. SinnerSchrader Praha s.r.o., Prague, Czech Republic
9. SinnerSchrader UK Ltd., London, Great Britain
10. SinnerSchrader Benelux BV, Rotterdam, Netherlands

The consolidation group has changed as follows in comparison to the status on 31 August 2012:

SINNERSCHRADER PRAHA S.R.O.

SinnerSchrader Praha s.r.o. was founded as a full subsidiary of SinnerSchrader AG with subscribed capital in the amount of 200,000 Czech korunas on 21 September 2012 and entered in the Commercial Register on 8 November 2012. The company was founded in connection with the decision taken by ŠKODA Auto a.s., a car manufacturer based in the Czech Republic, in favour of the SinnerSchrader agency as a new digital lead agency.

COMMERCE-PLUS GROUP

On 30 November 2012, the resolutions and contracts concerning a merger of spot-media AG and next commerce GmbH and a subsequent change in the name of next commerce GmbH to "Commerce Plus GmbH" were notarised with retroactive effect as at 1 September 2012. The merger and the change in the name were entered in the Commercial Register on 18 December 2012. At the same time, spot-media consulting GmbH was renamed "Commerce Plus Consulting GmbH". The change in the name was entered in the Commercial Register on 7 December 2012.

2.4 CONSOLIDATION PRINCIPLES

All transactions and balances within the Group between affiliated companies were eliminated. The Consolidated Financial Statements were prepared on the basis of the individual financial statements of the above-mentioned Group companies, which are compiled according to the relevant local accounting regulations, in particular the regulations of the German Commercial Code, with any necessary adjustments to IFRS being made. For the Consolidated Financial Statements, the same balancing and evaluation principles were used as a basis for the same business incidents and events under similar conditions.

For SinnerSchrader Benelux BV, interim financial statements were drawn up as at the reporting date of the parent company because it has a different financial year from its parent company. The financial statements of all other companies included in the consolidation group are prepared according to the reporting date of the parent company. This is the same as the Group reporting date.

2.5 REPORT CURRENCY AND CURRENCY CONVERSION

The euro (€) is the functional currency of SinnerSchrader AG; it is also the Group's report currency. The report is cited in full euro amounts.

The functional currency of the foreign subsidiaries outside the euro zone – the group of European countries that have introduced the euro as their currency – is the relevant national currency for legally and commercially independent companies. The functional currency of legally independent but commercially dependent companies included in the Consolidated Financial Statements is the euro.

The financial statements of the foreign subsidiaries are converted into euros, with the assets and liabilities of the legally and commercially independent subsidiaries being converted at the conversion rate of the balance sheet date and the sales revenues, cost of sales revenues and expenditure being converted at the average rate for the financial year in question as an approximation of the transaction rate. Accumulated currency profits and currency losses from foreign currency conversion for the Annual Financial Statements are reported as other profit. Monetary items in the financial statements of companies considered to be economically dependent are converted as at the reporting date and non-monetary items at the historic exchange rate. Items in the Statement of Operations are converted at the average rate as an approximation of the transaction rate. Exchange differences are recognised in the profit or loss.

Where relevant, currency profits and losses from foreign currency transactions are treated with an effect on profits.

2.6 ESTIMATES AND ASSUMPTIONS

Drawing up consolidated financial statements according to IFRS requires the management to make estimates and assumptions that have an influence on the values posted for assets and liabilities and the information on contingent claims and contingent liabilities on the balance sheet date and on the posted income and expenses for the period covered by the report. The actual results may deviate from these estimates. Major estimates concern the application of the percentage-of-completion (POC) method, the posting of accrued expenses, and the purchase price instalments which depend on the future results of acquired business operations and companies.

An estimation of the degree of completion is particularly significant in the case of the POC method. In order to determine the progress made, the costs for the contract as a whole, the remaining costs of completion, total contract revenues and the contract risks must be estimated. Estimations in connection with such production orders are continuously verified and adjusted if necessary.

Determining reserves for contingent liabilities is to a large extent based on estimations. The management bases estimations of amounts for reserves on empirical values from similar transactions, taking account of all the indications from the period up to the preparation of the Consolidated Financial Statements.

Contractually defined criteria are taken into account when purchase price obligations resulting from earn-out agreements are valued. The corporate planning of the respective company is generally taken into account in this case. The actual development of acquired companies may deviate from these estimations. The amount of earn-out obligations is thus regularly checked and adjusted if necessary.

Estimates are also made in connection with determining the reduction in the value of fixed assets and intangible assets. Indications of a reduction in value, the estimates of future cash flows, and the determination of the current value to be ascribed to assets (or groups of assets) are associated with major estimates which the management must make regarding the identification and review of signs of a reduction in value, of the expected cash flows, the applicable discount rates, the respective usage periods, and the residual value. To determine the amount achievable by a cash-generating unit ("CGU"), assumptions are also made regarding the development of revenues and markets which have a significant effect on the amount of the current value to be ascribed to goodwill.

Please see the individual items in the Annual Financial Statements for information on the book values of the assets and liabilities affected by estimation uncertainties on the reporting date.

2.7 NON-CURRENT ASSETS

2.7.1 GOODWILL

The active difference between the procurement costs and the fair value of the identifiable assets and liabilities should be assumed to be the goodwill from a company purchase. Goodwill is not depreciated according to schedule, but subjected to an annual impairment test in accordance with IAS 36.

2.7.2 INTANGIBLE ASSETS

Intangible assets comprise software and customer relationships and are subject to the balancing regulations of IAS 38.

Intangible assets are evaluated on receipt at their production or procurement costs. They are identified if it is probable that the future economic benefit to be assigned to the assets will come to the company and if the procurement costs of the assets can be reliably assessed. Costs for the procurement of software should be activated under intangible assets if they are not to be considered a component of the associated hardware.

After initial reporting, intangible assets are evaluated at their procurement costs minus the accumulated regular depreciation and the accumulated costs for impairment of value. The planned depreciation is linear over estimated usage periods. The depreciation period and method are reviewed annually at the end of each financial year.

SOFTWARE

Software acquired directly against payment is depreciated linearly over an estimated usage period of at least three years. The costs that are incurred to reinstate or maintain the future economic benefit that a company can expect from the originally assessed performance of existing software should be recorded as an expense.

INTERNALLY GENERATED SOFTWARE

Under IAS 38, internally generated software is capitalised at its production cost (development cost) if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and that the cost of producing the asset can be measured reliably. Other requirements for capitalisation are the technical feasibility of completing the asset and the intention of the company to complete the intangible asset and use or sell it. Internally generated software is depreciated using the straight-line method over an estimated usage period of three to five years if its development has been completed on the balance sheet reporting date.

INTANGIBLE ASSETS ACQUIRED IN THE COURSE OF A COMPANY MERGER

Other intangible assets which are acquired in the course of a company merger are identified and reported separately from goodwill in accordance with IFRS 3 as long as they meet the definition of intangible assets and the current value to be ascribed to them can be determined reliably. The procurement costs correspond to the current value to be ascribed to them at the time of acquisition. The scheduled depreciation of intangible assets is assigned to revenue costs or marketing costs depending on the type of asset.

After being reported for the first time, other intangible assets that were acquired in the context of a company merger are evaluated the same as directly acquired intangible assets with their procurement costs minus accumulated planned depreciation over the estimated usage period and minus accumulated unscheduled reductions in value if the estimated usage period is determined to be limited.

2.7.3 TANGIBLE ASSETS

In accordance with IAS 16, tangible assets are posted as assets if it is probable that the future economic benefit associated with them will come to the company and if the procurement costs of the assets can be reliably assessed. The tangible assets shall be evaluated at the procurement costs minus accumulated regular and non-scheduled depreciation.

The acquisition costs include all services rendered in return for acquiring an asset and returning it to an operational state.

The property and equipment of SinnerSchrader comprises objects of company and business equipment, computer hardware, and leasehold improvements.

Depreciation is linear. A usage period of three years is usually assumed for computer hardware, four to eight years for other electronic and electrical devices and equipment, and eight to thirteen years for office furniture. Improvements to rented premises are depreciated over the estimated usage period of the improvements or the residual term to the end of the tenancy, if this is shorter.

The cost of depreciation is included in the costs of sales revenues and operating expenses. The costs of repair and maintenance work are recorded with an effect on expenses.

In the event of the sale or decommissioning of tangible asset items, the relevant procurement costs and the accumulated depreciation are debited and any profit or loss posted in the Statements of Operations as other revenues or other expenses.

2.7.4 REDUCTIONS IN VALUE OF NON-CURRENT ASSETS

The posted value of asset items is reviewed if there are signs of non-scheduled reduction of value. Irrespective of whether there are indications of a reduction in value, the reporting of intangible assets which have not yet been completed or have an indefinite usage period, or of the goodwill resulting from company mergers, must be checked for recoverability.

If the posted value of an asset exceeds its achievable amount, non-scheduled depreciation is made according to IAS 36. The achievable amount is the net sale price or commercial value, whichever is higher. The net sale price is the amount that can be achieved from a sale under standard market conditions minus the sales costs; commercial value is the cash value of the expected income from further use of the asset and the sale value at the end of the usage period. The commercial value is determined individually for every asset or for the corresponding CGU.

If the reasons for non-scheduled depreciation are no longer in place, the original value will be reinstated, except in the case of goodwill.

2.8 FINANCIAL INSTRUMENTS

According to IAS 39, a financial instrument is a contract which leads to the creation of a financial asset for one company and the creation of a financial liability or an equity capital instrument for another.

In accordance with IAS 39, when they are first reported, financial instruments are to be posted with the current value to be ascribed to them, which usually corresponds to the procurement costs. Transaction costs are included in the first evaluation if no evaluation for fair value with an effect on profits takes place. Purchases and sales of financial instruments should be posted as at the trading day.

With respect to the subsequent evaluation, a distinction is made between various categories of financial instruments, including financial instruments held for trading purposes, financial instruments to be held until they are finally due, financial instruments available for sale, and credits and claims submitted by the company.

Financial instruments held for trading purposes and financial assets available for sale are evaluated at the current value without deduction of transaction costs in the subsequent evaluation. The current values are usually found from reporting date prices on financial markets. Profits and losses from the evaluation of financial instruments held for trading purposes shall be reported with an effect on profits. Profits and losses from the valuation of financial instruments available for sale shall be recorded directly as other income with no effect on profits until the financial instrument is sold, withdrawn or otherwise disposed of, or as soon as a permanent value reduction has been identified for it. Where necessary, profits and losses recorded directly in the shareholders' equity are posted under "Changes in shareholders' equity not affecting net income". Financial instruments held for trading purposes and available for sale are posted in current assets if their sale is planned in the next twelve months.

Financial instruments to be held to maturity shall be assessed at their amortised cost using the effective interest method. If the remaining period is up to twelve months, they are reported in current assets.

A financial asset is debited if the company economically or contractually loses the power of disposition over the financial asset. A financial liability is debited if the obligation upon which this liability is based is fulfilled, terminated or deleted.

IFRS 7 requires disclosures relating to fair value measurements and liquidity risk. The requirement specifies that each class of financial instrument must be classified using a three-level fair value hierarchy. There are three different valuation categories:

Level 1: On the first level of the fair value hierarchy, the fair value is determined on the basis of publicly quoted market prices since the most objective indicators of the fair value of a financial asset or financial liability can be observed in an active market.

Level 2: If there is no active market for an instrument, a company must determine the fair value with the help of valuation models. These valuation models include the use of the latest business transactions between independent business partners who are experts and willing to enter into a contract, a comparison with the current fair value of other largely identical financial instruments, the use of the discounted cash flow (DCF) method or option price models. The fair value is estimated on the basis of the results of a valuation method which uses the largest amount of data possible from the market and relies as little as possible on company-specific data.

Level 3: The valuation models on this level are based on parameters that cannot be observed in the market.

2.9 ACCOUNTS RECEIVABLE AND UNBILLED SERVICES

Accounts receivable are posted at their nominal value minus appropriate value adjustments. The value of the claims is regularly checked on an individual basis. Value adjustments are formed in the case of identifiable individual risks. The receivable is debited if it is irrecoverable.

Services provided for fixed-price projects which were realised according to the cost-to-cost method in accordance with their degree of completion but had not yet been billed are posted with a proportion of the total payment agreed for the fixed-price project, i.e. including the profit margin, as unbilled services, with any deposits that may have been made for the project being offset as receivables from POC.

2.10 OTHER FINANCIAL ASSETS

Other financial assets are entered in the balance sheet at their nominal value or the recoverable amount, whichever is lower.

2.11 FUNDS

Funds comprise cash flows, bank credits available on a daily basis and fixed deposits with a term of less than three months. They are posted at their nominal value.

2.12 STATEMENTS OF CASH FLOWS

The Statements of Cash Flows are prepared in accordance with IAS 7 using the indirect method (cash flows from operating activity) or the direct method (cash flows from investment or financing activity). The financial funds whose change is reported in the Statement of Cash Flows comprise the funds defined under 2.11.

2.13 TRADE ACCOUNTS PAYABLE AND OTHER LIABILITIES

Trade accounts payable and other liabilities are posted at the amount to be paid.

2.14 ACCRUED EXPENSES

According to IAS 37, accrued expenses are formed for legal and actual obligations that were incurred economically by the reporting date if it is probable that fulfilment of the obligation will lead to the Group funds being depleted and a reliable estimate of the level of the obligation can be made. Reserves are reviewed on every balance sheet date and adjusted to the best estimate in each case. The amount of reserves corresponds to the value of the expenses probably needed to fulfil the obligation. The accrued expenses take account of all recognisable obligations vis-à-vis third parties according to IAS 37.

2.15 TREASURY STOCK

Under IAS 32, treasury stock is posted at its procurement cost as a deducted item within the shareholders' equity. If treasury stock is re-issued, the deducted item is reduced and any difference between the value at the time of issue and the purchase costs may raise or lower the capital reserve.

2.16 DEFERRED TAXES

Under IAS 12, deferred tax claims or liabilities are to be posted in the balance sheet if there are differences between the posted values of assets and liabilities in the balance sheet under IFRS and those in the tax balance sheet that will reverse in future years ("temporary differences"). Furthermore, deferred tax claims must also be formed for the future use of tax loss carry-forwards. Deferred tax claims and liabilities are to be determined on the basis of the liability method.

Deferred tax claims and liabilities from temporary differences must be determined separately for every tax subject. Tax claims should be posted only if or to the extent to which they are countered by tax liabilities or to which their realisation can be classified as probable through future taxable profits. Tax claims and liabilities are posted in a balanced form for a tax subject.

For the evaluation of the temporary differences or loss carry-forwards, the tax rates valid on the balance sheet date or, for a future reversal of temporary differences, the tax rates legally entered into force on the balance sheet date shall be used.

Deferred tax expenditures or revenues are to be settled with no effect on profits if they relate to differences that do not have an impact on the Statements of Operations, such as valuation changes to financial assets available for sale. Deferred tax claims and tax debts are reported as non-current assets or debts in the balance sheet. They are not discounted.

2.17 REVENUE REALISATION

SinnerSchrader provides services of various kinds that are treated differently with respect to revenue realisation. In principle, SinnerSchrader only realises revenues once the service has been performed according to the underlying contractual agreements and opportunities and risks have been transferred to the recipient of the service or the purchaser, if it is probable that the economic benefit from the business will flow into the company and the level of sales revenues can be reliably determined. The revenues are posted net, without turnover tax, discounts, customer bonuses or deductions. They contain reimbursable expenses, such as travel expenses, if the customer has been invoiced for them.

PROJECT AND CONSULTANCY SERVICES

Project and consultancy services are billed either according to actual expenditure or on the basis of a fixed price. The revenues from projects on a fixed-price basis are entered on the balance sheet according to the progress achieved using the POC method according to IAS 18 in conjunction with IAS 11. In this connection, progress is determined as a proportion of the project costs already incurred in relation to the expected total costs for the project as a whole (cost-to-cost method). To cover imminent losses from not-yet-completed projects, accrued expenses are formed on the basis of an individual evaluation of the project at the expense of the period in which such a loss is probable. Revenues within the scope of contracts based on actual expense are generally posted monthly according to the expenditure incurred to provide the service.

Revenues realised on the basis of the POC method, but as yet unbilled, are posted as unbilled services in the balance sheet.

