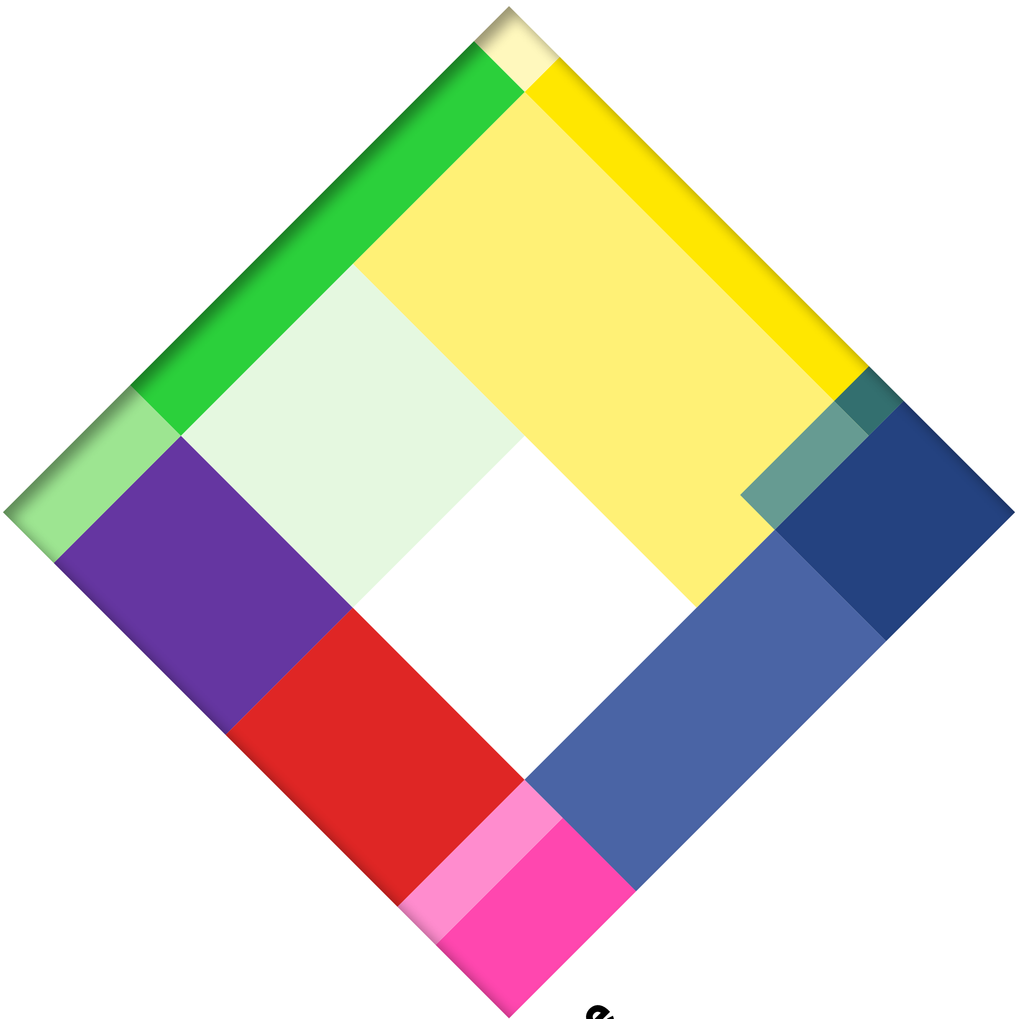
SINNERSCHRADER GROUP
ANNUAL REPORT 2014/2015



still day one

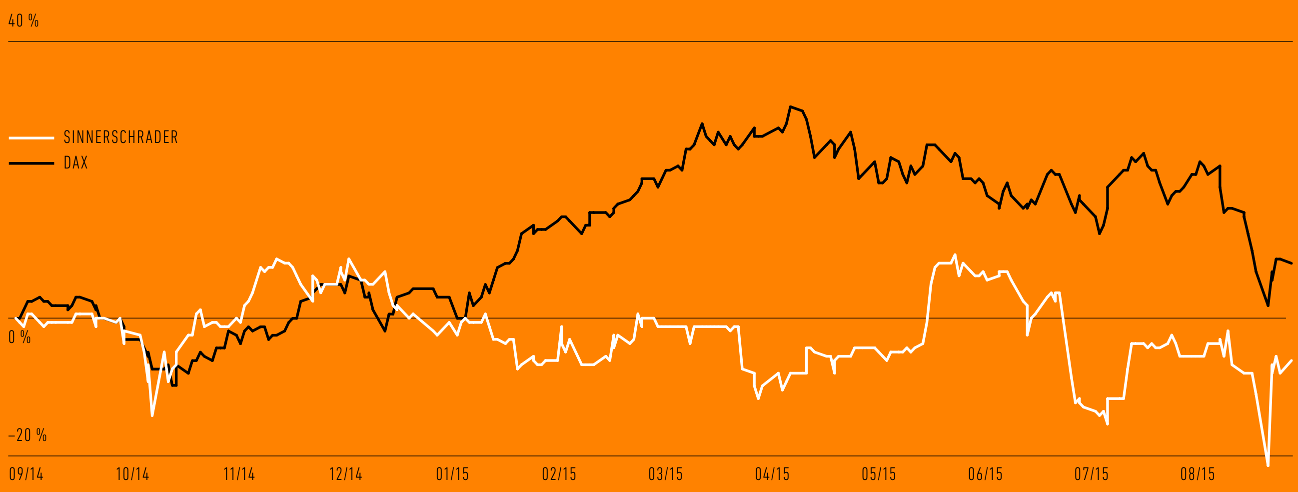
KEY FIGURES OF THE SINNERSCHRADER GROUP

		2014/2015	2013/2014	CHANGE
Net revenues	€ 000s	47,690	48,601	–2 %
EBITA	€ 000s	2,083	3,064	–32 %
Relation of the EBITA to net revenues (Operating margin)	%	4.4	6.3	–30 %
Net income attributable to the shareholders of SinnerSchrader AG	€ 000s	1,518	1,843	–18 %
Earnings per share, fully diluted	€	0.13	0.16	–18 %
Cash flows from operating activities	€ 000s	1,679	1,517	+11 %
Employees, full-time equivalents	number	478	444	+8 %

		31.08.2015	31.08.2014	CHANGE
Liquid funds and securities	€ 000s	5,559	5,833	–5 %
Shareholders' equity	€ 000s	14,959	14,075	+6 %
Shareholders' equity rate	%	54	49	+10 %
Employees, end of period	number	506	521	–3 %

SINNERSCHRADER SHARE PRICE PERFORMANCE

XETRA closing prices in % +/– compared to price on 29.08.2014 (= 100 %)



CONTENTS

LETTER TO THE SHAREHOLDERS

DEAR SHAREHOLDERS,

In some respects, the past 2014/2015 financial year failed to deliver what we promised you a year ago, with two aspects of the business development standing out. On the one hand we did not succeed in continuing to moderately increase our revenue and earnings after the strong growth of more than 30 % in the previous year. On the other hand, we have had to acknowledge that it was highly unlikely that NEXT AUDIENCE would achieve a market breakthrough with its NEXT AUDIENCE Platform in the given constellation.