MEDIA SERVICES

SinnerSchrader performs services for its customers for planning and implementing advertising campaigns on the Internet (media services). In the context of implementing advertising campaigns, SinnerSchrader buys advertising space at its own expense. In the course of billing for these media services, the costs for buying advertising space (media costs) are passed on to the customers together with a fixed payment or a payment calculated on the basis of the actual media costs.

In principle, revenues for media services are realised with or after the appearance of the advertising. In this connection, the entire amount to be charged to the customer is recorded as gross revenues, and the amount reduced by the media costs that have been passed on to customers comprises the net revenues.

Realised revenues that have not yet been billed are posted as unbilled services in the balance sheet, reduced by deposits received for the advertising campaigns and including deposits paid for purchasing advertising space as part of advertising campaigns.

OPERATING SERVICES

SinnerSchrader performs operating services for its customers, which in particular also include the 24-hour monitoring and management of Internet applications with an on-call service. Payment for these services usually comprises a fixed monthly service fee plus variable, performance-related components, and the customers are billed for them monthly or quarterly. If the IT system monitored by SinnerSchrader is operated in SinnerSchrader's own computer centre, fixed usage fees are also charged monthly. Revenues resulting in connection with performance-based operating and handling services are generally recognised on a monthly basis in accordance with the expenditure incurred.

SALE OF HARDWARE AND SOFTWARE

In addition to other services, SinnerSchrader supplies its customers with hardware and standard software on request that SinnerSchrader itself buys on the market. The revenues from this are realised after billing or after the transfer of opportunities and risks.

SOFTWARE AS A SERVICE

With its subsidiary NEXT AUDIENCE GmbH (formerly newtention technologies GmbH), SinnerSchrader offers the use of internally generated software as an additional service in the context of a software-as-a-service model. Depending on the actual usage, users are generally invoiced monthly for the fees in accordance with the agreed usage parameters. Revenues are realised in the amount of the fees invoiced.

2.18 ADVERTISING COSTS

In principle, SinnerSchrader takes the expenditure for advertising and promotional campaigns into account under the marketing costs in the Statements of Operations at the time the expenditure is incurred. In the 2012/2013 and 2011/2012 financial years, these expenses amounted to € 624,414 and € 609,821, respectively.

2.19 RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure for research and development is recorded as an expense in the period in which it is incurred. Development costs that can be activated are an exception if they completely meet the criteria according to IAS 38.

In 2012/2013, research and development costs in the amount of € 357,240 were reported as expenditure, in comparison to € 391,584 in the 2011/2012 financial year. NEXT AUDIENCE GmbH recognised costs for the development of a new audience management software, the "NEXT AUDIENCE Platform", in the amount of € 327,146 (previous year: € 106,173) as assets. Furthermore, the criteria for recognising research and development costs as assets in accordance with IAS 38 were not met, as in the previous financial year, since in this respect research and development costs cannot be separated.

2.20 LEASING

Leasing payments should be recorded as an expense in the Statements of Operations using a linear method over the term of the leasing contract if they are incurred within an operating leasing relationship where all of the risks remain with the lessor.

SinnerSchrader has concluded only operating leasing contracts. They mainly concern automobiles made available as company cars.

2.21 SHARE-BASED COMPENSATION

IFRS 2 calls for costs resulting from the issue of employee options to be entered in the balance sheet on the basis of their current value with an effect on income. In this connection, 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.

As at 31 August 2013 and 31 August 2012, SinnerSchrader had two respective stock option plans, the structure of which is described in more detail in Section 7.1.

2.22 EARNINGS PER SHARE

SinnerSchrader calculates the earnings per share in agreement with IAS 33. The undiluted earnings per share are determined on the basis of the weighted average of the outstanding common stock. According to this, treasury stock is not considered in the calculation of the basis for the earnings per share on the date these shares were bought back.

The weighted average of the outstanding shares is increased by the dilution effect from the potential exercise of outstanding options, calculated according to the Treasury Stock Method, in order to determine the diluted earnings per share. As part of its employee option programmes, SinnerSchrader issued options to employees, managing directors, and members of the Management Boards to buy common stock. The outstanding options in the 2012/2013 and 2011/2012 financial years were considered accordingly in the calculation of the dilution effect.

3 SEGMENT REPORTING

In the Annual Financial Statements for the 2012/2013 financial year, SinnerSchrader used the management approach to report on the Interactive Marketing, Interactive Media and Interactive Commerce segments. The segments are controlled on the basis of net revenues and EBITA.

- The Interactive Marketing segment develops Internet strategies, drafts, designs and produces digital communication campaigns, handles the customised conception, design, and technical development of websites, Internet applications and mobile applications, the maintenance of content and technologies, performance measurements and optimisation as well as technical operations, including the provision of the technical infrastructure for websites and Internet applications.
- The Interactive Media segment plans and implements advertising campaigns on the Internet with a focus on performance-driven display advertising (e.g. banner ads) and provides and measures the performance of advertising media (adserving).
- The Interactive Commerce segment offers companies a comprehensive range of services for the set-up, development and operation of digital sales channels, and assumes overall responsibility for the management of these channels, including purchasing, logistics and payment transactions (e-commerce outsourcing).

The internal reporting structure and in this context the composition of the segments were adjusted as early as in the first quarter of 2012/2013 because of the merger of spot-media AG and next commerce GmbH, which was resolved at the end of the first quarter of 2012/2013 and entered into force on 18 December 2012, to become Commerce Plus GmbH with retroactive effect as at 1 September 2012.

The Interactive Marketing segment has thus been formed by SinnerSchrader Deutschland GmbH, SinnerSchrader Praha s.r.o. and SinnerSchrader Mobile GmbH since 1 September 2012. mediaby GmbH and the NEXT AUDIENCE Group are brought together in the Interactive Media segment, which is unchanged. The newly established Commerce Plus Group forms the Interactive Commerce segment.

The comparative figures for the previous year were adjusted accordingly following a change in the allocation of the spot-media Group from the Interactive Marketing segment to the Interactive Commerce segment. All of SinnerSchrader's revenues were earned by Group companies based in Germany. SinnerSchrader Praha s.r.o. has until now rendered its project services only for SinnerSchrader Deutschland GmbH.

In the Interactive Marketing segment, net revenue in the amount of € 3,643,000 was achieved with one group of companies in the year of the report, which only just fell short of exceeding 10 % of the consolidated net revenue for the Group. In the previous year, net revenue earned with individual companies or groups of companies did not exceed the limit of 10 % of the consolidated net revenue for the Group achieved in the year of the report.

Tables 1a and 1b show the segment figures for the 2012/2013 and 2011/2012 financial years:

TABLE 1A SEGMENT INFORMATION FOR THE 2012/2013 FINANCIAL YEAR IN € AND NUMBER

01.09.2012–31.08.2013	INTERACTIVE MARKETING	INTERACTIVE MEDIA	INTERACTIVE COMMERCE	SUM SEGMENTS	HOLDING/ CONSOLIDATION	GROUP
External revenues	26,183,295	7,616,374	7,463,157	41,262,826	—	41,262,826
Internal revenues	84,841	285,018	154,258	524,117	–524,117	—
Gross revenues	26,268,136	7,901,392	7,617,415	41,786,943	–524,117	41,262,826
Media costs	—	–5,041,124	—	–5,041,124	179,516	–4,861,608
Total revenues, net	26,268,136	2,860,268	7,617,415	36,745,819	–344,601	36,401,218
Segment income (EBITA)	**3,380,086**	**–1,603,863**	**–377,588**	**1,398,635**	**–717,686**	**680,949**
Employees, end of period	259	40	112	411	40	451

TABLE 1B SEGMENT INFORMATION FOR THE 2011/2012 FINANCIAL YEAR IN € AND NUMBER

01.09.2011–31.08.2012	INTERACTIVE MARKETING	INTERACTIVE MEDIA	INTERACTIVE COMMERCE	SUM SEGMENTS	HOLDING/ CONSOLIDATION	GROUP
External revenues	24,014,198	8,396,597	9,253,677	41,664,473	—	41,664,473
Internal revenues	137,897	130,171	208,783	476,850	–476,850	—
Gross revenues	24,152,095	8,526,768	9,462,460	42,141,323	–476,850	41,664,473
Media costs	—	–5,680,855	—	–5,680,855	—	–5,680,855
Total revenues, net	24,152,095	2,845,913	9,462,460	36,460,468	–476,850	35,983,618
Segment income (EBITA)	**2,944,750**	**–281,335**	**–451,154**	**2,212,261**	**–585,297**	**1,626,964**
Employees, end of period	237	34	116	387	33	420

Internal revenues were all achieved under the usual market conditions.

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

Table 1c explains the reconciliation of the total of the segment earnings to the earnings before tax in the Group for the period from 1 September 2012 to 31 August 2013 and for the comparable period in the previous year:

TABLE 1C RECONCILIATION OF SEGMENT INCOME TO INCOME BEFORE TAXES OF THE GROUP IN €

	2012/2013	2011/2012
Segment income (EBITA) all reporting segments	1,398,635	2,212,261
Central costs not passed on to segments	–717,686	–585,297
EBITA of the Group	680,949	1,626,964
Amortisation of intangible assets from first consolidation and of goodwill	–268,234	–977,638
Financial income of the Group	29,553	102,640
Income before taxes of the Group	442,268	751,966

4 INFORMATION ON THE BALANCE SHEET

4.1 GOODWILL, INTANGIBLE ASSETS, PROPERTY AND EQUIPMENT

The development of goodwill, other intangible assets, and property and equipment in the 2012/2013 and 2011/2012 financial year is shown in Table 2a and 2b, respectively:

TABLE 2A DEVELOPMENT OF GOODWILL, INTANGIBLE ASSETS, AND PROPERTY AND EQUIPMENT IN THE 2012/2013 FINANCIAL YEAR IN €

ACQUISITION AND PRODUCTION COSTS:	01.09.2012	ADDITIONS	DISPOSALS	31.08.2013
Goodwill	4,381,513	—	—	4,381,513
Internally generated software	106,173	327,146	—	433,319
Other intangible assets	3,751,973	47,321	3,167	3,796,127
Computer hardware	2,910,908	440,463	20,630	3,330,741
Furniture and fixtures	1,540,069	497,224	274,196	1,763,097
Leasehold improvements	678,393	176,873	12,007	843,259
Total fixed assets	**13,369,029**	**1,489,027**	**310,000**	**14,548,056**

ACCUMULATED DEPRECIATION, AMORTISATION, AND WRITEDOWNS:	01.09.2012	ADDITIONS	DISPOSALS	31.08.2013
Goodwill	352,773	—	—	352,773
Internally generated software	—	—	—	—
Other intangible assets	3,247,219	361,978	559	3,608,638
Computer hardware	2,275,821	417,180	12,144	2,680,857
Furniture and fixtures	1,021,621	161,805	236,093	947,333
Leasehold improvements	471,038	76,711	9,714	538,035
Total fixed assets	**7,368,472**	**1,017,674**	**258,510**	**8,127,636**

NET BOOK VALUE:	31.08.2012			31.08.2013
Goodwill	4,028,740			4,028,740
Internally generated software	106,173			433,319
Other intangible assets	504,754			187,489
Computer hardware	635,087			649,884
Furniture and fixtures	518,448			815,764
Leasehold improvements	207,355			305,224
Total fixed assets	**6,000,557**			**6,420,420**

TABLE 2B DEVELOPMENT OF GOODWILL, INTANGIBLE ASSETS, AND PROPERTY AND EQUIPMENT IN THE 2011/2012 FINANCIAL YEAR IN €

ACQUISITION AND PRODUCTION COSTS:	01.09.2011	ADDITION FROM FIRST CONSOLIDATION	ADDITIONS	DISPOSALS	31.08.2012
Goodwill	4,362,056	45,697	—	26,240[1]	4,381,513
Internally generated software	—	—	106,173	—	106,173
Other intangible assets	3,634,516	—	117,457	—	3,751,973
Computer hardware	2,449,723	—	477,393	16,208	2,910,908
Furniture and fixtures	1,372,569	—	194,797	27,297	1,540,069
Leasehold improvements	510,505	—	167,888	—	678,393
Total fixed assets	**12,329,369**	**45,697**	**1,063,708**	**69,745**	**13,369,029**
ACCUMULATED DEPRECIATION, AMORTISATION, AND WRITEDOWNS:	01.09.2011		ADDITIONS	DISPOSALS	31.08.2012
Goodwill	—	—	352,773	—	352,773
Internally generated software	—	—	—	—	—
Other intangible assets	2,547,253	—	699,966	—	3,247,219
Computer hardware	1,888,018	—	398,375	10,572	2,275,821
Furniture and fixtures	888,189	—	158,547	25,115	1,021,621
Leasehold improvements	432,661	—	38,377	—	471,038
Total fixed assets	**5,756,121**	**—**	**1,648,038**	**35,687**	**7,368,472**
NET BOOK VALUE:	31.08.2011				31.08.2012
Goodwill	4,362,056				4,028,740
Internally generated software	—				106,173
Other intangible assets	1,087,263				504,754
Computer hardware	561,705				635,087
Furniture and fixtures	484,380				518,448
Leasehold improvements	77,844				207,355
Total fixed assets	**6,573,248**				**6,000,557**

1) Adjustment on the basis of IFRS 3 (revised 2004)

4.1.1 GOODWILL

The consolidated balance sheets as at 31 August 2013 and 31 August 2012 show goodwill in the amount of € 4,029,000, resulting as part of the initial consolidation of the following takeovers of companies and business operations carried out by various Group companies in the previous years:

- Acquisition of spot-media AG by SinnerSchrader AG in February 2008
- Acquisition of the business operations of Maris Consulting GmbH by spot-media consulting GmbH in January 2011
- Acquisition of the business operations of Visions new media GmbH by next commerce GmbH in February 2011
- Acquisition of TIC-mobile GmbH by SinnerSchrader AG in May 2011

For the impairment test, goodwill resulting from the takeover of companies was allocated as a cash-generating unit ("CGU") to the respective company (or group of companies) taken over. Goodwill from the takeover of business operations will in each case be allocated to the company (or the group of companies) taking over the business operations.

In the 2012/2013 financial year, spot-media AG was merged with next commerce GmbH. The merger was mainly intended to enhance the competitive capacity and the effectiveness in the market segment targeted by the two companies and to reduce the complexity of the SinnerSchrader Group structure by merging the two agencies focusing on e-commerce and PHP technology. next commerce GmbH was renamed Commerce Plus GmbH after the merger. As a result of the merger, the two CGUs, the spot-media Group and next commerce GmbH were merged to form a new CGU, the Commerce Plus Group. Goodwill in the amount of € 2,545,000 with the spot-media Group and € 237,000 with next commerce GmbH, which was still allocated to the separate CGUs in the previous year, has now been allocated to the Commerce-Plus Group CGU.

Table 3 gives an overview of the goodwill, its allocation to CGUs, the valuation methods used for the impairment test and the significant valuation parameters.

TABLE 3 OVERVIEW OF GOODWILL AND THE ASSUMPTIONS FOR GOODWILL IMPAIRMENT TESTS

CASH GENERATING UNIT (CGU)	GOODWILL IN € 000S		EVALUATION CONCEPT		GROWTH RATE IN TERMINAL VALUE IN %		DISCOUNT FACTOR (WEIGHTED AVERAGE COST OF CAPITAL) IN%	
	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012
spot-media Group	—	2,545	Fair Value less Cost to Sell	Fair Value less Cost to Sell	—	0.5	—	8.4
Commerce Plus Group	2,782	237	Fair Value less Cost to Sell	Fair Value less Cost to Sell	0.5	0.5	8.5	8.4
SinnerSchrader Mobile GmbH	1,247	1,247	Fair Value less Cost to Sell	Fair Value less Cost to Sell	0.5	0.5	8.5	8.4
SinnerSchrader Group	**4,029**	**4,029**						

For the purpose of reviewing the recoverability of goodwill, "recoverable amounts" were ascertained for the CGUs as at 31 August 2013. A DCF model (fair value less cost to sell) was used to ascertain the amounts for the Commerce-Plus Group and SinnerSchrader Mobile GmbH on the basis of the fair value less disposal costs. Achievable amounts are ascertained on the basis of the business plans including cash flow forecasts prepared annually by the management of the CGU for a period of three years and approved by the Management Board. The business plans are based on historical data, and take account of the expectations for the future development of relevant markets. Revenues and earnings are forecast on a customer basis, wherever possible.

GOODWILL AND IMPAIRMENT TEST IN THE COMMERCE PLUS GROUP CGU

Goodwill in the amount of € 2,728,000 allocated to the commerce-Plus Group comprises the goodwill of the spot-media Group and next commerce GmbH CGUs which were merged to form the commerce-Plus Group in the 2012/2013 financial year.

The impairment test was carried out on the basis of a three-year financial plan for the Commerce-Plus Group for the 2013/2014 to 2015/2016 financial years. The business planning for the Commerce-Plus Group assumes that revenue will grow by 8 % in the planning year of 2013/2014 following the stabilisation of the development of revenue during the course of the 2012/2013 financial year. This had been in decline since two major customers of spot-media AG, which merged to form the Commerce-Plus Group, had cut back on the volume of their turnover. The company expects to return to profits, with the operating margin (EBITA in relation to net revenue) expected to amount to 4.5 %. In order to reach the revenue and profit targets, the two companies which merged in the 2012/2013 financial year to become Commerce Plus must grow together effectively, business with new customers needs to be successful and the management of fixed price risks must be improved. Growth rates of 10 % are assumed in each case for the second and third planning year and the operating margin is to improve gradually to reach 11.0 % in the final 2015/2016 planning year.

Beyond the three-year planning period, the cash flows were carried forward, taking into account a steady growth rate of 0.5 %. The interest rate after taxes used for discounting the cash flow forecasts was 8.5 % and was determined on the basis of the concept of weighted average cost of capital.

The recoverable amount determined for this CGU on this basis surpasses the book value of the CGU which encompasses the goodwill. There was thus no need to reduce the value as at 31 August 2013. This would also apply if the margin assumptions remained unchanged and the revenue development flattened on the basis of the level reached in 2012/2013 and if the consistent growth rate no longer applied for the time after the planning period. However, should it also not be possible to improve the operating margin to a figure in excess of 6.8 %, there would be a need to impair the value. In a scenario in which revenue remained at the same level over the planning years and the operating margin, from 1.9 % and 4.2 % in the first two planning years, only improves to amount to 5 % in the third planning year, there would be a need to impair the value by € 933,000.

In terms of the basic scenario on which the impairment test is based, an increase in the market risk premium included in the calculation of weighted capital costs of 75 basis points would reduce the achievable value by € 748,000. There would be no need for impairment as at 31 August 2013 in a scenario of this kind.

GOODWILL AND IMPAIRMENT TEST IN THE SINNERSCHRADER MOBILE GMBH CGU

The goodwill allocated to the SinnerSchrader Mobile GmbH CGU did not change in the 2012/2013 financial year against the amount of € 1,247,000 as at 31 August 2012.

The impairment test was carried out on the basis of a three-year financial plan for SinnerSchrader Mobile GmbH for the 2013/2014 to 2015/2016 financial years. After a successful financial year in 2012/2013, in which revenue was increased by 47 % and the original expectations exceeded, SinnerSchrader Mobile GmbH assumes in its planning that strong growth dynamism, with growth rates above 35 % respectively, will continue for another two financial years. The company is expecting a 10 % increase in revenue for the final planning year. The plans assume that the EBITA margin will grow by 12.5 % and more, and just over 15 % for the final planning year, all of which falls short of the figure achieved in the 2012/2013 planning year. Beyond the planning period, the cash flows were carried forward, taking into account a steady growth rate of 0.5 %. The interest rate after taxes used for discounting the cash flows was 8.5 % and was determined on the basis of the concept of weighted average cost of capital.

The recoverable amount determined for this CGU on this basis surpasses the book value of the CGU which encompasses the goodwill. There was thus no need to reduce the value as at 31 August 2013. This would also apply if the margin assumptions remained unchanged and the revenue development flattened on the basis of the level reached in 2012/2013 and if the consistent growth rate no longer applied for the time after the planning period. However, there would be a need for impairment if the operating margin also fell short of the plans by more than eight percentage points. A scenario in which the revenue remains at the same level over the planning years and the operating margin amounts to 5 % in all the planning years would result in a need for impairment in the amount of € 266,000.

In terms of the basic scenario on which the impairment test is based, an increase in the market risk premium of 75 basis points, included in the calculation of weighted capital costs, would reduce the achievable value by € 456,000. There would be no need for impairment as at 31 August 2013 in a scenario of this kind.

4.1.2 INTERNALLY GENERATED SOFTWARE

The non-current assets item in the consolidated balance sheets of 31 August 2013 and 31 August 2012 contains capitalised development costs of € 433,000 as internally generated software The capitalised costs refer to the development of the NEXT AUDIENCE Platform, a new audience management software program included in the range on offer by NEXT AUDIENCE GmbH in the Interactive Media segment in the 2011/2012 financial year. Development work on the software had not been completed yet on each respective balance sheet reporting date. The software is due to be completed in the 2013/2014 financial year.

Under IAS 36, capitalised development costs are to be tested for impairment on an annual basis for as long as the developed asset is not available for use. To this end, the capitalised development costs were allocated to the NEXT AUDIENCE Group CGU. For the purpose of testing the value of the capitalised development costs, the recoverable amount of the NEXT AUDIENCE Group CGU was ascertained as at 31 August 2013. The amount was calculated on the basis of the value in use on application of the business plans drafted by the management of the NEXT AUDIENCE Group for a period of three years, including cash flow forecasts approved by the Management Board of the AG after reductions had been made. The business plans are based on historical data, and take account of the expectations for the future development of relevant markets. Revenues and earnings are forecast on a customer basis, wherever possible.

The plan used as a basis for ascertaining a value assumes that NEXT AUDIENCE GmbH, after completion of the NEXT AUDIENCE Platform, will gradually be connecting existing customers and new customers to the platform and will generate inflows of revenue from the audience management business which were made possible with the platform. Growth rates in the years of the three-year planning horizon have thus been set at above-average values, which, on average, will result in an average annual growth rate of 46 % over the planning years. This means that according to the plan, an overall loss is still expected for 2013/2014. The break-even point will almost be reached in the second planning year, and an operating margin of up to around 10 % generated in the following years.

Cash flows were carried forward without any growth rates after the planning period. An appropriate interest rate for the value in use concept in the amount of 12.1 % before taxes was used. This corresponds to an after-tax rate of 8.5 % on application of an average tax rate of 29.8 %. The interest rate was calculated on the basis of the concept of a weighted average cost of capital.

The recoverable amount determined for the CGU on this basis surpasses the book value of the CGU which encompasses capitalised internally generated work. There was thus no need to reduce the value as at 31 August 2013. There would be a need for impairment in a scenario in which the growth rates in the planning period fell short of the plans by 7 % respectively. In the event of a shortfall of around 10 %, the capitalised internally generated work activated item would be fully depreciated.

In terms of the basic scenario on which the impairment test is based, an increase of 75 basis points in the market risk premium included in the calculation of weighted capital costs would reduce the achievable value by € 382,000. There would be no need for impairment as at 31 August 2013 in a scenario of this kind.

4.1.3 OTHER INTANGIBLE ASSETS

The other intangible assets in the amount of € 187,000 (previous year: € 505,000) included intangible assets from first consolidation in the amount of € 82,000 (previous year: € 350,000) as at 31 August 2013.

Of the depreciation of other intangible assets from first consolidation in the amount of € 268,000 (previous year: € 625,000), € 188,000 (previous year: € 450,000) was attributed to revenue costs and € 80,000 (previous year: € 175,000) to marketing costs. The remaining usage period of intangible assets resulting from first consolidation was 4 to 9 months as at the balance sheet date.

4.2 DEFERRED TAXES

Both in the 2012/2013 and the 2011/2012 financial years, deferred taxes had to be posted in the Group because of differences in the postings for assets and liabilities according to IFRS and according to the relevant tax regulations. Section 5.5 contains more details on this.

4.3 UNBILLED SERVICES FROM POC

As at 31 August 2013 and 31 August 2012, receivables from POC for ongoing fixed-price projects in the amount of € 1,635,459 and € 1,355,620, respectively, were posted as unbilled services. In connection with this, deposits received for the projects in the amount of € 4,309,822 and € 2,904,883, respectively, were deducted from the total amounts of € 2,674,363 and € 1,549,263, respectively, for the POC evaluation of the projects.

4.4 TAX REIMBURSEMENT CLAIMS

As at 31 August 2013 and 31 August 2012, the tax reimbursement claims to be reported on the asset side amounted to € 351,098 and € 176,685.

Of these, € 110,488 (previous year: € 130,324) comprised discounted payment claims from identified corporation tax credits which were to be capitalised in full by virtue of the introduction of the Act on Accompanying Tax Measures on the Introduction of the European Company and Amending other Tax Regulations (“SEStEG”). Upon introduction of the SEStEG, the payment in instalments starts independent of any dividends, beginning in September 2008 with a term of 10 years. The cash value was recognised because the claims for reimbursement cannot bear interest. Discounting was effected at a risk-free interest rate.

The current tax reimbursement claims in the amount of € 240,610 (previous year: € 46,361) result from creditable taxes collected at source and advance tax payments for corporation tax and commercial tax, which exceed the tax expenditure calculated for the financial year. In the previous year creditable taxes collected at source on capital and interest earnings in the amount of € 58,628 were offset against the respective tax liabilities. The current tax reimbursement claims in the previous year in the amount of € 46,361 came from the first-time consolidation of SinnerSchrader Mobile GmbH in the last financial year.

4.5 OTHER CURRENT ASSETS

The other current assets and prepaid expenses largely contain payment for Investor Relations payments relating to the year, insurance policies, maintenance agreements and contributions.

4.6 FIXED-TERM DEPOSITS AND SECURITIES

Fixed-term deposits and securities as at 31 August 2013 comprised a term deposit in the amount of € 1,000,000 with a remaining term of seven months to the balance sheet date.

As at 31 August 2012 they comprised a term deposit in the amount of € 1,000,000 with a remaining term of 19 months to the balance sheet date and a promissory note in the amount of € 500,000,000 with a remaining term of 18 months which was disposed of before maturity. The term deposit serves as collateral for short-term financial requirements.

4.7 FUNDS

Cash flows and bank balances resulted in funds of € 4,949,325 as at 31 August 2013 (previous year: € 3,695,597). As at 31 August 2013, funds in the amount of € 451,575 (previous year: € 448,680) were used as cash deposits for bank guarantees (see Section 4.13).

4.8 SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

As at 31 August 2013 and 31 August 2012, the share capital of SinnerSchrader AG was € 11,542,764 and was divided into 11,542,764 no-par-value share certificates in the names of the bearers, each with a calculated value of € 1 per share.

On 31 August 2013 and 31 August 2012, 11,122,612 and 11,195,358 shares, respectively, of all issued outstanding shares were in circulation. The remaining 420,152 and 347,406 shares, respectively, were held as SinnerSchrader AG treasury stock.

APPROVED CAPITAL

The Annual General Meeting of 20 December 2012 authorised the Management Board to increase the share capital once or repeatedly by up to a total of € 5,770,000 until 19 December 2019 with the approval of the Supervisory Board by issuing new individual share certificates in return for a contribution in cash or a contribution in kind ("Approved Capital 2012"). The shareholders shall be granted a subscription right with restrictions. The Approved Capital 2008 was cancelled upon entry of the new approved capital.

CONDITIONAL CAPITAL

As at 31 August 2013, SinnerSchrader AG had conditional capital in the amount of € 1,150,000, which was created in 2007 ("Conditional Capital III") and 2012 ("Conditional Capital 2012") for the issue of share options to employees.

The Annual General Meeting resolution of 20 December 2012 cancelled Conditional Capital I and II. Of the options allocated from this capital under the 1999 Stock Option Plan and the 2000 Stock Option Plan, there have been no more options in circulation since 31 August 2008 and 31 August 2012, respectively. Until 31 December 2011, options could be issued to employees and Board members of SinnerSchrader AG and its subsidiaries from Conditional Capital III in the amount of € 600,000, newly created by the Annual General Meeting resolution of 23 January 2007.

In a resolution of the Annual General Meeting of 20 December 2012, SinnerSchrader AG created new conditional capital in the amount of € 550,000 ("Conditional Capital 2012") and adopted the 2012 SinnerSchrader Stock Option Plan to grant share options to members of the Management Board of SinnerSchrader AG, members of the management of the companies affiliated with SinnerSchrader AG, as well as selected employees with management functions in SinnerSchrader AG and the companies affiliated with SinnerSchrader AG.

Details on the option programmes and outstanding options are provided in section 7.

TREASURY STOCK

As at 31 August 2013 treasury stock amounted to 420,152 shares. The average acquisition cost on 31 August 2013 was € 1.74 per share. 420,152 treasury stock shares represent 3.64 % of the share capital. A deduction entry in the amount of the acquisition costs has been formed for treasury stock in accordance with IFRS.

As at 31 August 2012, there were 347,406 treasury stock shares with average acquisition costs of € 1.74 per share.

In the 2012/2013 financial year, 72,746 shares of treasury stock were purchased on the stock exchange at an average price of € 1.72.

CAPITAL RESERVE

As at 31 August 2013 and 31 August 2012, the capital reserve amounted to € 3,669,974. In particular, the amount of the capital reserve comprises the premium resulting from the launch on the stock market minus removals as well as the results from the issuing/sale of treasury stock.

RESERVE FOR SHARE-BASED COMPENSATION

The reserve comprises the accumulated costs from issuing share-based compensation. As at 31 August 2013 and 31 August 2012, they reached a value of € 252,271 and € 213,768, respectively.

ACCUMULATED DEFICIT (INCL. REVENUE RESERVES)

The balance sheet loss was reduced by net income in the amount of € 1,287 in the 2012/2013 financial year. As at 31 August 2013 it was € 2,714,011, after € 2,712,724 on 31 August 2012.

CHANGES IN SHAREHOLDERS' EQUITY NOT AFFECTING NET INCOME

The shareholders' equity item not affecting net income in the amount of € 25,190 as at 31 August 2013 comes from the currency conversion as part of the consolidation of the companies in the consolidation group to be included on the balance sheet in a foreign currency but whose functional currency is the national currency. As at 31 August 2012, the item amounted to € 25,068 and also resulted in the full amount from the currency conversion. The changes to these items are shown in Table 4:

TABLE 4 CHANGES IN SHAREHOLDERS' EQUITY NOT AFFECTING NET INCOME IN €

	FOREIGN CURRENCY TRANSLATION	AVAILABLE-FOR-SALE VALUATION	SUM
31.08.2012	25,068	—	25,068
Change	122	—	122
31.08.2013	25,190	—	25,190

4.9 TAX LIABILITIES

As at 31 August 2013 accrued taxes amounted to € 112,851 (previous year: € 438,045). As at the balance sheet date they comprised reserves for corporation tax of € 62,083 and reserves for commercial tax of € 50,768.

4.10 ACCRUED EXPENSES

Accrued expenses are all due within one year. Table 5 shows the composition of the accrued expenses as at 31 August 2013 and the development in the 2012/2013 financial year:

TABLE 5 ACCRUED EXPENSES IN €

	31.08.2012	UTILISED	ALLOCATED	DISSOLVED	31.08.2013
Accrued compensation	2,543,220	2,534,619	2,080,516	8,601	2,080,516
Accrued project-oriented expenses for warranties and allowances	358,128	10,499	132,714	2,000	478,343
Accrued rent and related expenses	325,559	94,814	48,618	—	279,363
Reporting and auditing expenses	98,847	88,967	104,750	—	114,630
Other accruals	507,778	214,069	115,913	31,646	377,976
Total	**3,833,532**	**2,942,968**	**2,482,511**	**42,247**	**3,330,828**

4.11 CURRENT FINANCIAL LIABILITIES AND OTHER LIABILITIES

As at 31 August 2013 current financial liabilities and other liabilities had a remaining term of less than one year and were broken down into the major components listed in Table 6:

TABLE 6 FINANCIAL LIABILITIES AND OTHER LIABILITIES IN €

	31.08.2013	31.08.2012
Liabilities from income tax and church tax	363,390	329,093
Liabilities from value-added tax	809,202	169,746
Other current liabilities	338,443	144,851
Deferred revenues and deferred income	446,807	32,630
Total	**1,957,842**	**676,320**

After the payment of € 92,557 in the financial year, the other current liabilities contain liabilities in the amount of € 302,424 for future purchase price payments from company mergers or from the takeover of business operations. These earn-out payments are dependent on the future operating results of the acquired company. The assumptions on which the ascertainment of the obligations is based did not change during the financial year.