We nevertheless believe that we have good reason to say that SinnerSchrader has emerged from the 2014/2015 financial year stronger than before.

- The slack demand, which was probably caused by the unjustified low in the economic mood as a whole and in the digital agency sector in autumn 2014 and had a surprisingly strong effect on SinnerSchrader business in the first half of 2014/2015, proved to be temporary. Since spring 2015 the indications have all quite clearly shown growth – and they continue to do so in the first few months of the new 2015/2016 financial year.
- SinnerSchrader made a virtue out of “necessity”, when the weak development of revenue in the first half of the year forced it to improve the efficiency of its service provision. Without taking the NEXT AUDIENCE losses into account, the operating result (EBITA) reached more than € 3.5 million in the second half of 2014/2015, and the operating return for the SinnerSchrader Group without NEXT AUDIENCE was just under 15 %. The second half of the financial year was thus the most successful half year in the history of SinnerSchrader in terms of profit.
- At the end of June 2015 we drew the conclusion from the failure to acquire new clients for the NEXT AUDIENCE Platform to withdraw from NEXT AUDIENCE business, or dispose of our majority interest in NEXT AUDIENCE GmbH, and initiate the measures needed for this move. We remain convinced that advertisers need to invest in their own, independent technology for the management and optimisation of their digital advertising expenditure, and that they will do so in future. Irrespective of this, it had nevertheless become apparent that SinnerSchrader would not be able to lead NEXT AUDIENCE to success in the current market and competitive set-up. The effects this decision to withdraw has had on profits have largely been taken into account in the 2014/2015 Annual Report. They can be reliably calculated for the 2015/2016 financial year wherever this was not possible.
- In the 2013/2014 financial year, SinnerSchrader positioned itself in the young, still developing business area of content marketing with an initial project. This approach proved to be sustainable in the year of the report, so SinnerSchrader Content GmbH, which had been set up especially for this business area, was able to expand its business base with additional projects. Unlike in the NEXT AUDIENCE business segment, SinnerSchrader sees itself well-positioned in this market and able to further expand the position it has attained.
- We have generated new dynamics in the field of mobile apps and concepts by reconstructing the management and acquiring Swipe GmbH, and we have created the environment for the next growth steps.
- Commerce Plus GmbH, the e-commerce specialist in the SinnerSchrader Group, has made its profile keener and enhanced its awareness in the market through a high-profile project for the establishment of a new sales platform for Görtz and through the successful management of the simyo hardware store.

In the end, revenue in the amount of € 47.7 million, an EBIT(A) of € 2.1 million and net income of € 1.5 million were reported for the 2014/2015 financial year. This is less than that achieved by SinnerSchrader in the 2013/2014 financial year. However, the basis for the next steps in growth and for significantly improving earnings is so good that we, together with the Supervisory Board, have decided to propose the payment of a dividend of € 0.12 per share to the Annual General Meeting, as in the previous year. We are doing this against the background of a forecast revenue of more than € 50.0 million and an EBITA in the range of € 5.0 million in the 2015/2016 financial year. The bottom line is to show net income of more than € 3.0 million and earnings per share of more than € 0.26.

On 20 November 2015, the German business journal "WirtschaftsWoche" summed up an article about Allianz, one of the biggest insurance companies in the world, by starting it with: "CEO Oliver Bäte is faced with a monumental task: he intends to turn the risk-averse company with a long-standing tradition into a flexible Internet group." Even if the journalistic dramatisation is ignored, there remains a clear signal that the digital challenge must be tackled with determination and the essential urgency. Similar opinions can be heard from many companies all over Germany.

In a study on "Digitisation in 2015", EY noted as early as in March 2015 that the "mega trend of digitisation" had clearly reached German companies. However, in terms of the volume being invested by German companies in digitisation, the study established that "[...] German companies are far behind the world leaders when it comes to concrete plans for investments, and they are even below the world average."

Yet there has now been some movement in the volume invested by the German corporate landscape. For example, this is underlined by an announcement of Deutsche Bank from the end of April 2015 that it will invest around € 1 billion in digitisation projects until 2020.

SinnerSchrader works for many major German companies in the area of digital transformation, not least also for Allianz and Deutsche Bank. In doing so, SinnerSchrader is less confronted with winning through against rival agencies than with increased competition from strategic and IT consultancy firms which have reinforced the focus of their own business on digital transformation in the past few years. At the beginning of 2015, "manager magazin" informed us as follows: "BCG, Roland Berger, McKinsey – consultants are going digital". In the international scene, the magazine "AdAge" suggested to readers as early as in 2013: "Agencies, Look out: Accenture's Invading Your Turf in a Bigger Way Than Ever".

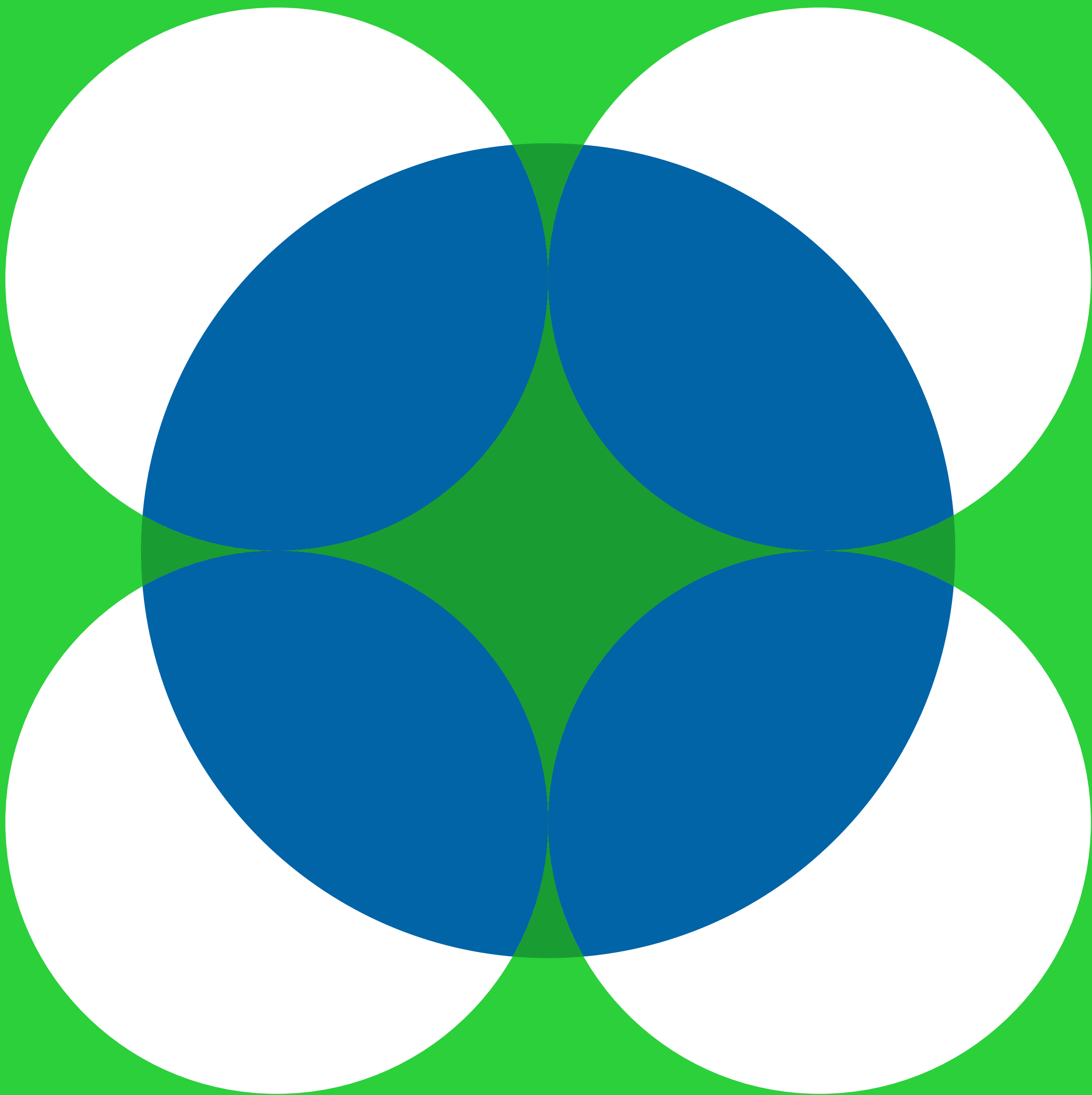
Experiences of the past financial year show that SinnerSchrader is well able to hold its own and grow in the face of this competition. On the one hand, SinnerSchrader has a deep understanding of the perspectives of today's clients and users concerning the offers made by companies, and has the ability to consistently derive ideas for designing front ends, interfaces and new services as well as the underlying processes from the point of view of clients/users. On the other hand, SinnerSchrader is most competent in technically implementing these ideas in respect of the growing number of digital touchpoints – also in interactions with the complex IT structures of major companies.