4.12 NON-CURRENT FINANCIAL LIABILITIES AND OTHER LIABILITIES

Liabilities for future purchase price instalments from the acquisition of companies which were reported in non-current financial liabilities and debts as at 31 August of the previous year will become due for payment in March 2014, so the were reclassified in current financial liabilities and debts.

4.13 FINANCIAL LIABILITIES AND CONTINGENT LIABILITIES

SinnerSchrader rents its office premises at the Hamburg, Frankfurt am Main, Berlin, Hanover, Munich, and Prague locations as well as company vehicles as part of rental and operating leasing contracts. The minimum remaining term of the rental contracts for the offices in Hamburg and Frankfurt am Main was between 1 and 56 months as at 31 August 2013. Some of the rental agreements contain clauses which provide for price adjustments under certain conditions, such as graduated rents and index adjustments. The leasing contracts for the company vehicles had a remaining term of between 1 and 34 months on the balance sheet date. In the years ahead, the rental and leasing contracts will result in financial liabilities in the amount shown in Table 7:

TABLE 7 FINANCIAL LIABILITIES IN €

	LEASING		RENTING	
	31.08.2013	31.08.2012	31.08.2013	31.08.2012
01.09.2012–31.08.2013	—	67,902	—	1,600,315
01.09.2013–31.08.2014	84,019	36,869	1,713,681	1,562,305
01.09.2014–31.08.2015	46,452	5,690	1,674,546	1,545,079
01.09.2015–31.08.2016	16,235	—	1,588,158	1,424,804
01.09.2016–31.08.2017	—	—	513,792	437,288
01.09.2017–31.08.2018	—	—	76,644	—
After 31.08.2018	—	—	—	—
Total	**146,706**	**110,461**	**5,566,821**	**6,569,791**

Future rental payments for the 2013/2014 financial year have been offset in the amount of € 35,126, which will be paid in on the basis of a sub-tenancy.

All of these expenses from rents including the operating costs amounted to € 1,739,704 and € 1,575,719, respectively, in the 2012/2013 and 2011/2012 financial years. Income from a sub-tenancy in the amount of € 80,912 has been offset against rental payments for the financial year. The expenses arising from leasing agreements amounted to € 111,798 and € 104,348 in the 2012/2013 and 2011/2012 financial years.

In addition, SinnerSchrader has certain regular contingent liabilities that arise in the ordinary course of business activities. The Company will form accrued expenses for these if there is an over-50 % chance that future expenditures will have to be made in this regard and that such expenditures can be estimated with sufficient reliability.

In the course of renting office space at the Hamburg, Frankfurt am Main, Hanover, and Munich locations, the landlords each demanded securities, which were provided in the form of bank guarantees. As at 31 August 2013, the volume of this guarantee was € 451,575 (previous year: € 448,680). With a guarantee of this scope, SinnerSchrader can dispose of its liquid funds only with the explicit approval of the guaranteeing bank.

4.14 FINANCIAL INSTRUMENTS – INFORMATION ACCORDING TO IFRS 7

Liquid funds and cash equivalents, accounts receivable and unbilled services as well as other liabilities are mainly short-term (remaining terms of less than three months or less than one year). Due to the slight failure risk of the accounts receivable, reserves for bad debts have been necessary only to a minor extent in recent financial years. In the current financial year, SinnerSchrader had no notable bad debt losses to report. Additions had to be made to the reserves for bad debts in the amount of € 845. The book value of the financial assets as at 31 August 2013 almost corresponds to the current value to be ascribed.

Trade accounts payable and other current liabilities are also due within one year. The book values correspond to the current values to be ascribed.

Summarised according to categories pursuant to IAS 39, Table 8a shows the results for the financial instruments reported in the SinnerSchrader AG Consolidated Financial Statements as at 31 August 2013:

TABLE 8A FINANCIAL INSTRUMENTS ACC. TO IFRS 7 IN € 000S

		31.08.2013		31.08.2012	
	CATEGORY OF MEASUREMENT ACC. TO IAS 39	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Funds	LaR	4,949	4,949	3,697	3,697
Marketable securities	LaR	1,000	1,000	1,500	1,500
Accounts receivable, net	LaR	5,102	5,102	5,687	5,687
Receivables from production orders (POC)	LaR	1,649	1,649	1,356	1,356
Other current assets	LaR	381	381	378	378
Funds and current assets		**13,081**	**13,081**	**12,618**	**12,618**
Trade accounts payable	FLaC	3,291	3,291	2,840	2,840
Accrued expenses for reporting and auditing	FLaC	115	115	99	99
Other current liabilities	FLaC	702	702	474	474
Other non-current liabilities	FLaC	—	—	315	315
Financial liabilities		**4,108**	**4,108**	**3,728**	**3,728**

FLaC Financial Liabilities at Amortised Cost
LaR Loans and Receivables

All of the financial instruments are to be assigned to the evaluation category Level 1 in line with the IFRS 7 fair value hierarchy.

The net profits and losses from financial instruments arising in the financial year are shown in Table 8b:

TABLE 8B NET INCOME FROM FINANCIAL INSTRUMENTS ACC. TO IFRS 7 IN €

		FROM INTERESTS	FROM SUBSEQUENT MEASUREMENT		FROM DISPOSALS		NET GAINS/LOSSES
	EFFECTIVE INTEREST METHOD	OTHER INTERESTS	FROM FAIR-VALUE MEASUREMENT	FROM AMORTISATION OF ACQUISITION COSTS		2012/2013	2011/2012
LaR	868	50,872	—	—	—	51,740	30,898
FLaC	—	–3,778	—	—	—	–3,778	–6,597
AfS	—	—	—	—	—	—	27,374
Total	**868**	**47,094**	**—**	**—**	**—**	**47,962**	**51,675**

AfS Available-for-sale Financial Assets
FLaC Financial Liabilities at Amortised Cost
LaR Loans and Receivables

Table 8c shows the age structure of the trade accounts receivable after value adjustments:

TABLE 8C MATURITY OF ACCOUNTS RECEIVABLE AFTER ADJUSTMENTS IN € 000S

ACCOUNTS RECEIVABLE	NOT DUE				DAYS OVERDUE
		1–90 DAYS	91–180 DAYS	181–360 DAYS	MORE THAN 360 DAYS
As at 31. August 2013	5,374	1,173	49	141	14
As at 31. August 2012	5,870	1,022	41	6	104

There are no grounds for any value impairments to financial assets that are not due.

The development of value adjustments on accounts receivable is shown in Table 8d:

TABLE 8D DEVELOPMENT OF ALLOWANCES FOR DOUBTFUL ACCOUNTS RECEIVABLE IN €

	31.08.2012	UTILISED	ALLOCATED	DISSOLVED	31.08.2013
Allowances for doubtful accounts receivable	61,445	3,000	845	—	59,290

Reference is made to Section 8 of these Notes for the representation of market risks with respect to financial instruments.

5 ELEMENTS OF THE STATEMENTS OF OPERATIONS

5.1 REVENUES

The gross revenues of € 41,262,826 (previous year: € 41,664,473) include order income of € 4,309,822 (previous year: € 2,904,883) from incomplete projects as at 31 August 2013 identified with the POC method. The accumulated costs of the revenues for these orders were € 3,133,025 (previous year: € 2,001,252).

5.2 BREAKDOWN OF EXPENSES ACCORDING TO THE TOTAL COST METHOD

The total revenues, marketing, administrative, and research and development costs of the 2012/2013 and 2011/2012 financial years was broken down according to cost types, as shown in Table 9:

TABLE 9 OPERATING COSTS BY COST TYPE IN €

	2012/2013	2011/2012
Personnel expenses	24,081,146	23,387,764
Costs of materials and services	5,064,061	4,859,341
Depreciation of property and equipment, as far as not from first consolidation	749,440	670,399
Other operating expenses	5,923,087	5,643,033
Amortisation of intangible assets from first consolidation	268,234	624,866
Total	**36,085,968**	**35,185,403**

The personnel expenditure refers to an average personnel capacity of 406 full-time employees in the 2012/2013 financial year and 388 full-time employees in the 2011/2012 financial year.

The Group paid contributions to statutory pension insurers. In 2012/2013 these expenses in connection with contribution-based pension plans were € 1,642,504 (previous year: € 1,567,415).

The costs of materials and services item mainly comprises costs resulting from using freelancers and sub-contractors and from the purchase of hosting, housing and computer centre services. It furthermore includes marginal costs for the purchase of hardware and software acquired by SinnerSchrader to sell on to its customers.

Within the other operating expenses, € 1,739,704 and € 1,575,719 were incurred for renting and operating the office space in the 2012/2013 and 2011/2012 financial years, respectively.

Additionally, within the other operating expenses, € 70,777 was apportionable to bad debt losses in the 2012/2013 financial year. In the comparable period of the previous year, bad debt losses arose in the amount of € 8,018.

In the 2012/2013 financial year SinnerSchrader received a grant for hosting the next13 Congress in Berlin in May 2013. The grant total of around € 12,500 (previous year: € 35,000) was posted on the balance sheet in the full amount with other operating expenses.

5.3 OTHER OPERATING INCOME AND EXPENSES

Table 10 shows the composition of the other operating income and expenses:

TABLE 10 OTHER OPERATING INCOME AND EXPENSES IN €

	2012/2013	2011/2012
Income from dissolving of accrued expenses	104,533	113,418
Income from written-off receivables	3,657	51,680
Compensation for damages	19,968	10,043
Other income	21,003	51,624
Other operating income, total	**149,161**	**226,765**
Expenses from disposal of fixed assets	–31,145	–4,225
Goodwill amortisation	—	–352,773
Other expenses	–20,552	–18,656
Other operating expenses, total	**–51,697**	**–375,654**

5.4 FINANCIAL RESULT

The financial result is made up as shown in Table 11:

TABLE 11 FINANCIAL INCOME IN €

	2012/2013	2011/2012
Interest income	51,740	58,271
Interest expenses	–22,187	–10,568
Other financial income	—	54,937
Total	**29,553**	**102,640**

Interest income was earned from investing free liquid funds on the capital market. Interest expenses and similar expenses largely arose from providing bank guarantees and for interest charged on the purchase price liability posted at its cash value at the time of purchase in connection with the takeover of consolidated companies and other business units.

Under other financial results in the previous year, SinnerSchrader AG reported purchase price adjustments to be posted in recognition of profit and loss beyond the twelve months following the takeover and resulting from the acquisition of the business operations of Maris Consulting GmbH by spot-media consulting GmbH and from the acquisition of SinnerSchrader Mobile GmbH (formerly TIC-mobile GmbH) in the 2010/2011 financial year.

5.5 INCOME TAXES

The income taxes posted in the 2012/2013 and 2011/2012 financial years are made up of current and deferred components, as shown in Table 12a:

TABLE 12A INCOME TAX IN €

	2012/2013	2011/2012
Current	155,311	537,856
Deferred	285,670	57,184
Total	**440,981**	**595,040**

Deferred taxes had to be formed because of the evaluation differences between the balance sheet items according to IFRS and the postings in the relevant tax balances as well as on the basis of the remaining loss carry-forwards that can be used for tax purposes. Table 12b shows the composition of the deferred tax items as at 31 August 2013 and 31 August 2012, broken down according to the items for which there was an evaluation difference:

TABLE 12B DEFERRED TAX ITEMS IN €

	31.08.2013	31.08.2012
Deferred tax assets:		
Loss carry-forwards	1,365,799	926,899
Valuation of accrued expenses	80,650	58,641
Valuation allowance	–1,206,966	–892,632
Total deferred tax assets	**239,483**	**92,908**
Deferred tax liabilities:		
Valuation of unfinished/unbilled services	906,763	509,955
Valuation of intangible assets	40,470	–428
Valuation of fixed assets	–254	1,113
Valuation of current assets	11,522	15,616
Total deferred tax liabilities	**958,501**	**526,256**
Total deferred tax assets/liabilities, net	**–719,018**	**–433,348**
thereof:		
deferred tax assets/liabilities formed with an effect on net income	–719,018	–433,348

As at 31 August 2013 and 31 August 2012, the calculation of deferrals was based on tax loss carry-forwards in Germany, the UK, the Netherlands, and the Czech Republic. In Germany and Great Britain, the relevant loss carry-forwards could be brought forward without limitation. Unlimited loss carry-forwards in the Netherlands have no longer been permissible since legislation was amended in 2010. Losses from 2003 in the amount of € 9,000 were thus not eligible for carrying forward in the 2012/2013 financial year. As at the 2013/2014 financial year, loss carry-forwards in the amount of around € 9,000 p.a. will expire. In the Czech Republic, loss carry-forwards can be brought forward for five years.

Deferred tax assets may be posted only to the extent that the future realisation of the relevant advantage is sufficiently probable or if they are countered by deferred tax liabilities. Correspondingly, as at 31 August 2013 and 31 August 2012, the value of the tax claims arising from loss carry-forwards, which SinnerSchrader assumes it will not be able to realise in the foreseeable future, was adjusted. The value of the loss carry-forwards in the United Kingdom and the Netherlands was also adjusted because the operating business in these countries continues to be on hold. The same applies to tax claims from loss carry-forwards of a German subsidiary predating consolidation because realisation cannot be predicted with adequate probability.

The deferred tax claims are to be calculated according to IAS 12.48 on the basis of the currently valid tax rates. A statutory tax rate of 32.3 % thus applied for calculating the deferred tax assets and liabilities of the companies located in Hamburg as at 31 August 2011 and at 31. August 2010. It was made up of the trade tax rate of 16.5 %, the corporation tax rate of 15 %, and the solidarity surcharge of 5.5 % on the corporation tax.

As at 31 August 2013, SinnerSchrader reproduced the changes in the tax rate to the 23 % and 25 %, respectively, valid in the UK and the Netherlands for the companies located in these countries. On the basis of the full revaluation of the deferred tax assets for loss carry-forwards to be allocated to these companies, the adjustment to the tax rates for the valuation of loss carry-forwards had no effect on profit or loss. A tax rate of 19 % applies for the Czech company included in the Consolidated Financial Statements for the first time as at 31 August 2013.

The amounts of the loss carry-forwards and the tax rates applied for their valuation are listed in Table 12c:

TABLE 12C LOSS CARRY-FORWARDS AND STATUTORY INCOME TAX RATES IN € AND %

	31.08.2013		31.08.2012	
FOR CORPORATE TAX	LOSS CARRY-FORWARDS	TAX RATE	LOSS CARRY-FORWARDS	TAX RATE
Germany	–2,893,816	15.8 %[1]	–1,541,102	15.8 %[1]
Great Britain	–1,271,159	23.0 %	–1,237,397	30.0 %
Netherlands	–86,529	25.0 %	–85,062	34.5 %
Czech Republic	–23,970	19.0 %	—	—

	31.08.2013		31.08.2012	
FOR MUNICIPAL TRADE TAX	LOSS CARRY-FORWARDS	TAX RATE	LOSS CARRY-FORWARDS	TAX RATE
Germany	–3,593,516	16.5 %	–2,049,176	16.5 %
Great Britain	—	—	—	—
Netherlands	—	—	—	—
Czech Republic	—	—	—	—

1) 15 % corporate tax plus 5.5 % solidarity surcharge on the corporation tax

The deferred tax assets and liabilities were posted separately for every tax subject for identification on the balance sheet.