SinnerSchrader can count on the expertise gained in 20 years of successfully developing and implementing digital projects. This experience has been included in the principles set out on the following pages. We believe that successful digital transformation is only feasible if we respect these principles.

Possibly the most important principle: "Today is still day one." Resting on success, laurels earned and 20 years of experience is not a choice.

Hamburg, 24 November 2015

Matthias Schrader   Thomas Dyckhoff



user. first. period.

New technologies don’t just change the world. They change our view of the world. In today’s digital age, even the direction in which we are looking is changing:

Everyone is focused on the user – on desires, goals and challenges. Understand these needs and you’ll be onto a winner. That’s why we invest such attention in really getting under the skin of the user. From the insights we gain, we create something of real value: digital products, which enrich lives and enlarge the user’s world while at the same time making it easier to navigate. Products, which break out of the everyday and alter behaviour. That’s our mission.

And it begins with the user. Period.

Design begins long before it begins to look good. Even the idea of how something works and how it adds value to the world is design. Deliberating over where and how a digital product can affect our lives – that's design. Tracking the market and opening a new one: design.

design constructs the service.

And at the same time it's design that plays the key role in marrying a service with its user. It helps when an interface is attention-grabbing, because it both attracts and delights. Alternatively, the result of an intensive design process may be an interface so seamless that it's virtually invisible.

code writes the business plan.

The joy of experimenting, the courage to make mistakes and the freedom of open processes. Isn't it striking how the rules of successful companies echo those that apply when working with code? The reasons are simple.

Today every company is ultimately predicated on software. And innovation stems more than anything from networking: between brands and users and between companies and services, which result in a powerful dynamic. The number of applications explodes, sectoral limits are shattered and users change their habits quicker than ever. The end point is unknown.

But one thing is clear: in this game, speed counts. And speed is based on code.

from scratch to shipping,

Content, Commerce, Care, Communication, Connected Products. The world's fascination with C words knows no bounds. Every few months another one joins them, becomes flavour of the month, and then quickly fades away. Instead of beginning with C, we prefer to start with A … and not stop until we have reached Z.

Our services apply to the entire process: consultancy and development starting from a blank sheet, from there in sprints and prototypes to the product and straight into testing. Then it's about optimising, refining, cultivating, and back to the blank sheet. This is end-to-end. And BTW, we know C too.

back to scratch.

no alpha leaders,

no beta teams.

We want the best results. For that we need the best brainpower. Not just at the start of the process, or at the end, but right through. For this reason, we don't think in hierarchies, we think in flows – in loops as opposed to triangles. The loops bind everyone in, from young talent with the courage to take on responsibility right through to the customer, who we often immerse in the process at an intensive level. All hands on deck, together striving for the best result – that's what motivates us. It gives us our courage and optimism and enriches the individual as much as the entire team.

Thank God it's Monday.

We inspire short cut strategies and advise on Change Management, Lean Start-ups, Scrum. Our heritage helps: on the outside we may have left the quirks and foibles of a tech start-up long behind us. But remain innovators, driven and motivated by the pioneering spirit inside us.

Success in the digital world always comes down to a photo finish. With speed the decisive factor, we have learned how to act as small, nimble units while at the same time harnessing the power that comes with our size. We have set our pace: always one step ahead. Maybe more.

small and fast among big companies.