The tax expenditure or income identified in the Statements of Operations deviates from the value that would result from the use of the statutory tax rates on the pre-tax profits. Table 12d explains the difference between the calculated tax expenditure or income on the basis of the statutory tax rate and the tax expenditure or income recorded in the Statements of Operations for the 2012/2013 and 2011/2012 financial years:

TABLE 12D TAX RECONCILIATION IN €

	2012/2013	2011/2012
Income before income taxes	442,268	751,966
Statutory tax rate in Germany	32.28 %	32.28 %
Tax provision (+), tax credit (–)	142,742	242,697
Non-deductible expenses for share-based compensation	12,427	13,743
Other non-deductible expenses/non-taxable income	37,793	143,576
Recognition of previously unrecognised tax losses carried forward	–125,562	—
Change in valuation allowances for deferred tax assets in domestic Group companies	383,812	194,896
Change in valuation allowances for deferred tax assets in foreign Group companies	17,089	—
Differences in tax rates	3,798	—
Taxes for previous years	–36,499	38
Other	5,381	90
Income tax corresponding to income statement	**440,981**	**595,040**

5.6 EARNINGS PER SHARE

The derivation of the undiluted and diluted earnings per share for the 2012/2013 and 2011/2012 financial years is shown in Table 13:

TABLE 13 EARNINGS PER SHARE IN € AND NUMBER

	2012/2013	2011/2012
Net income	**1,287**	**156,926**
Basis weighted average shares of common stock outstanding	11,137,972	11,244,996
Basic earnings per share	**0.00**	**0.01**
Weighted average shares of common stock outstanding	11,137,972	11,244,996
add: stock option grant	—	11,670
Diluted average share of common stock outstanding	11,137,972	11,256,666
Diluted earnings per share	**0.00**	**0.01**

6 ADDITIONAL INFORMATION ON THE STATEMENTS OF CASH FLOW

6.1 INTEREST RECEIVED AND INTEREST PAID

In the 2012/2013 financial year, SinnerSchrader received interest in the amount of € 47,833 (previous year: € 53,675) and paid € 18,409 (previous year: € 5,227) in interest and similar expenses.

6.2 TAX PAYMENTS

In the 2012/2013 financial year, € 8,244 were paid in investment income tax. Advance payments of corporation tax and commercial tax in the amount of € 202,599 (previous year: € 324,450) and € 220,014 (previous year: € 373,236), respectively, were made for the current financial year. Furthermore, in the current financial year, corporation tax in the amount of € 167,469 and commercial tax in the amount of € 498,542 were paid for the 2010 and 2011 tax years, and € 58,473 in investment income tax paid was reimbursed. Corporation tax in the amount of € 38,291 and commercial tax in the amount of € 8,070 were reimbursed for the 2010 and 2011 tax years.

7 SHARE-BASED COMPENSATION

7.1 STOCK OPTION PLANS

SINNERSCHRADER STOCK OPTION PLAN 2007

In January 2007, the Annual General Meeting of SinnerSchrader AG approved the SinnerSchrader Stock Option Plan 2007 ("2007 Plan"), which provides for the granting of stock options to allocate a total of 600,000 shares to the members of the Management Board of SinnerSchrader AG and to the members of the management of the affiliated companies as well as to selected employees performing managerial tasks within SinnerSchrader AG and affiliated companies. The options had been allocated by 31 December 2011.

Options granted under the 2007 Plan have an exercise price of at least the mean value of the closing price of SinnerSchrader AG shares in the Xetra trading system of Deutsche Börse AG (or an equivalent successor system) during the five trading days prior to the allocation date. The options can be exercised in equal instalments of one-third each three, four, and five years, respectively, after allocation at the earliest. The options of the first third may be exercised only if the mean value of the closing price of SinnerSchrader AG shares in the Xetra trading system of Deutsche Börse AG (or an equivalent successor system) during the five trading days before the day of exercise (reference price) is 30 % above the exercise price. The options of the second third may be exercised only if the reference price is 40 % above the exercise price. The options of the last third may be exercised only if the reference price is 50 % above the exercise price. The latest exercise period is seven years after the allocation date. In the 2012/2013 financial year, 75,000 options expired at an average exercise price of € 1.71. In the preceding financial years, 545,000 options at an average exercise price of € 1.95 were allocated, of which 8,332 options were annulled in the 2011/2012 financial year.

SINNERSCHRADER STOCK OPTION PLAN 2012

In a resolution of 20 December 2012, the Annual General Meeting of SinnerSchrader AG adopted the 2012 SinnerSchrader Stock Option Plan to grant share options for the sale of a total of 550,000 shares to members of the Management Board of SinnerSchrader AG (100,000 options) and members of the management of the companies affiliated with SinnerSchrader AG (300,000 options) as well as selected employees with management functions in SinnerSchrader AG and the companies affiliated with SinnerSchrader AG (150,000 options).

The exercise price for options granted as part of the 2012 Plan may not be less than the average of the closing prices of the shares in SinnerSchrader AG in the Xetra trading system of Deutsche Börse AG (or a corresponding successor system) on the twenty trading days prior to the date of allocation, but not less than the lowest issue price within the meaning of Article 9 para. 1 of the German Stock Corporation Act (AktG). The options may be exercised at the earliest four years after their allocation. The options may not be exercised until the average of the closing prices of the shares in SinnerSchrader AG in the Xetra trading system of Deutsche Börse AG (or a corresponding successor system) exceeds the exercise price by not less than 40 % on the twenty trading days prior to the exercise date (reference price). In addition to the absolute earnings target, another relative earnings target has been specified for exercising the subscription rights granted to members of the Management Board. This target requires that the share price of SinnerSchrader AG develops better than the TecDAX. The latest exercise period for options granted in the 2012 Plan is seven years after their date of allocation.

A total of 125,000 share options with an average exercise price of € 1.65 were allocated from the 2012 Stock Option Plan in the 2012/2013 financial year.

The total expenditure for share-based compensation where the return is recorded immediately with an effect on expenditure is € 38,503 (previous year: € 42,581) and results entirely from compensation with shareholders' equity instruments.

Table 14a shows the parameters used to assess the newly allocated options in the 2012/2013 and 2011/2012 financial years on the basis of a binomial model according to Cox/Ross/Rubenstein:

TABLE 14A PARAMETERS FOR VALUATION OF STOCK OPTIONS AT THE DATE OF ISSUE

	2012/2013	2011/2012
Expected life of option	4.5 years	3.5–5.5 years
Risk-free interest rate	0.77 %	1.60 %
Expected dividend yield	5 %	5 %
Expected volatility	38 %	36–38 %
Exercise price	€1.65	€ 2.22
Price at valuation date	€1.65	€ 2.15

The earliest possible exercising of the options was assumed when the options were assessed. The volatility was determined by the closing prices of the last 840, 1,080, and 1,320 trading days before the date of issue.

Table 14b summarises the changes in the number of options outstanding in the 2012/2013 and 2011/2012 financial years:

TABLE 14B OUTSTANDING STOCK OPTIONS IN € AND NUMBER

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE GRANT DATE FAIR VALUE
Outstanding at 31. August 2011	**440,167**	**1.87**	**0.56**
Granted	135,000	2.22	0.43
Exercised	—	—	—
Cancelled	–8,332	1.57	0.47
Expired	–30,167	2.08	0.62
Outstanding at 31. August 2012	**536,668**	**1.95**	**0.53**
Granted	125,000	1.65	0.35
Exercised	—	—	—
Cancelled	—	—	—
Expired	–75,000	1.71	0.73
Outstanding at 31. August 2013	**586,668**	**1.92**	**0.46**

Additional information on all options outstanding on 31 August 2013 is listed in Table 14c:

TABLE 14C OUTSTANDING STOCK OPTIONS ACCORDING TO EXERCISE PRICE IN €, NUMBER, AND YEARS

		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 €
31.08.2012	0.00–5.00	536,668	3.16	1.95	191,668	1.64
31.08.2013	0.00–5.00	586,668	3.20	1.92	250,002	1.63

8 RISK AND CAPITAL MANAGEMENT

8.1 LIQUIDITY RISK

Liquidity risks result from potential financial bottlenecks and the increased refinancing costs caused by them. The goal of liquidity management at SinnerSchrader is to ensure continual solvency within the agreed payment terms through sufficient liquid funds. The Group monitors these liquid funds, and only the free liquidity not considered necessary to balance out fluctuations in cash flows is invested for longer terms. Furthermore, when longer-term investments are made, the Group ensures that these investments are only made in securities that can be sold at any time.

8.2 CREDIT RISK

Credit risks arise for SinnerSchrader in that, after services have been provided, the services are invoiced with the payment terms agreed with the customer, but customers do not always meet the resulting payment obligations. SinnerSchrader reduces this risk by carrying out regular credit checks on new customers and by regularly monitoring its customers' outstanding payment obligations. In the 2012/2013 financial year, as in past years, SinnerSchrader had no major bad debt losses to report or reserves for bad debt to form, despite the financial and economic crisis.

Furthermore, SinnerSchrader faces credit risks from holding free liquid funds in bank balances and from investing this liquidity in the capital market. SinnerSchrader reduces this risk through the selection of its bank partners and cooperation with several different banks and by restricting the credit rating of the investment instruments to a minimum rating of BBB, or A3 for short-term investments.

The maximum default risk results from the book values of financial receivables posted in the balance sheet or from the current values of the securities posted.

8.3 MARKET RISKS

CURRENCY RISKS

Since SinnerSchrader calculates its revenues exclusively in euros, its suppliers primarily issue invoices in euros, and the Company holds no notable assets in foreign currencies, the Group faces no major foreign currency risks. SinnerSchrader incurred currency losses in the amount of € 11,547 in the 2012/2013 financial year as part of the founding of SinnerSchrader Praha s.r.o. in Prague as an economically dependent unit, and as part of the qualification of the euro as the functional currency of this subsidiary.

INTEREST RISKS

The Company does not have any major interest-bearing financial liabilities. Interest risks therefore arise exclusively from the investment of free liquidity in interest-bearing assets. As at 31 August 2013, SinnerSchrader had invested € 1.0 million in fixed-term deposits.

A rise in the market interest level of 0.5 percentage points would lead to a € 2,000 deterioration in the current value of the portfolio.

Due to the investment policy based on security and quick convertibility into cash with short terms, the financial crisis and the fall in interest rates still had a negative impact on the financial result of the 2012/2013 financial year because re-investment of liquidity that became available was only possible at lower interest rates.

EXCHANGE RISKS

As at 31 August 2013, SinnerSchrader did not hold any shares of other companies listed on the stock exchange. The Group therefore faced no exchange risks.

8.4 CAPITAL MANAGEMENT

SinnerSchrader fundamentally pursues the goal of securing its shareholders' equity base for the long term and achieving a suitable return on its capital. A high level of shareholders' equity is also aimed at because it supports the independence and competitiveness of the Company. SinnerSchrader's capital management also aims to ensure that the operating companies will continue to operate and to finance organic and inorganic growth.

On 31 August 2013, the SinnerSchrader shareholders' equity rate was 52.4 % (previous year: 56.9 %). The shareholders' equity return – the ratio of the net profit to shareholders' equity on the balance sheet date – was 0.0 % and 1.3 % for the 2012/2013 and 2011/2012 financial years, respectively.

Reference is made to the Statement of Changes in Shareholders' Equity and section 4.8 ("Shareholders' Equity") in these Notes for the composition of the shareholders' equity.

9 RELATED PARTY TRANSACTIONS

In the 2012/2013 and 2011/2012 financial years, subsidiaries of SinnerSchrader AG earned revenue in the amount of € 4,526,404 and € 7,254,126, respectively, with companies of a group of companies in which members of the Supervisory Board of SinnerSchrader held positions relevant to decision-making. The total of unbilled services and accounts receivable vis-à-vis these companies was € 556,301 and € 1,247,599, respectively, on 31 August 2013 and 31 August 2012.

The related party transactions were carried out under the usual market conditions.

9.1 MANAGEMENT BOARD

In the 2012/2013 financial year, the following people were appointed to the Management Board:

Matthias Schrader, Chairman
• Businessman, Hamburg, Germany

Thomas Dyckhoff, Finance Director
• Businessman, Hamburg, Germany

The Management Board members conducted their activities as their principal profession. Table 15a shows the compensation for the members of the Management Board in the 2012/2013 financial year; the comparative data of the previous year can be seen in Table 15b:

TABLE 15A COMPENSATION OF THE MANAGEMENT BOARD MEMBERS 2012/2013 IN €

	NON PERFORMANCE-RELATED COMPENSATION		PERFORMANCE-RELATED COMPENSATION	COMPENSATION COMPONENTS WITH A LONG-TERM INCENTIVE EFFECT	
	FIXED SALARY	OTHER BENEFITS	SHORT-TERM OBJECTIVES	MEDIUM-TERM OBJECTIVES	SHARE-BASED COMPENSATION
Matthias Schrader	190,000	7,010	25,000	—	—
Thomas Dyckhoff	153,333	5,746	18,000	—	—
Total	**343,333**	**12,756**	**43,000**	**—**	**—**

TABLE 15B COMPENSATION OF THE MANAGEMENT BOARD MEMBERS 2011/2012 IN €

	NON PERFORMANCE-RELATED COMPENSATION		PERFORMANCE-RELATED COMPENSATION	COMPENSATION COMPONENTS WITH A LONG-TERM INCENTIVE EFFECT	
	FIXED SALARY	OTHER BENEFITS	SHORT-TERM OBJECTIVES	MEDIUM-TERM OBJECTIVES	SHARE-BASED COMPENSATION
Matthias Schrader	190,000	7,010	29,708	—	—
Thomas Dyckhoff	140,000	4,435	23,138	—	—
Total	**330,000**	**11,445**	**52,846**	**—**	**—**

The total compensation of the Management Board in the 2012/2013 financial year was € 399,089 (previous year: € 394,291). Expenses for the D&O insurance are not reported under other benefits in accordance with the rules specified by DRS 17 of the German Accounting Standards. Premiums in the 2012/2013 financial year were € 16,669, unchanged from the previous year.

Due to the development of business conducted by the SinnerSchrader Group, no compensation on the basis of medium-term goals became due to Mr Schrader and Mr Dyckhoff after expiry of the defined three-year reference period. Reserves set aside for this purpose in the previous years in the amount of € 41,667 and € 25,000, respectively, were reversed in recognition of profit or loss in the 2012/2013 financial year.

The members of the Management Board are subject to a post-contractual ban on competition that makes provision for compensation in the amount of 50 % of the most recently received non performance-related compensation. With respect to the severance payments, it has been agreed with the members of the Management Board that they must comply with the recommendations of the Corporate Governance Code No. 4.2.3.

9.2 SUPERVISORY BOARD

In the 2012/2013 financial year, the Supervisory Board had the following members:

Dieter Heyde, Chairman
• Businessman, Bad Nauheim, Germany
• Managing Partner of SALT Solutions GmbH, Würzburg, Germany
• Member of the Advisory Board of CCP Software GmbH, Marburg, Germany

Prof. Cyrus D. Khazaeli, Deputy Chairman
• Communications Designer, Berlin, Germany
• Professor of Communication and Interaction Design at Berliner Technische Kunsthochschule [Berlin Technical Academy of Art], Berlin, Germany

Philip W. Seitz
• Lawyer, Hamburg, Germany
• General Counsel & Director of Government Affairs of Tchibo GmbH, Hamburg, Germany

Table 16a shows the compensation of the Supervisory Board members in the 2012/2013 financial year; the comparative data of the previous year can be seen in Table 16b:

TABLE 16A COMPENSATION OF THE SUPERVISORY BOARD MEMBERS 2012/2013 IN €

	FIXED SALARY	VARIABLE SALARY
Dieter Heyde	20,000	—
Prof. Cyrus D. Khazaeli	12,500	—
Philip W. Seitz	12,500	—
Total	**45,000**	**—**

TABLE 16B COMPENSATION OF THE SUPERVISORY BOARD MEMBERS 2011/2012 IN €

	FIXED SALARY	VARIABLE SALARY
Dieter Heyde	20,000	—
Prof. Cyrus D. Khazaeli	12,500	—
Philip W. Seitz	12,500	—
Total	**45,000**	**—**

In line with the rules of DRS 17, the premium for the D&O insurance is not to be posted as compensation for the Supervisory Board either. In the 2012/2013 financial year, the share of the premium accounted for by the Supervisory Board was unchanged over the previous year at € 834.

10 MAJOR EVENTS AFTER THE BALANCE SHEET DATE

There were no major events after the balance sheet date that should be reported.

11 SUPPLEMENTARY INFORMATION REQUIRED BY THE GERMAN COMMERCIAL CODE

11.1 PARTICIPATIONS

The participations held by SinnerSchrader Aktiengesellschaft are broken down as follows:

TABLE 17 PARTICIPATIONS OF SINNERSCHRADER AG

COMPANY	SHARE IN %	CURRENCY	NOMINAL CAPITAL	SHAREHOLDERS' CAPITAL	LAST ANNUAL RESULT	PROFIT/LOSS TRANSFER AGREEMENT	REPORTING PERIOD
SinnerSchrader Deutschland GmbH, Hamburg, Germany	100.00	EUR	75,000	75,000	2,200,993[1]	yes	01.09.12–31.08.13
mediaby GmbH, Hamburg, Germany	100.00	EUR	25,000	951,021	–86,444	no	01.09.12–31.08.13
Commerce Plus GmbH, Hamburg, Germany	100.00	EUR	25,000	1,490,651	–721,106[1]	yes	01.09.12–31.08.13
Commerce Plus consulting GmbH, Hamburg, Germany[3]	100.00	EUR	25,000	25,000	–79,730[1]	yes	01.09.12–31.08.13
SinnerSchrader UK Ltd., London, Great Britain[4]	100.00	GBP	100,000	–743,212	–33,763	no	01.09.12–31.08.13
SinnerSchrader Benelux BV, Rotterdam, Netherlands[4]	100.00	EUR	18,000	–226,018	–10,219	no	01.01.12–31.12.12
NEXT AUDIENCE GmbH, Hamburg, Germany (formerly newtention technologies GmbH)	100.00	EUR	740,400	–1,002,262	–1,562,121	no	01.09.12–31.08.13
newtention services GmbH, Hamburg, Germany[5]	100.00	EUR	25,000	–60,241	5,482	no	01.09.12–31.08.13
SinnerSchrader Mobile GmbH, Berlin, Germany	100.00	EUR	25,000	320,447	436,348	no	01.09.12–31.08.13
SinnerSchrader Praha s.r.o., Prague, Czech Republic	100.00	CZK	200,000	–2,194,600	–2,394,600	no	01.11.12–31.08.13[2]

1) Before profit transfer
2) Abbreviated financial year, year of foundation
3) The company is a 100 % subsidiary of the spot-media AG.
4) The companies' activities were temporarily discontinued in the previous years; respective shares were written off in the year the activity was discontinued. Audited annual financial statements of the companies are not available.
5) The company is a 100 % subsidiary of NEXT AUDIENCE GmbH.

11.2 USE OF ARTICLE 264 PARA. 3 HGB

SinnerSchrader Deutschland GmbH, Hamburg, Commerce Plus GmbH, Hamburg, and Commerce Plus Consulting GmbH, Hamburg, will each make use of the exemption provision of Article 264 para. 3 HGB for the Annual Report of 31 August 2013.

11.3 EMPLOYEES

In the 2012/2013 financial year, the SinnerSchrader Group had an average 444 employees, 14 of which were members of the Management Board or managing directors of Group companies and 117 were apprentices, students or interns.

In the previous year, there was an average of 422 employees in the Group.

11.4 AUDITORS' FEES

€ 84,450 were spent on the auditing of the Annual Report and the Consolidated Financial Statements as at 31 August 2013, thereof € 7,450 for certification services in the previous year.

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

Table 18 shows the number of shares in SinnerSchrader AG and the number of subscription rights to shares held by directors of SinnerSchrader AG as at 31 August 2012 and any changes in the 2012/2013 financial year:

TABLE 18 SHARES AND OPTIONS OF THE BOARD MEMBERS IN NUMBER

SHARES	31.08.2012	ADDITIONS	DISPOSALS	31.08.2013	
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	31.08.2012	ADDITIONS	DISPOSALS	31.08.2013	CURRENT VALUE OF EACH SUBSCRIPTION RIGHT ON THE DATE OF GRANTING
Management Board:					
Matthias Schrader	—	—	—	—	
Thomas Dyckhoff	120,000	—	—	120,000	€ 0.49
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**	

11.6 DECLARATION OF CONFORMITY ON THE ACCEPTANCE OF RECOMMENDATION OF THE "GOVERNMENT COMMISSION ON THE GERMAN CORPORATE GOVERNANCE CODE"

On 15 December 2012 the Management Board and Supervisory Board submitted the Declaration of Conformity with the Corporate Governance Code required under Article 161 of the German Stock Corporation Act and made it permanently available to shareholders on the Company's website.

Hamburg, 4 November 2013

The Management Board

Matthias Schrader Thomas Dyckhoff

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the SinnerSchrader Aktiengesellschaft, Hamburg, comprising the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the financial year from September 1, 2012 to August 31, 2013. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a(1) of the HGB and the supplementary provisions of the articles of association are the responsibility of the legal representatives of the parent company. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 of the HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accor¬dance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to 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 consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the financial information of those components consolidated, the scope of the consolidation, the accounting and consolidation principles used and the significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group 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, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a(1) of the HGB and the supplementary provisions of the articles of association and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Hamburg, 8 November 2013

BDO AG

Wirtschaftsprüfungsgesellschaft

signed Dr. Probst	signed ppa. Reisener
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements of the SinnerSchrader Group and the annual financial statements of SinnerSchrader Aktiengesellschaft give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group an the AG, and the joint consolidated status report and group status report includes a fair review of the development and performance of the business and the position of the Group an the AG, together with a description of the principal opportunities and risks associated with the expected development of the Group an the AG.

Hamburg, 4 November 2013

The Management Board

Matthias Schrader Thomas Dyckhoff

JOINT STATUS REPORT
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FURTHER INFORMATION

BALANCE SHEETS

OF SINNERSCHRADER AG AS AT 31 AUGUST 2012

Assets in €	31.08.2013	31.08.2012
Fixed assets		
Intangible assets:		
Concessions, industrial property rights and similar rights, and assets, as well as licences in such rights and assets	49,791	76,039
Tangible assets:		
Other equipment, plant, and office equipment	560,499	353,719
Leasehold improvements	58,727	83,825
Total tangible assets	**619,226**	**437,544**
Financial assets:		
Shares in affiliated companies	29,213,487	28,905,538
Total financial assets	**29,213,487**	**28,905,538**
Total fixed assets	**29,882,504**	**29,419,121**
Current assets		
Receivables and other assets:		
Trade receivables	20,630	9,985
Receivables from affiliated companies	523,427	1,745,958
Other assets	392,079	299,526
Total receivables and other assets	**936,136**	**2,055,469**
Securities:		
Other securities	—	500,000
Total securities	—	500,000
Cash on hand and in banks	4,474,960	3,691,925
Total current assets	**5,411,096**	**6,247,394**
Prepaid expenses	86,492	60,613
Total assets	**35,380,092**	**35,727,128**

Liabilities and shareholders' equity in €	31.08.2013	31.08.2012
Total shareholders' equity		
Subscribed capital (conditional capital: € 896,538; previous year: € 896,538)	11,542,764	11,542,764
Treasury stock	–420,152	–347,406
Issued share capital	**11,122,612**	**11,195,358**
Capital surplus	2,674,203	2,674,203
Reserves:		
Other reserves	17,710,143	19,058,634
Retained earnings/accumulated deficit	—	—
Total shareholders' equity	**31,506,958**	**32,928,195**
Accruals		
Accrued taxes	—	93,876
Other accrued liabilities	828,079	898,035
Total accrued liabilities	**828,079**	**991,911**
Liabilities		
Trade payables	113,630	261,949
thereof with a remaining term up to one year: €113,587 (previous year: € 261,949)		
Liabilities to affiliated companies	1,954,860	1,496,094
thereof with a remaining term up to one year: €1,954,860 (previous year: €1,496,094)		
Other liabilities	758,218	37,283
thereof with a remaining term up to one year: € 758,218 (previous year: € 37,283)		
thereof taxes: € 758,218 (previous year: € 31,443)		
thereof relating to social security and similar obligations: € 0 (previous year: € 296)		
Total liabilities	**2,826,708**	**1,795,326**
Prepaid expenses	24,412	11,696
Deferred Taxes	193,935	—
Total liabilities and shareholders' equity	**35,380,092**	**35,727,128**

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

STATEMENTS OF OPERATIONS

FOR THE 2012/2013 AND 2011/2012 FINANCIAL YEARS

in €	2012/2013	2011/2012
Revenues	3,764,479	3,973,231
Other operating income	72,355	70,892
Material expenses:		
Expenses for purchased services	–175,049	–284,386
Total material expenses	**–175,049**	**–284,386**
Personnel expenses:		
Wages and salaries	–1,852,790	–1,733,670
Social security	–339,661	–331,664
Total personnel expenses	**–2,192,451**	**–2,065,334**
Depreciation:		
of intangible assets, property, and equipment	–166,026	–139,401
of current assets insofar as they exceed the conventional write-downs	—	–1,146,978
Other operating expenses	–2,418,940	–2,406,559
Income from profit/loss transfer agreement	2,200,993	2,402,678
Other interest and similar income	67,129	122,045
thereof from affiliated companies: € 27,584 (previous year: € 53,283)		
Write-downs on investments	–1,300,000	–777,600
Expense from profit/loss transfer agreement	–721,106	–592,600
Interest and similar expenses	–75,857	–86,685
thereof from affiliated companies: € 44,152 (previous year: € 72,485)		
Income from ordinary activities	**–944,473**	**–930,697**

in €	2012/2013	2011/2012
Income tax	–351,730	–392,327
thereof deferred taxes: €193,935 (previous year: € 0)		
Other taxes	–329	–514
Net income	**–1,296,532**	**–1,323,538**
Profit brought forward from previous year	—	65,235
Withdrawal from revenue reserves		
– from other revenue reserves	1,296,532	1,258,303
Net income	**—**	**—**

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

NOTES

1 STATUTORY FOUNDATIONS

The annual report of SinnerSchrader Aktiengesellschaft ("SinnerSchrader AG" or "Company") has been compiled in accordance with the regulations of the German Commercial Code ("Handelsgesetzbuch") and the German Stock Corporation Act ("Aktiengesetz").

The company is deemed to be a large corporation within the meaning of Article 267 para. 3 sentence 2 of the German Commercial Code ("HGB") in conjunction with Article 264d HGB.

The Statement of Operations was prepared using the total-cost method according to Article 275 para. 2 HGB.

The assessment is carried out on the basis of a going concern assumption.

2 ACCOUNTING AND VALUATION PRINCIPLES

The report has been compiled in euros (€).

The intangible assets and the property and equipment are reported at acquisition costs, minus regular depreciation. Depreciation is linear in accordance with the usage period. Depreciation for purchased software is linear over an estimated usage period of three years. A usage period of three years is generally assumed for computer hardware, four to eight years for other electronic and electrical devices and equipment and eight to thirteen years for office furniture. Low-value assets are fully depreciated in the year of acquisition. Depreciation of leasehold improvements is linear over the remaining term of the rental contract.

The financial assets are reported at the acquisition costs or the lower fair value on the balance sheet date if a permanent reduction in value is anticipated.

If the value of the fixed assets determined according to the principles above is higher than the value to be ascribed to them on the report date, this shall be taken account of by means of non-scheduled depreciation. If the reasons for depreciation implemented in previous financial years no longer pertain, the original value will be reinstated.

Receivables and other assets are reported at their face value. Long-term, non interest-bearing accounts receivable with a remaining term of more than one year are reported at their cash value. Foreign currency receivables are all valued at the original rate. Valuation is carried out at the average spot exchange rate on the balance sheet date for a remaining term of up to one year. For a remaining term of more than one year, the valuation at the average spot exchange rate takes account of the imparity principle.

Marketable securities are included on the balance sheet either at acquisition costs or at a value to be ascribed to them, whichever is lower.

Other accrued expenses cover all identifiable risks and uncertain liabilities. Valuation is at the level of the amount to be paid that is deemed necessary according to sound business judgement. Future increases in prices and costs were taken into account when the obligation was assessed. Major reserves are subject to interest according to the average interest rate corresponding to the remaining term and published by the Deutsche Bundesbank.

Liabilities are reported at the amount to be paid. Foreign currency liabilities are all valued at the exchange rate on the date of acquisition. Valuation is carried out at an average spot exchange rate on the balance sheet date for a remaining term of up to one year. For a remaining term of more than one year, the valuation at the average spot exchange rate takes account of the imparity principle.

Deferred taxes are formed in accordance with Article 274 para. 1 of the HGB for differences between the commercial law valuation of assets, liabilities and deferred income and the tax law valuation of assets, which will probably diminish in subsequent financial years. Tax loss carry-forwards are taken into account when calculating deferred tax assets in the amount of the offsetting to be expected within the next five years. Deferred taxes are balanced in the balance sheet (Article 274 para. 1 sentence 2 HGB). If there is a tax reduction overall (asset surplus), capitalisation pursuant to Article 274 para. 1 sentence 2 HGB will not be exercised. Any tax burden is posted as a deferred tax liability in the balance sheet. In the Statement of Accounts, a change in deferred taxes is posted separately under the item “Income tax”.

3 EXPLANATIONS OF BALANCE SHEET ITEMS

3.1 FIXED ASSETS

The development of the Company's fixed assets is shown in the following assets table:

TABLE 1 ASSETS TABLE

ACQUISITION COSTS IN €	01.09.2012	ADDITIONS	DISPOSALS	31.08.2013
Intangible assets:				
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	602,748	9,426	—	612,174
Tangible assets:				
Other equipment, plant and office equipment	1,216,774	321,767	92,555	1,445,986
Leasehold improvements	466,539	—	3,500	463,039
Total tangible assets:	1,683,313	321,767	96,055	1,909,025
Financial assets:				
Shares in affiliated companies	29,683,138	1,607,949	—	31,291,087
Total	**31,969,199**	**1,939,142**	**96,055**	**33,812,286**

ACCUMULATED DEPRECIATION IN €	01.09.2012	ADDITIONS	DISPOSALS	31.08.2013
Intangible assets:				
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	526,709	35,674	—	562,383
Tangible assets:				
Other equipment, plant and office equipment	863,055	107,546	85,114	885,487
Leasehold improvements	382,714	22,806	1,208	404,312
Total tangible assets:	1,245,769	130,352	86,322	1,289,799
Financial assets:				
Shares in affiliated companies	777,600	1,300,000	—	2,077,600
Total	**2,550,078**	**1,466,026**	**86,322**	**3,929,782**

NET BOOK VALUES IN €	31.08.2012			31.08.2013
Intangible assets:				
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	76,039			49,791
Tangible assets:				
Other equipment, plant and office equipment	353,719			560,499
Leasehold improvements	83,825			58,727
Total tangible assets:	437,544			619,226
Financial assets:				
Shares in affiliated companies	28,905,538			29,213,487
Total	**29,419,121**			**29,882,504**

3.2 RECEIVABLES AND OTHER ASSETS

As at 31 August 2013 receivables and other assets amounted to € 936,136 (previous year: € 2,055,469); of these, receivables in the amount of € 106,492 (previous year: € 125,611) had a remaining term of more than one year. All other receivables and other assets in the amount of € 829,644 (previous year: € 1,929,858) had a remaining term of up to one year.

In the receivables from affiliated companies in the amount of € 523,427 (previous year: € 1,745,958), no liabilities to affiliated companies needed to be balanced as at 31 August 2013. Liabilities of € 5,608,511 were balanced in the previous year. The gross item comprises accounts receivable in the amount of € 156,621 (previous year: € 3,868,937), current loan receivables in the amount of € 366,737 (previous year: € 1,070,069), and interest receivables in the amount of € 69 (previous year: € 12,785). In the financial year, no receivables from affiliated companies were adjusted (previous year: € 1,146,978).

As at 31 August 2013, the other assets mainly comprised receivables from the Revenue Office resulting from creditable taxes collected at source and advance tax payments for corporation tax and commercial tax in the amount of € 224,706, which exceeds the tax expenditure calculated for the financial year. Tax accruals for previous years in the amount of € 28,211 were balanced against these receivables.

The other assets as at 31 August 2012 comprised a discounted reimbursement claim from corporation tax credits on the basis of the Act on Tax Measures accompanying the Introduction of the European Company and for the Modification of Other Tax Regulations ("SEStEG") in the amount of € 106,492 (previous year: € 125,611) as well as accrued interest income from the investment of marketable securities in the amount of € 20,000 (previous year: € 17,142). The remaining other liabilities in the amount of € 61,511 comprised deposits made, transitory items and claims for continued payment of remuneration. In the previous year, the remaining other liabilities in the amount of € 156,773 contained turnover tax receivables, transitory items and deposits made.

3.3 PREPAID EXPENSES

The prepaid expenses in the amount of € 86,492 (previous year: € 60,613) largely consist of payments relating to the year for investor relations services, insurance policies, maintenance contracts, contributions and services as part of the 2013 NEXT Service Design and a contingency for job advertisements.