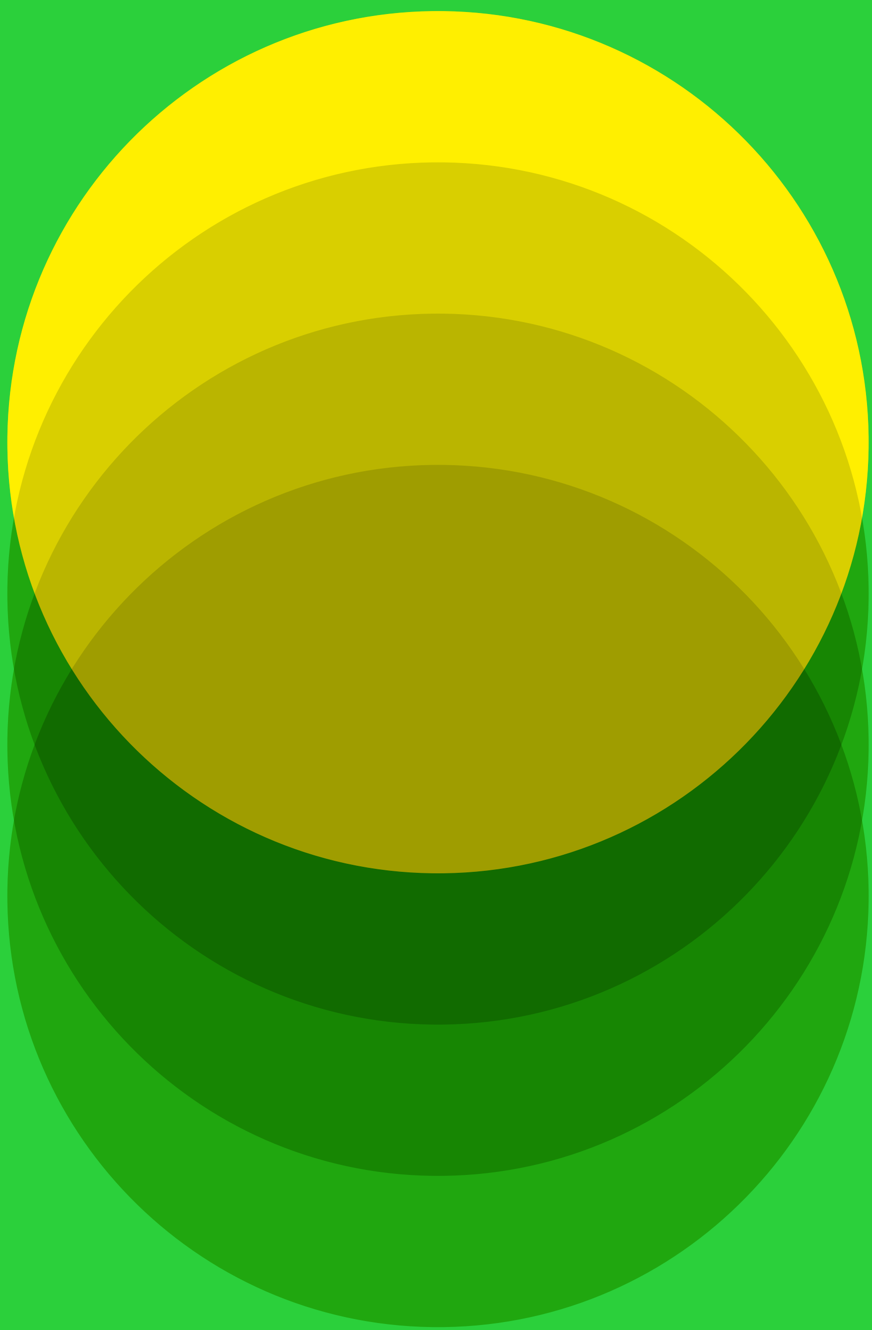
with a track record of 20 years.

The internet is the pulse of our time – nowhere are things conceived so quickly, dismissed so readily and not excused.

We can't hide a sense of pride that we've been shaping this landscape now for some 20 years. Above all, we are proud of our relationships with our customers, many of whom have been with us for a long time, and some for a very long time indeed.

None of this can be taken for granted (see above). And we are thrilled that even though IT projects have a 30 per cent chance of failure, we have undercut this probability since our foundation.
By exactly 100 per cent. Even with our endless desire for researching, learning, rebuilding and rediscovering, we stake everything on remaining true to who we are.

exploring,
building, driving
what's next.



today is still day one.

THE SHARE

STOCK MARKET

The DAX share index shows that the development of the German stock market was moderate during the course of the 2014/2015 SinnerSchrader financial year from 1 September 2014 to 31 August 2015. After three financial year periods with double-digit growth rates of 20.5 %, 16.2 % and 16.9 %, respectively, the closing level on 31 August 2015, at 10,259 points, only exceeded the closing level of the preceding comparable period by 8.3 %.

Initially an atmosphere of economic uncertainty in the period from September to December 2014 meant that the index fluctuated in a corridor ranging from –10 % to +7 % from the closing level on 29 August 2014 and generally hardly moved at all. However, economic confidence returned thanks to a fall in the oil price, a declining exchange rate for the euro and a stable trend in private consumption. The German stock market also consequently picked up again after the 2014/2015 New Year. The DAX climbed steadily in the period up to 10 April 2015, to reach 12,374 points, a new all-time high which was just under 31 % higher than the closing level on 29 August 2014.

In the following four months, however, it moved just as continuously downwards again from this record high. The worsening of the crisis in Greece, the development of the Chinese economy and the emerging markets as a whole, both of which fall short of expectations, the ongoing war in Syria and the related refugee crisis were the significant negative factors which pushed the DAX down to close at 10,259 points on 31 August 2015.

Broader market indices such as the CDAX and Prime All Share mostly followed the DAX trend, although they did close the period from 1 September 2014 to 31 August 2015 with slightly more substantial increases of 10.5 % and 11.6 %, respectively. Due to the tremendous importance of the SAP shares, it was not possible for the DAXsector Software index to avoid being affected by the downward trend of the last four months of the 2014/2015 SinnerSchrader financial year, particularly in the last few weeks of August 2015. The performance of this sub-index with a rise of 8.6 % thus only slightly exceeded development in the DAX in the period under review.

In contrast, the DAXsubsector IT-Services index and the Technology All Share were virtually able to maintain their annual highs until 31 August 2015. They ended the period from 1 September 2014 to 31 August 2015 with growth rates of 30.8 % and 33.3 %, respectively.

SINNERSCHRADER SHARE

In the first third of the 2014/2015 SinnerSchrader financial year up to the end of December 2014, the SinnerSchrader share price was largely guided by the market as a whole and the relevant sub-markets, and ranged at around the closing price for the previous year of € 3.40 per share. However, with the start of the new 2015 calendar year, the SinnerSchrader share was not able to participate in the positive development of the markets.

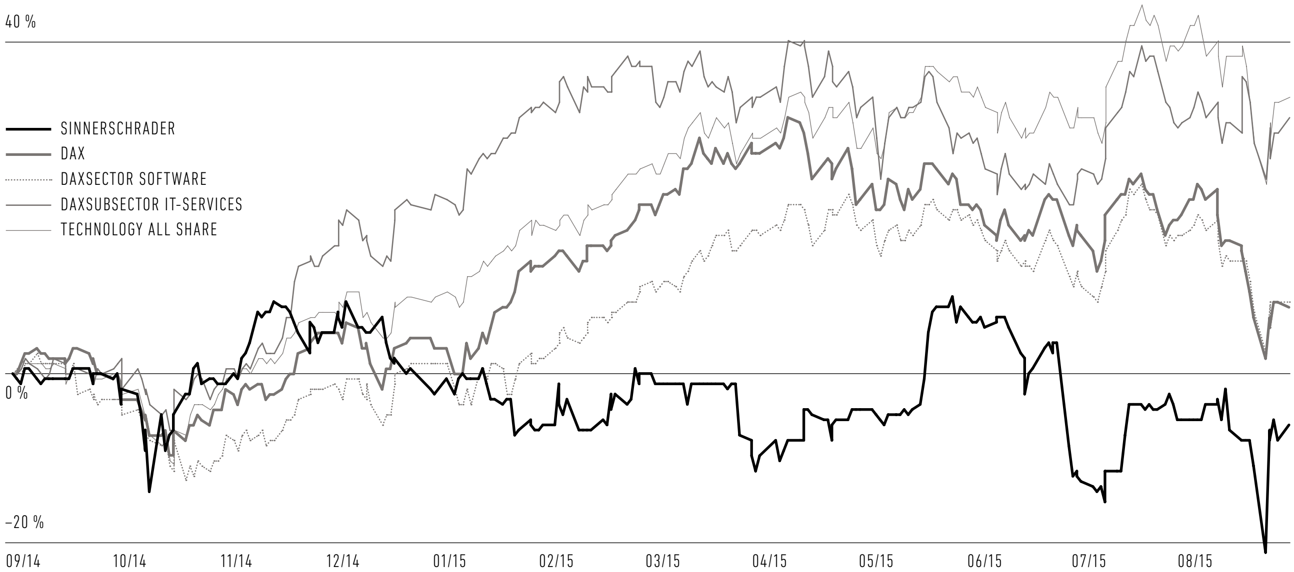
When it published its first 2014/2015 quarterly report in January 2015, SinnerSchrader announced a shortfall against its planning. After a disappointing second quarter as well, and a considerable widening of the difference to the plan, SinnerSchrader had to compromise its forecasts for revenue and earnings in March. In the period from the beginning of January 2015 to mid-May 2015, the share price consequently remained below the closing price on 29 August 2014, although it did not fall below € 3 per share.

In mid-May, against the background of a good overall economic environment and a highly positive mood in the digital agency sector, the SinnerSchrader share set about making up for the deficit incurred in comparison to the index trend. However, this recovery was brought to a halt with the decision to withdraw from NEXT AUDIENCE business at the end of June. The publication of the decision resulted in a comparatively high selling pressure among the investors who had acquired SinnerSchrader shares for the first time mainly on the basis of its NEXT AUDIENCE business. This development resulted in the share price temporarily slipping to below the 3 euro mark, to reach € 2.70 on 24 August 2015, its lowest closing price in Xetra trading in the 2014/2015 financial year.

The sound business development in the third quarter of 2014/2015, which returned to a clearly upwards trajectory and about which SinnerSchrader reported in mid-July, had a positive effect. The market outlook focussed more strongly on the perspective of a clear improvement in income based on withdrawal from the ongoing loss-generating NEXT AUDIENCE business. The share price consequently increased to an Xetra closing price of € 3.21 on 31 August 2015. Thus, in contrast to the general development on the market, the share price fell by 5.4 % during the course of the financial year. However, it had increased by more than 118 % in the previous year.

SINNERSCHRADER SHARE PRICE PERFORMANCE 2014/2015 (INDEX-LINKED)

Xetra closing prices in % +/– compared to price on 29.08.2014 (= 100 %)



SHARE PRICE PERFORMANCE DATA 2014/2015[1)]

Price on 29.08.2014	€ 3.40
Price on 31.08.2015	€ 3.21
Price performance in 2014/2015	€ –0.19
in % of price on 29.08.2014	–5.4 %
Dividend in 2014/2015	€ 0.12

Total performance in 2014/2015	€ –0.07
in % of price on 29.08.2014	–1.9 %
Peak price	€ 3.80
Lowest price	€ 2.45
Shares outstanding as at 31.08.2015	11,483,525
Market capitalisation as at 31.08.2015	€ 36.9 million

1) In relation to Xetra prices

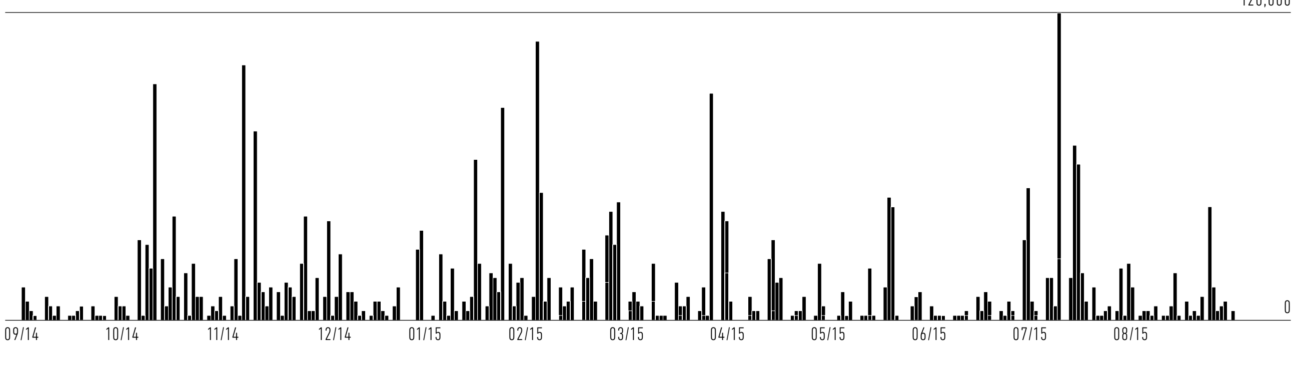
VOLUME DATA FOR 2014/2015[1)]

Average volume per day in number of shares	13,460
Average volume per day in €	44,191
Peak daily volume in number of shares	121,661
Peak daily volume in €	365,691

1) In all relevant stock exchanges

SINNERSCHRADER SHARE SALES VOLUME 2014/2015

in number of shares in all relevant stock exchanges



Interest in the SinnerSchrader share perceptibly declined in comparison to the previous year due to the rather negative news situation during most of the 2014/2015 financial year. Every day 13,460 shares, corresponding to a volume of € 44,191, were sold on average across all the trading centres in Germany on the trading days. The comparative figures for the previous year were 22,295 shares and a trading volume of € 62,929. The number of traded shares exceeded 50,000 on 11 trading days and 100,000 shares on 2 trading days. This applied on 30 and 10 trading days, respectively, a year ago.

After the reporting date of the 2014/2015 financial year, in particular following the publication of preliminary figures on the development of business in the fourth quarter and the Consolidated Financial Statement figures, the price of SinnerSchrader shares developed significantly positively again and has now exceeded the 4 euro mark.

SHAREHOLDER STRUCTURE

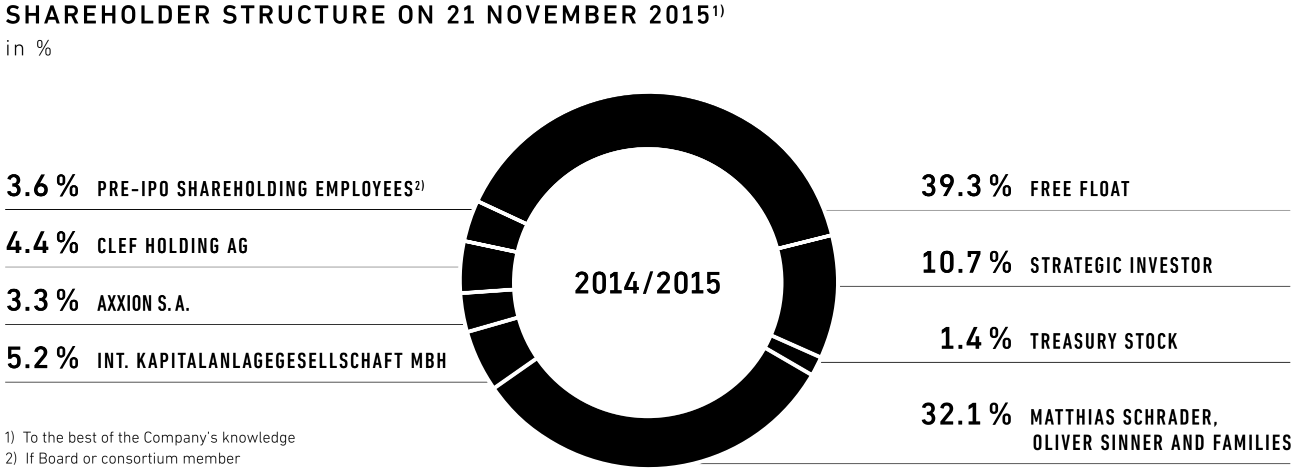
The SinnerSchrader AG shareholder structure remained comparatively stable in the 2014/2015 financial year – as far as is known to the Company. The CLEF Group in Switzerland, which already reported that it held more than 3 % of the SinnerSchrader shares in a mandatory notification in the previous year, reported in November that it had increased its shareholding to 4.43 % as at 5 November 2014 as part of an internal restructuring of the group's shareholdings.