3.4 SHAREHOLDERS' EQUITY

The development of shareholders' equity in the 2012/2013 financial year is summarised in the table below:

TABLE 2 SHAREHOLDERS' EQUITY IN €	31.08.2012	PURCHASE OF TREASURY STOCK	NET INCOME 2012/2013	31.08.2013
Subscribed capital	11,542,764	—	—	11,542,764
Treasury stock	–347,406	–72,746	—	–420,152
Capital surplus	2,674,203	—	—	2,674,203
Reserves:				
Other reserves	19,058,634	–51,959	–1,296,532	17,710,143
Retained earnings	—	—	—	—
Total shareholders' equity	**32,928,195**	**–124,705**	**–1,296,532**	**31,506,958**

3.4.1 SUBSCRIBED CAPITAL

As at 31 August 2013, the Company's subscribed capital amounted to € 11,542,764. It was made up of 11,542,764 individual no-par-value share certificates with a calculated face value of € 1 issued in the name of the owner.

The Annual General Meeting of 20 December 2012 authorised the Management Board to increase the share capital once or repeatedly by up to a total of € 5,770,000 until 19 December 2017 with the approval of the Supervisory Board by issuing new individual share certificates in return for a contribution in cash or a contribution in kind ("Approved Capital 2012"). The shareholders shall be granted a subscription right with restrictions. The Approved Capital 2008 was cancelled upon entry of the new approved capital.

The Annual General Meeting resolution of 20 December 2012 cancelled Conditional Capital I and II. Of the options allocated from this capital under the 1999 Share Option Plan and the 2000 Share Option Plan, there have been no more options in circulation since 31 August 2008 and 31 August 2012, respectively.

The Annual General Meeting Resolution of 23 January 2007 created conditional capital in the amount of € 600,000 ("Conditional Capital III") to grant rights to employees and Board members of the Company or affiliated companies to draw 600,000 no-par value share certificates ("2007 Stock Option Plan"). Options from the 2007 Stock Option Plan could be allocated until 31 December 2011. In the 2012/2013 financial year there were no changes to the existing options. In the preceding financial years, 545,000 options at an average exercise price of € 1.95 were allocated to members of the Management Board and management of the subsidiaries. Over the same period 8,332 options expired. As at 31 August 2013, there were therefore 536,668 options with an average exercise price of € 1.95 in circulation.

In an Annual General Meeting resolution of 20 December 2012, SinnerSchrader AG created new conditional capital in the amount of € 550,000 ("Conditional Capital 2012") and adopted the 2012 SinnerSchrader Share Option Plan to grant share options for the sale of a total of 550,000 shares to members of the Management Board of SinnerSchrader AG (100,000 options) and members of the management of the companies affiliated with SinnerSchrader AG (300,000 options) as well as selected employees with management functions in SinnerSchrader AG and the companies affiliated with SinnerSchrader AG (150,000 options).

The exercise price for options granted as part of the 2012 Plan may not be less than the average of the closing prices of the shares in SinnerSchrader AG in the Xetra trading system of Deutsche Börse AG (or a corresponding successor system) on the twenty trading days prior to the date of allocation, but not less than the lowest issue price within the meaning of Article 9 para. 1 of the German Stock Corporation Act (AktG). The options can be exercised at the earliest four years after their allocation. The options may not be exercised until the average of the closing prices of the shares in SinnerSchrader AG in the Xetra trading system of Deutsche Börse AG (or a corresponding successor system) exceeds the exercise price by not less than 40 % on the twenty trading days prior to the exercise date (reference price). In addition to the absolute earnings target, another relative earnings target has been specified for exercising the subscription rights granted to members of the Management Board. This target requires that the share price of SinnerSchrader AG develops better than the TecDAX. The latest exercise period for options granted in the 2012 plan is seven years after their date of allocation.

A total of 125,000 share options with an average exercise price of € 1.65 were allocated from the 2012 Stock Option Plan in the 2012/2013 financial year.

3.4.2 TREASURY STOCK

As at 31 August 2013, the number of shares of treasury stock amounted to 420,152 shares with a calculated face value of € 420,152, of which 183,462 shares were purchased in the 2008/2009 financial year, 90,289 shares in the 2009/2010 financial year, 73,655 shares in the 2011/2012 financial year, and 72,746 shares in the 2012/2013 financial year. The treasury stock shares represent 3.64 % of the share capital and are held with respect to use for the purposes named in the relevant Annual General Meeting resolutions. The average acquisition price was € 1.73. As at 31 August 2012, the company held 347,406 treasury stock shares with an average acquisition price of € 1.73 per share.

In the 2012/2013 financial year, 72,746 treasury stock shares were acquired on the market for an average acquisition price of € 1.71. The difference between the acquisition costs and the calculated face value amounted to € 51,959 and was offset against the other revenue reserves. Incidental acquisition costs in the amount of € 620 were reported in other expenses in recognition of profit and loss.

3.4.3 CAPITAL RESERVE

The capital reserve remained unchanged and amounted to € 2,674,203 as at 31 August 2013.

3.4.4 OTHER REVENUE RESERVES

TABLE 3 OTHER RESERVES IN €

As at 31.08.2012	**19,058,634**
Purchase of treasury stock	–51,959
Withdrawal to balance out the annual loss as at 31.08.2013	–1,296,532
As at 31.08.2013	**17,710,143**
thereof:	
from allocation to other reserves acc. to Art. 58 para. 2a AktG	15,030,658
from remaining allocation to other reserves acc. to Art. 58 para. 2 AktG	2,988,217
difference between nominal value and acquisition costs of treasury stock	–308,732

In the 2012/2013 financial year, other revenue reserves decreased by a total of € 1,348,491 to a value of € 17,710,143 as at 31 August 2013.

Of this amount, € 1,296,532 is the result of a decision taken by the Management Board and the Supervisory Board to balance out the full amount of the annual loss with a withdrawal from other revenue reserves. Another € 51,959 results from the acquisition of treasury stock.

3.5 ACCRUED EXPENSES

Other accrued expenses in the amount of € 828,079 (previous year: € 898,035) were formed for future earn-out payments from the acquisition of TIC-mobile GmbH (now SinnerSchrader Mobile GmbH), for outstanding invoices, financial reporting and auditing costs and for personnel costs (holiday, fees, variable and overtime pay).

The earn-out payments from the acquisition of TIC-mobile GmbH depend on the future operating results of this company. The amount of the obligations is reviewed annually. On 31 August 2013 they were determined to amount to € 300,973 (previous year: € 378,176). Payments to be made in future were discounted as at the balance sheet date at the rate of interest corresponding to the rate for the remaining term up to maturity (average interest rate of the past seven years).

3.6 LIABILITIES

All liabilities in the amount of € 2,826,708 (previous year: € 1,795,326) have a remaining term of less than one year.

The liabilities to affiliated companies in the amount of € 1,954,860 (previous year: € 1,496,094) included receivables from affiliated companies offset in the amount of € 10,254,234 (previous year: € 90,227). The gross liability item comprises investments from subsidiaries investing liquid funds in SinnerSchrader AG as part of central liquidity management in the amount of € 11,483,483 (previous year: € 1,583,616), from a liability from a transfer of losses in the amount of € 721,106, from liabilities from trade accounts payable in the total amount of € 4,505 (previous year: € 2,454), and interest payable in the amount of € 0 (previous year: € 251). The receivables set off comprised a short-term loan receivable in the amount of € 130,000, trade accounts receivable in the amount of € 7,864,828, interest in the amount of € 58,413 and receivables from profit and loss transfer agreements in the amount of € 2,200,993. Trade accounts payable, and income tax and church tax levies and turnover tax liabilities that are not yet due make up the other current liabilities as at 31 August 2013.

3.7 DEFERRED TAX LIABILITIES

As part of calculating deferred taxes, deferred tax liabilities resulted from taxable, quasi-permanent differences in the shares in affiliated companies. The resulting deferred tax liabilities in the amount of € 284,508 were used to offset deferred tax assets from the incorporated companies in the amount of € 90,573, which mainly result from valuation differences for reserves and acquired goodwill.

The statutory tax rate of 32.3 % was used for the calculation of the deferred tax assets and liabilities as at 31 August 2013. It is made up of the commercial tax rate of 16.5 %, the corporation tax rate of 15 % and the solidarity surcharge of 5.5 % on the corporation tax rate.

4 EXPLANATIONS OF STATEMENTS OF OPERATIONS ITEMS

4.1 REVENUES

SinnerSchrader AG earned revenues in the amount of € 3,764,479 almost solely by providing services for subsidiary companies.

4.2 OTHER OPERATING INCOME

Other operating income in the amount of € 72,335 contains out-of-period income from the resolution of reserves and the write-off of liabilities barred by the statute of limitations as well as income from the granting of non-cash benefits to employees and the costs passed on to lessors.

4.3 INCOME FROM PROFIT TRANSFER AND EXPENDITURE FROM LOSS TRANSFER

In December 2003, SinnerSchrader AG and its 100 % subsidiary SinnerSchrader Deutschland GmbH concluded a profit and loss transfer agreement with effect from 1 September 2003, which the Annual General Meeting agreed to on 28 January 2004. Income of € 2,200,993 was earned from the profit and loss transfer agreement in the 2012/2013 financial year.

On 7 November 2011, SinnerSchrader AG concluded a control and profit and loss transfer agreement with next commerce GmbH, which was approved by the company's Annual General Meeting of 15 December 2011. On 30 November 2012, the resolutions and contracts concerning a merger of spot-media AG and next commerce GmbH and a subsequent change in the name of next commerce GmbH to "Commerce Plus GmbH" were notarised with retroactive effect as at 1 September 2012. The merger and the change in the name were entered in the Commercial Register on 18 December 2012. The profit and loss transfer agreement remains valid after the change in the name. This profit and loss transfer agreement gave rise to loss transfer expenses in the amount of € 721,106 for the 2012/2013 financial year.

4.4 NON-SCHEDULED DEPRECIATION

In the financial year, depreciation on the book value of participating interests amounted to € 1,300,000 and is reported in "Write-downs on investments".

4.5 OTHER OPERATING EXPENSES

Other operating expenses in the amount of € 2,418,940 mainly consist of office space costs, communication costs, advertising costs, and legal and consulting costs.

4.6 INTEREST INCOME AND EXPENSES

Interest income comes from investment of the Company's liquid funds and from the granting of loans to affiliated companies and from interest earned on the corporation tax credit according to Article 37 Corporation Tax Act ("KStG"). The interest expenses mainly arose within the central liquidity management that the company operates for the domestic group, and from interest on earn-out liabilities.

5 OTHER INFORMATION

5.1 CONTINGENCIES AND OTHER FINANCIAL OBLIGATIONS

The financial obligations concern fixed-term rental agreements for the office premises at the locations in Hamburg, Frankfurt am Main, and Munich, with minimum remaining terms of between one and fifty-six months. The other financial obligations concern leasing contracts for company vehicles with remaining terms of 14 to 27 months. In the years ahead, rent contracts and leasing agreements will result in financial obligations in the total amount shown in Table 4:

TABLE 4 OBLIGATIONS FROM RENT AND LEASE CONTRACTS IN €

01.09.2013–31.08.2014	985,608
01.09.2014–31.08.2015	966,660
01.09.2015–31.08.2016	895,254
01.09.2016–31.08.2017	114,966
01.09.2017–31.08.2018	76,644
After 31.08.2018	—
Total	**3,039,131**

SinnerSchrader AG has taken over a limited joint and several guarantee for each of two subsidiaries in the amount of € 27,000 and € 6,600, respectively, to secure the claims of a service provider from a service contract. Taking into account what it has learned up to the time of compilation, SinnerSchrader AG currently assumes that the obligations on which the contingencies are based can be fulfilled by the main creditors concerned. SinnerSchrader AG therefore assesses the risk of either of these guarantees being used as improbable.

5.2 EMPLOYEES

On average over the 2012/2013 financial year, there were 36 (previous year: 32) employees in the Company.

5.3 MANAGEMENT BOARD

In the 2012/2013 financial year, the following people were appointed to the Management Board:

Matthias Schrader, Chairman
• Businessman, Hamburg, Germany

Thomas Dyckhoff, Finance Director
• Businessman, Hamburg, Germany

The Management Board members conducted their activities as their principal profession. The compensation of the Management Board members is made up as follows:

TABLE 5 COMPENSATION OF THE MANAGEMENT BOARD MEMBERS 2012/2013 IN €

	NON PERFORMANCE-RELATED COMPENSATION		PERFORMANCE-RELATED COMPENSATION	COMPENSATION COMPONENTS WITH A LONG-TERM INCENTIVE EFFECT	
	FIXED SALARY	OTHER BENEFITS	SHORT-TERM OBJECTIVES	MEDIUM-TERM OBJECTIVES	SHARE-BASED COMPENSATION
Matthias Schrader	190,000	7,010	25,000	—	—
Thomas Dyckhoff	153,333	5,746	18,000	—	—
Total	**343,333**	**12,756**	**43,000**	**—**	**—**

The total compensation of the Management Board in the 2012/2013 financial year was € 399,089. Premiums for the D&O insurance for members of the Management Board were € 16,999, unchanged from the previous year.

Due to the development of business conducted by the SinnerSchrader Group, no compensation on the basis of medium-term goals became due to Mr Schrader and Mr Dyckhoff after expiry of the defined three-year reference period. Reserves set aside for this purpose in the previous years in the amount of € 41,667 and € 25,000, respectively were reversed in recognition of profit or loss in the 2012/2013 financial year.

The members of the Management Board are subject to a post-contractual ban on competition that makes provision for compensation in the amount of 50 % of the most recently received non performance-related annual pay. With respect to the severance payments, it has been agreed with the members of the Management Board that they must comply with the recommendations of the Corporate Governance Code No. 4.2.3.

5.4 SUPERVISORY BOARD

In the financial year, the Supervisory Board had the following members:

Dieter Heyde, Chairman
- Businessman, Bad Nauheim, Germany
- Managing Partner of SALT Solutions GmbH, Würzburg, Germany
- Member of the Advisory Board of CCP Software GmbH, Marburg, Germany

Prof. Cyrus D. Khazaeli, Deputy Chairman
- Communications Designer, Berlin, Germany
- Professor of Communication and Interaction Design at Berliner Technische Kunsthochschule [Berlin Technical Academy of Art], Berlin, Germany

Philip W. Seitz
- Lawyer, Hamburg, Germany
- General Counsel & Director of Government Affairs of Tchibo GmbH, Hamburg, Germany

The compensation for Supervisory Board members in the total amount of € 45,000 was made up as follows in the 2012/2013 financial year:

TABLE 6 COMPENSATION OF THE SUPERVISORY BOARD MEMBERS 2012/2013 IN €

	FIXED SALARY	VARIABLE SALARY
Dieter Heyde	20,000	—
Prof. Cyrus D. Khazaeli	12,500	—
Philip W. Seitz	12,500	—
Total	**45,000**	**—**

In the 2012/2013 financial year, the share of the premium for D&O insurance accounted for by the Supervisory Board was unchanged over the previous year at € 834.

5.5 PARTICIPATIONS

The participations held by SinnerSchrader Aktiengesellschaft as at 31 August 21013 are broken down as follows:

TABLE 7 PARTICIPATIONS OF SINNERSCHRADER AG

COMPANY	SHARE IN %	CURRENCY	NOMINAL CAPITAL	SHAREHOLDERS' CAPITAL	LAST ANNUAL RESULT	PROFIT/LOSS TRANSFER AGREEMENT	REPORTING PERIOD
SinnerSchrader Deutschland GmbH, Hamburg, Germany	100.00	EUR	75,000	75,000	2,200,993[1]	yes	01.09.12–31.08.13
mediaby GmbH, Hamburg, Germany	100.00	EUR	25,000	951,021	–86,444	no	01.09.12–31.08.13
Commerce Plus GmbH, Hamburg, Germany	100.00	EUR	25,000	1,490,651	–721,106[1]	yes	01.09.12–31.08.13
Commerce Plus consulting GmbH, Hamburg, Germany[3]	100.00	EUR	25,000	25,000	–79,730[1]	yes	01.09.12–31.08.13
SinnerSchrader UK Ltd., London, Great Britain[4]	100.00	GBP	100,000	–743,212	–33,763	no	01.09.12–31.08.13
SinnerSchrader Benelux BV, Rotterdam, Netherlands[4]	100.00	EUR	18,000	–226,018	–10,219	no	01.01.12–31.12.12
NEXT AUDIENCE GmbH, Hamburg, Germany (formerly newtention technologies GmbH)	100.00	EUR	740,400	–1,002,262	–1,562,121	no	01.09.12–31.08.13
newtention services GmbH, Hamburg, Germany[5]	100.00	EUR	25,000	–60,241	5,482	no	01.09.12–31.08.13
SinnerSchrader Mobile GmbH, Berlin, Germany	100.00	EUR	25,000	320,447	436,348	no	01.09.12–31.08.13
SinnerSchrader Praha s.r.o., Prague, Czech Republic	100.00	CZK	200,000	–2,194,600	–2,394,600	no	01.11.12–31.08.13[2]

1) Before profit transfer
2) Abbreviated financial year, year of foundation
3) The company is a 100 % subsidiary of the spot-media AG.
4) The companies' activities were temporarily discontinued in the previous years; respective shares were written off in the year the activity was discontinued. Audited annual financial statements of the companies are not available.
5) The company is a 100 % subsidiary of the NEXT AUDIENCE GmbH.