The share of treasury stock decreased during the course of the financial year as a result of the exercising of various employee options and the transfer of treasury stock as a share of the purchase price paid for the takeover of Swipe GmbH at the beginning of July 2015, and amounted to 0.5 % on 31 August 2015.

SinnerSchrader received new mandatory notifications pursuant to Article 21 of the German Securities Trading Act ("Wertpapierhandelsgesetz") after the reporting date of the 2014/2015 financial year according to which two shareholders, Internationale Kapitalanlagegesellschaft mbH and Axxion S.A., based in Luxembourg, held 5.2 % and 3.3 %, respectively, of the shares issued by SinnerSchrader. The share of treasury stock increased again to a share of 1.4 % on 21 November 2015 due to the resumption of the share buy-back programme.

SHAREHOLDER STRUCTURE ON 21 NOVEMBER 2015[1]

in %



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

The proportion of shares held by the founders of the SinnerSchrader Group and their families, the strategic investors who joined when the Company went public in 1999, the Management Board and the families of its members, former and current employees and managers from shares held before or in connection with the initial public offering was at around 46.4 % on 31 August 2015 and was still at this level on 21 November 2015. The comparable share was 45.8 % on 31 August 2014. It increased during the course of the financial year due to options being exercised by members of the Management Board.

INVESTOR RELATIONS

The provision of clear, transparent information on the current development of business and on the business perspectives and plans of the Company is one of the most important tasks in investor relations work. This applies even more in years with a somewhat difficult flow of news, such as occurred in the 2014/2015 financial year. One of the fundamental foundations of the decisions to invest taken by investors and potential investors is the information they receive. The in-depth descriptions of the development of business and the business forecast given in the Annual Report, the quarterly reports and the company reports were thus also a cornerstone of investor relations work in the 2014/2015 financial year. Relevant information on the SinnerSchrader share is always available to all shareholders and interested parties on the website at www.sinnerschrader.ag.

Written information is significantly supplemented by way of verbal descriptions and explanations in the presentations the Management Board gives to investors, for example at the analysts' conference as part of the equity forum in November 2014 and in personal talks on the telephone or during roadshows, such as the one held in Munich in May 2015.

Investors also base their decisions not least on the analyses, opinions and assessments of others, primarily on those of analysts. SinnerSchrader was able to gain Hauck & Aufhäuser, Hamburg, Germany, to take up coverage of its share in the 2014/2015 financial year. This meant that three analysts – Warburg Research GmbH, Hamburg, Germany, and Edison Investment Research Limited, London, UK, in addition to Hauck & Aufhäuser – issue studies and regular opinion statements on SinnerSchrader AG statements and developments.

Oddo Seydler Bank AG (formerly Close Brothers Seydler Bank AG) has been commissioned with the function of a designated sponsor for the shares of SinnerSchrader. In accordance with its task, the company ensures the liquidity of the SinnerSchrader share in Xetra trading on the Frankfurt Stock Exchange.

Key share figures

German Securities Code no. (WKN)	514190
ISIN	DE0005141907
Symbol	SZZ
Reuters symbol	SZZG.DE
Bloomberg symbol	SZZ.GR
Segment	Regular 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	Oddo Seydler Bank AG
Analysts	Felix Ellmann, Warburg Research, Bridie Barrett, Edison Investment Research, Christian Glowa, Hauck & Aufhäuser
Issued shares as at 31.08.2015	11,542,764
Outstanding shares as at 31.08.2015	11,483,525

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 5 May 2015.

The Supervisory Board and the Management Board of Sinner-Schrader 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 10 December 2014, the Supervisory Board and the Management Board of Sinner-Schrader AG duly submitted a Declaration of Conformity on the basis of the German Corporate Governance Code in its version of 24 June 2014. 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 "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 2015 the Management Board and Supervisory Board will deal in turn with the subject of Corporate Governance and renew the annual declaration on the basis of the current status of the Code as of May this year.

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 "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, was extended to 31 December 2020 in the 2014/2015 financial year. 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 2014/2015 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. With the financial year of the Company unchanged (1 September to 31 August), the members of the Supervisory Board have been appointed until the end of the Annual General Meeting that decides on discharge for the financial year ending on 31 August 2018. In deviation of this, under Article 9 para. 2 of the Statutes, the term of office of Mr Heyde will end at the close of the first Annual General Meeting following his reaching the age of 70, i.e. probably at the end of the Annual General Meeting that decides on discharge for the financial year ending on 31 August 2017.

Conflicts of interest according to Section 5.5 of the German Corporate Governance Code did not arise in the 2014/2015 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 of the Consolidated Status Report and the Group Status Report as well as in the Sections 5.3 and 5.4 of the Notes to the Annual Financial Statements of SinnerSchrader AG in 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 in Section 5.10 of the Notes to the Annual Financial Statements of SinnerSchrader AG in this Annual 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 2015 as well as any changes to these in the 2014/2015 financial year. As at 31 August 2015, the shares held by the Management Board comprised around 23.3 % of the shares issued by SinnerSchrader. The Supervisory Board still did not hold any SinnerSchrader shares as at 31 August 2015.

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 2014/2015 financial year, Mr Dyckhoff announced that 40,000 shares had been sold within his family circle.

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 21 January 2015.

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 18 December 2013, SinnerSchrader AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version of 24 June 2014, 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, 10 December 2014

SinnerSchrader Aktiengesellschaft

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

REPORT OF THE SUPERVISORY BOARD FOR THE 2014/2015 FINANCIAL YEAR

The Supervisory Board has once again intensively followed the business development of SinnerSchrader Aktiengesellschaft and its subsidiaries in the 2014/2015 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.

THE BOARDS

The composition of the Supervisory Board did not change in the 2014/2015 financial year. In the Annual General Meeting of 29 January 2014, the members of the Supervisory Board, Mr Dieter Heyde, Prof. Cyrus D. Khazaeli and Mr Philip W. Seitz, were appointed as members of the Supervisory Board of SinnerSchrader AG for a term of office up to the end of the Annual General Meeting that decides on discharge for the financial year ending on 31 August 2018.

At its constituent meeting, the Supervisory Board appointed Mr Heyde Chairman and Mr Khazaeli his Deputy Chairman. Mr Seitz acts as the independent financial expert within the meaning of Article 100 para. 5 of the German Stock Corporation Act ("Aktiengesetz").

There were also no changes to the composition of the Management Board in the 2014/2015 financial year. The members of the Management Board are still Mr Matthias Schrader as Chairman and Mr Thomas Dyckhoff as Finance Director. Mr Schrader, whose appointment would have expired as at 31 December 2015, was reappointed for another five years, until 31 December 2020. Mr Dyckhoff has been appointed to the Management Board until 31 December 2016.

The Management Board and Supervisory Board were discharged for the 2013/2014 financial year at the Annual General Meeting on 21 January 2015.

SUPERVISORY BOARD MEETINGS

During the 2014/2015 financial year, the Supervisory Board met for six ordinary meetings on 8 October 2014, 24 November 2014, 21 January 2015, 14 April 2015, 16 June 2015 and 14 July 2015.

During the course of the financial year, the Supervisory Board furthermore passed resolutions in six telephone conferences on 15 October 2014, 10 December 2014, 13 January 2015, 18 March 2015, 28 June 2015 and 23 August 2015.

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. As in the previous year, the main focus was on the development of NEXT AUDIENCE GmbH business and an assessment of the opportunities and risks relating to the establishment of audience management business.

The Supervisory Board essentially also dealt with the following themes in the individual ordinary meetings and/or telephone conferences:

In the ordinary meeting on 8 October 2014, the Supervisory Board concerned itself with the plans for the 2014/2015 financial year and up to two following years, with the provisional status of the Consolidated Financial Statements for 2013/2014 and with setting priorities for the upcoming auditing of the Consolidated Financial Statements and the Annual Report of SinnerSchrader AG in the presence of the auditors. The auditors also carried out the fraud interview as part of the meeting. Furthermore, the Supervisory Board assessed the achievement of short-term goals by the Management Board for the 2013/2014 financial year.

In the subsequent telephone conference on 15 October 2014, the Supervisory Board concerned itself with multi-year planning for NEXT AUDIENCE GmbH, taking account of the merger with mediaby GmbH, and adopted the plan.

In the ordinary meeting on 24 November 2014, the Supervisory Board discussed the Consolidated Financial Statements, the Annual Report and the combined Status Report and Consolidated Status Report of SinnerSchrader Aktiengesellschaft for the 2013/2014 financial year in detail in the presence of the auditors and on the basis of the audit reports and supplementary explanations on the audit as well as the audit of the internal control and risk management system. The Supervisory Board endorsed the two reports and the combined Status Report on the basis of this information and approved the proposal made by the Management Board to pay a dividend of €0.12 per share. The Supervisory Board also addressed the competitive position of the SinnerSchrader Group.

The telephone conference of 10 December 2014 was about the agenda for the Annual General Meeting on 21 January 2015 and the Declaration of Conformity in respect of the German Corporate Governance Codex. In the telephone conference on 13 January 2015, the Supervisory Board was informed about the forthcoming first quarterly report for the 2014/2015 financial year.

In addition to the development of business, the ordinary meeting held on 21 January 2015 dealt with the setting of targets for the short-term, variable Management Board compensation. The telephone conference on 18 March 2015 concerned an update on the development of business in the first two months of the second quarter of the 2014/2015 financial year.

At the ordinary meeting on 14 April 2015, the agenda included details on the handling of measures to recover the shortfall in earnings in the first half of the financial year, discussions on options for renting the office building at the headquarters in Hamburg following expiry of the lease agreement in mid-2016 and the introduction of Swipe GmbH as a potential take-over target.

On 16 June 2015, the Management Board primarily informed the Supervisory Board about the development of NEXT AUDIENCE business and about the status of negotiations in respect of a potential takeover of Swipe GmbH. The takeover of Swipe GmbH was decided in the telephone conference on 28 June 2015, and on the other hand, a decision was taken to change the strategy for further developing NEXT AUDIENCE business so that SinnerSchrader withdraws from this business – or at least from most of it. Among other things, the personnel measures required in an initial step of this withdrawal as at 30 June 2015 were adopted.

The withdrawal from NEXT AUDIENCE business, legislation on the equal participation of women and men in management positions in the private and public sectors and the appointment of Mr Schrader for another five years until 31 December 2020 were dealt with in the meeting on 14 July 2015, in addition to the standard topics. In conclusion the Supervisory Board, in a telephone conference on 23 August 2015, addressed the potential effects of the public takeover offer made by the international advertising holding company WPP for the listed SinnerSchrader competitor Syzygy AG on 7 August 2015.

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 10 December 2014, the Supervisory Board and the Management Board submitted the Declaration of Conformity with the German Corporate Governance Code, in its version of 24 June 2014, 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 "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 2014/2015 financial year as at 31 August 2015, drawn up pursuant to Article 315a para. 1 of the German Commercial Code ("Handelsgesetzbuch") according to the international accounting standards ("IFRS"), were audited by Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, Germany, at the request of the Supervisory Board and have been given an unqualified audit opinion. Ebner Stolz GmbH & Co. KG was appointed auditor for the Annual and Consolidated Financial Statements by the Annual General Meeting on 21 January 2015 upon the proposal of the Supervisory Board. The Supervisory Board has not identified any circumstances to doubt the impartiality of Ebner Stolz GmbH & Co. KG. Ebner Stolz GmbH & Co. KG 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 between the auditor and the Supervisory Board in the presence of the Management Board upon commencement of the audit and as part of an ordinary Supervisory Board meeting on 30 September 2015, the auditors presented and discussed in detail the main points and results of the audit of the Annual Report, the Consolidated Financial Statements and the combined Status Report and Consolidated Status

Report, including the audit of the internal control and risk management system to the Supervisory Board at its meeting on 13 November 2015. After the auditors had forwarded all the audit reports in the following week, the Supervisory Board held a telephone conference in the presence of the auditor and the Management Board on 23 November 2015. After the Supervisory Board's remaining questions had been answered to its satisfaction, it endorsed the results presented by the auditor and approved the Consolidated Financial Statements and the Annual Report. The Annual Report has thus been established.

Furthermore, the Supervisory Board decided that at the Annual General Meeting on 21 January 2016 it would suggest the payment of a dividend of € 0.12 per share from the balanced profit of SinnerSchrader AG, as proposed by the Management Board.

BUSINESS DEVELOPMENT

After SinnerSchrader had initially shown a pleasing dynamic development, with organic revenue growth of more than 30 % in the financial year of 2013/2014, the foreseeable consolidation of business was more pronounced than forecast during the further course of the year. More than anything else, the economic uncertainty that prevailed at the beginning of the SinnerSchrader financial year had a more profound effect on the development of business in the first half of 2014/2015 than expected.

However, in the second half of the financial year, there was a noticeable upturn in business. It appears that German companies have accepted the challenges of the digital transformation and the resulting pressure for action. This development has since ensured that SinnerSchrader's order books are well-filled. Revenue has already reached the level of the previous year again in the fourth quarter.

The second half of the financial year was the most successful half year in terms of the operating result thanks to the measures to improve efficiency implemented in the 2014/2015 financial year. The Company was thus able to make up for the shortfall of the first six months and achieve a good operating result for the financial year as a whole.