5.6 DECLARATION OF COMPLIANCE UNDER ARTICLE 161 OF THE GERMAN STOCK CORPORATION ACT

On 15 December 2012, the Management Board and the Supervisory Board submitted the Declaration of Compliance with the Corporate Governance Code required by Article 161 of the German Stock Corporation Act and made it permanently accessible to the shareholders on the Company's website.

5.7 INFORMATION ACCORDING TO ARTICLE 160 PARA. 1 NO. 8 OF THE GERMAN STOCK CORPORATION ACT

As at 31 August 2013, the participating interests in the Company, which have been notified according to Article 21 para. 1 of the German Securities Trading Act ("WpHG") and published below according to Article 26 para. 1 WpHG, were as follows:

1. On 29 August 2012, SinnerSchrader Aktiengesellschaft, Völckersstraße 38, 22765 Hamburg, Germany, announced in accordance with Article 26, para. 1, sentence 2 WpHG that its share of treasury stock had exceeded the threshold of 3 % on 28 August 2012, and that as at this date it held a share of 3.0022 % (corresponding to 346,539 no-par value shares) of all the shares issued by SinnerSchrader Aktiengesellschaft.

2. Debby Vermögensverwaltung GmbH, Munich, Germany, notified us on 11 December 2008 pursuant to Article 21 para. 1 of the Securities Trading Act that on 12 September 2008, its share of voting rights in SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, Germany, WKN 514190, ISIN DE 0005141907, fell below the thresholds of 30 %, 25 %, 20 %, 15 %, 10 %, 5 %, and 3 % and was 0.00 % (0 voting rights) as at this date.

   Debby Vermögensverwaltung GmbH, Germany, acting on its own behalf and on behalf of the persons mentioned under letters b. to e., notified us on 20 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act, of the following:

   a. Debby Vermögensverwaltung GmbH, Germany, received notification on 20 January 2005 that its share of voting rights in SinnerSchrader AG fell below the threshold of 50 % on 12 January 2005 due to sales in the syndicate and now amounts to 49.1231 %, whereby it has a share of voting rights of 37.8823 % under the terms of Article 22 para. 2 of the Securities Trading Act.

   b. Mr Wolfgang Herz, Germany, received notification on 17 January 2005 that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % on 12 January 2005 and now amounts to 49.1231 %, whereby he has a share of voting rights of 4.9713 % under the terms of Article 22 para. 1 No. 2 of the Securities Trading Act and a share of voting rights of 44.1518 % under the terms of Article 22 para. 2 of the Securities Trading Act.

   c. Ms Agneta Peleback-Herz, Germany, received notification on 17 January 2005 that her share of voting rights in SinnerSchrader AG fell below the threshold of 50 % on 12 January 2005 and now amounts to 49.1231 %, whereby she has a share of voting rights of 0.6491 % under the terms of Article 22 para. 1 No. 2 of the Securities Trading Act and a share of voting rights of 48.474 % under the terms of Article 22 para. 2 of the Securities Trading Act.

   d. Mr Michael Herz, Germany, received notification on 17 January 2005 that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % on 12 January 2005 and now amounts to 49.1231 %, whereby he has a share of voting rights of 4.9713 % under the terms of Article 22 para. 1 No. 2 of the Securities Trading Act and a share of voting rights of 44.1518 % under the terms of Article 22 para. 2 of the Securities Trading Act.

   e. Ms Cornelia Herz, Germany, received notification on 17 January 2005 that her share of voting rights in SinnerSchrader AG fell below the threshold of 50 % on 12 January 2005 and now amounts to 49.1231 %, whereby she has a share of voting rights of 0.6491 % under the terms of Article 22 para. 1 No. 2 of the Securities Trading Act and a share of voting rights of 48.474 % under the terms of Article 22 para. 2 of the Securities Trading Act.

3. Thomas Dyckhoff, Germany, informed us of the following as at 9 February 2007, as a correction to his notifications of 18 January 2007 made on the basis of the state of knowledge as at 15 January 2007, on his own behalf and as an agent and by proxy for the persons mentioned under letters b. to e., pursuant to Article 21 para. 1 of the Securities Trading Act:

   a. The share of voting rights of Mr Thomas Dyckhoff, Germany, in SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, fell below the threshold of 50 % on 13 February 2006 and now amounts to 49.9110 % (corresponding to 5,761,106 shares). Of this, 49.4782 % of the voting rights (5,711,156 shares) were assigned to him pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act. Among other things, the shares of voting rights of the following shareholders, whose shares of voting rights were 3 % or more each, were added to this pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act: Matthias Schrader, Oliver Sinner, and Debby Vermögensverwaltung GmbH.

b. The share of voting rights of Mr Matthias Schrader, Germany, in SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, fell below the threshold of 50 % on 13 February 2006 and now amounts to 49.9110 % (corresponding to 5,761,106 shares). Of this, 29.6154 % of the voting rights (3,418,431 shares) were assigned to him pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act. Among other things, the shares of voting rights of the following shareholders, whose shares of voting rights were 3 % or more each, were added to this pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act: Oliver Sinner and Debby Vermögensverwaltung GmbH.

c. The share of voting rights of Mr Oliver Sinner, Germany, in SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, fell below the threshold of 50 % on 13 February 2006 and now amounts to 49.9110 % (corresponding to 5,761,106 shares). Of this, 40.8211 % of the voting rights (4,711,879 shares) were assigned to him pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act. Among other things, the shares of voting rights of the following shareholders, whose shares of voting rights were 3 % or more each, were added to this pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act: Matthias Schrader and Debby Vermögensverwaltung GmbH.

d. The share of voting rights of Mr Detlef Wichmann, Germany, in SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, fell below the threshold of 50 % on 13 February 2006 and now amounts to 49.9110 % (corresponding to 5,761,106 shares). Of this, 48.9147 % of the voting rights (5,646,106 shares) were assigned to him pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act. Among other things, the shares of voting rights of the following shareholders, whose shares of voting rights were 3 % or more each, were added to this pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act: Matthias Schrader, Oliver Sinner, and Debby Vermögensverwaltung GmbH.

e. The share of voting rights of Mr Sebastian Dröber, Germany, in SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, fell below the threshold of 50 % on 13 February 2006 and now amounts to 49.9110 % (corresponding to 5,761,106 shares). Of this, 49.3045 % of the voting rights (5,691,106 shares) were assigned to him pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act. Among other things, the shares of voting rights of the following shareholders, whose shares of voting rights were 3 % or more each, were added to this pursuant to Article 22 para. 2 sentence 1 of the Securities Trading Act: Matthias Schrader, Oliver Sinner, and Debby Vermögensverwaltung GmbH.

4. Mr Holger Blank, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % on 12 January 2005 and now amounts to 49.1231 %, whereby he has a share of voting rights of 49.1223 % under the terms of Article 22 para. 2 of the Securities Trading Act.

5. Mr Bernward Beuleke, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % on 12 January 2005 and now amounts to 49.2256 %, whereby he has a share of voting rights of 49.0718 % under the terms of Article 22 para. 2 of the Securities Trading Act.

6. Mr Dirk Lehmann, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % on 12 January 2005 and now amounts to 49.1322 %, whereby he has a share of voting rights of 49.0718 % under the terms of Article 22 para. 2 of the Securities Trading Act.

7. Ms Marion Sinner, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that her share of voting rights in SinnerSchrader AG fell below the threshold of 50 % on 12 January 2005 and now amounts to 49.1231 %, whereby she has a share of voting rights of 49.0365 % under the terms of Article 22 para. 2 of the Securities Trading Act.

8. Ms Jessica Schmidt, Germany, notified us on 19 January 2005, amended on 4 February 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that her share of voting rights in SinnerSchrader AG fell below the threshold of 50 % on 12 January 2005 and now amounts to 49.1244 %, whereby she has a share of voting rights of 48.9065 % under the terms of Article 22 para. 2 of the Securities Trading Act.

9. Dr Markus Conrad, Germany, notified us on 20 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that he received notification on 17 January 2005 to the effect that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % on 12 January 2005 due to sales in the syndicate and now amounts to 49.1231 %, whereby he has a share of voting rights of 48.0185 % under the terms of Article 22 para. 2 of the Securities Trading Act.

10. Mr Gerd Stahl, Germany, notified us on 4 July 2003, amended on 10 July 2003, pursuant to Article 21 para. 1 of the Securities Trading Act in conjunction with Article 22 of the Securities Trading Act, in accordance with the obligation on his part and as an agent and by proxy for the persons mentioned under letters b. to c., that:

    a. On 30 June 2003, the share of voting rights of Mr Gerd Stahl, Germany, fell below the threshold of 50 % of the voting rights in SinnerSchrader AG. He is now entitled to 49.95 % of the voting rights in SinnerSchrader AG pursuant to Article 21 para. 1 of the Securities Trading Act, of which 47.18 % of the voting rights are to be assigned under the terms of Article 22 para. 2 of the Securities Trading Act.

    b. On 30 June 2003, the share of voting rights of Mr Alexander Spohr, Germany, fell below the threshold of 50 % of the voting rights in SinnerSchrader AG. He is now entitled to 49.95 % of the voting rights in SinnerSchrader AG pursuant to Article 21 para. 1 of the Securities Trading Act, of which 47.69 % of the voting rights are to be assigned under the terms of Article 22 para. 2 of the Securities Trading Act.

    c. On 30 June 2003, the share of voting rights of Mr Matthias Fricke, USA, fell below the threshold of 50 % of the voting rights in SinnerSchrader AG. He is now entitled to 49.95 % of the voting rights in SinnerSchrader AG pursuant to Article 21 para. 1 of the Securities Trading Act, of which 47.85 % of the voting rights are to be assigned under the terms of Article 22 para. 2 of the Securities Trading Act.

5.8 FEE FOR THE STATUTORY AUDIT

The Annual General Meeting on 20 December 2012 elected BDO AG, Wirtschaftsprüfungsgesellschaft, Hamburg, Germany, as the auditor for the 2012/2013 financial year. With respect to the fees, we refer to the Consolidated Financial Statements in accordance with Article 285 sentence 1 indent 17 of the German Commercial Code.

6 ADDITIONAL INFORMATION

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

The following table shows the number of shares in SinnerSchrader AG and the number of subscription rights to shares held by directors of SinnerSchrader AG as at 31 August 2013 and any changes in the 2012/2013 financial year:

TABLE 8 SHARES AND OPTIONS OF THE BOARD MEMBERS IN NUMBER

SHARES	31.08.2012	ADDITIONS	DISPOSALS	31.08.2013	
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	31.08.2012	ADDITIONS	DISPOSALS	31.08.2013	CURRENT VALUE OF EACH SUBSCRIPTION RIGHT ON THE DATE OF GRANTING
Management Board:					
Matthias Schrader	—	—	—	—	
Thomas Dyckhoff	120,000	—	—	120,000	€ 0.49
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**	

Hamburg, 4 November 2013

The Management Board

Matthias Schrader Thomas Dyckhoff

AUDITOR'S REPORT

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of SinnerSchrader Aktiengesellschaft, Hamburg, for the business year from September 1, 2012 to August 31, 2013. The maintenance of the books and records and the preparation of the annual financial statements and the management report in accordance with German commercial law and supplementary provisions of the articles of association are the responsibility of the 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 § 317 of the HGB ["Handelsgesetzbuch": "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to 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 management, as well as evaluating the overall presentation of the annual financial statements and the 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, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of association and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Hamburg, 8 November 2013

BDO AG

Wirtschaftsprüfungsgesellschaft

signed Dr. Probst	signed ppa. Reisener
(German Public Auditor)	(German Public Auditor)

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements of the SinnerSchrader Group and the annual financial statements of SinnerSchrader Aktiengesellschaft give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group an the AG, and the joint consolidated status report and group status report includes a fair review of the development and performance of the business and the position of the Group an the AG, together with a description of the principal opportunities and risks associated with the expected development of the Group an the AG.

Hamburg, 4 November 2013

The Management Board

Matthias Schrader Thomas Dyckhoff

SINNERSCHRADER GROUP 2012/2013

JOINT STATUS REPORT
CONSOLIDATED FINANCIAL STATEMENTS
ANNUAL FINANCIAL STATEMENTS
FURTHER INFORMATION

KEY FIGURES OF THE SINNERSCHRADER GROUP, FOUR QUARTERS 2012/2013

		Q4	Q3	Q2	Q1
Gross revenues	€ 000s	10,552	10,028	9,880	10,803
Net revenues	€ 000s	9,828	9,051	8,316	9,206
EBITDA	€ 000s	805	456	–231	400
EBITA	€ 000s	609	259	–407	219
EBIT	€ 000s	577	225	–452	63
Net income	€ 000s	416	60	–447	–28
Net income per share[1]	€	0.04	0.01	–0.04	0.00
Cash flows from operating activities	€ 000s	2,794	588	710	–1,652
Employees, full-time equivalents	number	412	411	405	394

KEY FIGURES OF THE SINNERSCHRADER GROUP, FIVE YEARS

		01.09.2012 31.08.2013	01.09.2011 31.08.2012	01.09.2010 31.08.2011	01.09.2009 31.08.2010	01.09.2008 31.08.2009
Gross revenues	€ 000s	41,263	41,664	36,714	28,718	27,664
Net revenues	€ 000s	36,401	35,984	30,909	23,935	20,936
EBITDA	€ 000s	1,430	2,297	3,193	2,717	1,974
EBITA	€ 000s	681	1,627	2,612	2,185	1,441
Relation of the EBITA to net revenues (Operating margin)	%	1.9	4.5	8.5	9.1	6.9
EBIT	€ 000s	413	649	2,054	1,567	954
Net income	€ 000s	1	157	1,278	1,103	939
Net income attributable to the shareholders of SinnerSchrader AG	€ 000s	1	157	1,278	1,103	1,231
Net income per share[1]	€	0.00	0.01	0.11	0.10	0.11
Shares outstanding[1]	number	11,138	11,245	11,211	11,254	11,356
Cash flows from operating activities	€ 000s	2,439	2,094	450	2,343	2,229
Employees, full-time equivalents	number	406	388	335	271	244

		31.08.2013	31.08.2012	31.08.2011	31.08.2010	31.08.2009
Liquid funds and securities	€ 000s	5,949	5,197	5,743	8,290	7,988
Shareholders' equity	€ 000s	12,047	12,133	13,203	12,576	12,534
Balance sheet total	€ 000s	22,997	21,325	22,247	20,981	20,342
Shareholders' equity rate	%	52.4	56.9	59.3	59.9	61.6
Employees, end of period	number	451	420	400	305	279

1) Weighted average shares outstanding

EVENTS & CONTACT INFORMATION

FINANCIAL CALENDAR 2013/2014

1st Quarterly Report 2013/2014 (September 2013–November 2013)	15 January 2014
Annual General Meeting 2012/2013	29 January 2014 (postponed from 18 December 2013)
2nd Quarterly Report 2013/2014 (December 2013–February 2014)	15 April 2014
3rd Quarterly Report 2013/2014 (March 2014–May 2014)	15 July 2014
Announcement of preliminary figures for the 2013/2014 financial year	October 2014
Annual Report 2013/2014	November 2014
Annual General Meeting 2013/2014	December 2014

Our previous reports are available online and for download on our website www.sinnerschrader.ag.

CONFERENCE CALENDAR 2013/2014

NEXT Berlin 2014 For more information please visit our conference website at www.nextberlin.eu.	5. bis 6. Mai 2014
JSConf EU 2014	Oktober 2014

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