The 2014/2015 financial year was also characterised by the failure to achieve the targeted market breakthrough in NEXT AUDIENCE business, which prompted SinnerSchrader to decide to withdraw from this business segment. The considerable initial losses incurred for establishing NEXT AUDIENCE business, which continued to negatively effect earnings in 2014/2015, are thus a thing of the past.

On the other hand, content marketing business, which was commenced last year, stabilised pleasingly, so it can be assumed that prospects for the coming year are good.

The outlook for the new 2015/2016 financial year is positive. In spite of a slight decrease in the Group's revenue and earnings in the 2014/2015 financial year, SinnerSchrader thus considers the dividend of € 0.12 per share to be proposed by the Supervisory Board and Management Board at the upcoming Annual General Meeting on 21 January 2016 to be appropriate.

THANKS

The Supervisory Board thanks the Management Board and all the employees in the SinnerSchrader Group for their commitment in performing their work most successfully in the 2014/2015 financial year. It is and will remain the key foundation of the development of SinnerSchrader in the new 2015/2016 financial year and beyond.

Hamburg, 24 November 2015

Dieter Heyde

Chairman of the Supervisory Board

01

JOINT STATUS REPORT

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 2014/2015 financial year, which covered the period from 1 September 2014 to 31 August 2015. 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 2014/2015 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 2014/2015 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 2014/2015 follow German accounting regulations.

The Status Report and the Group Status Report, particularly Section 8, 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.

2 GROUP BUSINESS AND STRUCTURE

2.1 BUSINESS ACTIVITIES

With more than 500 employees as at 31 August 2015, the SinnerSchrader Group, managed by SinnerSchrader AG, is one of the biggest independent digital agency groups in Germany. The Group 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

1. 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,
2. the customised conception, design and technical development of websites, Internet applications and mobile apps,
3. 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,
4. the development, implementation and execution of digital marketing and communication measures,
5. the planning and implementation of online advertising measures with a focus on performance-oriented display advertising (online media),
6. the delivery and success measurement of advertising media (adserving) using modern targeting and retargeting methods compatible with data protection legislation on the basis of internally developed software offered as a software-as-a-service model and combining the functions performed by an adserver and those of a data management platform (DMP),
7. the planning and drafting of concepts for marketing strategies on the Internet based on editorial content, and their implementation in daily editing operations (content marketing),
8. 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 was thus largely unchanged in the 2014/2015 financial year in comparison to the previous year, and as in previous years, it was classified into the segments of Interactive Marketing, Interactive Media and Interactive Commerce. In this respect, the Interactive Marketing segment covers the range of services numbered 1 to 4 with a focus on corporate clients in all the sectors. Services numbered 5 to 7 are brought together in the Interactive Media segment. And in conclusion, similar to the Interactive Marketing segment, the Interactive Commerce segment offers services numbered 1, 2 and 4; however, these services focus on e-commerce projects and SME clients. At the same time, the segment also assumes responsibility for the management of the digital sales channels as an outsourcing partner under number 8.

In the last quarter of the 2014/2015 financial year, SinnerSchrader decided to withdraw from the online media, adserving and DMP business pooled in NEXT AUDIENCE GmbH at the beginning of the financial year. SinnerSchrader announced that it would have ceded or discontinued most or all of this business by the end of 2015.

SinnerSchrader primarily works for large and medium-sized SMEs based in Germany, but in the 2014/2015 year of the report, the Company also worked for reputable companies based in Switzerland, the UK, the Netherlands, the Czech Republic and France. SinnerSchrader rendered its services from offices in Hamburg, Frankfurt am Main, Berlin, Hanover, Munich and Prague. Its headquarters are in Hamburg, where SinnerSchrader was founded in 1996 as Sinner+Schrader GbR.

SinnerSchrader aims for long-term client relationships. The Company has been working for several major clients for more than ten years. The majority of the clients can be assigned to the Retail & Consumer Goods, Financial Services, Telecommunications & Technology and Transport & Tourism sectors.

2.2 GROUP STRUCTURE AND MANAGEMENT

SinnerSchrader operates its business from various operating companies, which are headed by SinnerSchrader AG as the parent company of the Group.

There were two changes in the group of operating companies in the 2014/2015 financial year:

- mediaby GmbH and NEXT AUDIENCE GmbH were merged with effect at the beginning of the financial year on 1 September 2014.
- On 1 July 2015, SinnerSchrader AG took over all the shares in Swipe GmbH, an agency located in Hamburg and specialised in designing and developing concepts for content ranges and applications for mobile terminal equipment. Immediately after taking up the shares, the AG invested them in its subsidiary SinnerSchrader Mobile GmbH, based in Berlin.

The following companies were thus included in the SinnerSchrader Group in the year of the report:

- SinnerSchrader Deutschland GmbH, based in Hamburg, Germany, and with offices Frankfurt am Main, Germany, and Munich, Germany,
- SinnerSchrader Praha s.r.o., based in Prague, Czech Republic,
- SinnerSchrader Benelux B.V., based in Rotterdam, Netherlands,
- SinnerSchrader UK Ltd., based in London, UK,
- SinnerSchrader Mobile GmbH, based in Berlin, with its subsidiary Swipe GmbH, based in Hamburg, since 1 July 2015,
- NEXT AUDIENCE GmbH and its subsidiary SinnerSchrader Content GmbH, based in Hamburg, Germany,
- Commerce Plus GmbH and its subsidiary Commerce Plus Consulting GmbH, based in Hamburg, Germany, and with an office in Hanover, Germany.

Two companies abroad, SinnerSchrader UK Ltd. and SinnerSchrader Benelux B.V., remained inoperative 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. Together with SinnerSchrader Praha s.r.o. it forms the “SinnerSchrader agency”. With the exception of online media, Adserving and content marketing business, e-commerce outsourcing and the development of native mobile apps, the SinnerSchrader agency renders the full range of services of the Group, mainly for companies with annual budgets of more than € 500,000.

The SinnerSchrader agency is represented in Germany with offices in Hamburg, Frankfurt am Main and Munich. It is represented abroad with an office in Prague. It comprises the Interactive Marketing segment together with SinnerSchrader Mobile GmbH, based in Berlin and in Hamburg since the takeover of Swipe GmbH. SinnerSchrader Mobile GmbH focuses on apps for mobile terminal equipment such as smartphones and tablets, and now also on smart watches and a wide variety of embedded devices.

Under the “Commerce Plus” brand, the Commerce Plus Group, which resulted when the spot-media Group and next commerce GmbH merged in the 2012/2013 financial year, offers the full range of services, from consulting to the drafting of concepts and their development through to the operation of digital sales channels and their integration in a comprehensive multi-channel sales system. The Commerce Plus Group renders its services either within the framework of service and work contracts or on the basis of e-commerce operator models. In the case of the latter, Commerce Plus 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/or other performance-based remuneration. Commerce Plus focuses on PHP-based technologies, without being restricted to them. The Commerce Plus Group constitutes the Interactive Commerce segment.

NEXT AUDIENCE GmbH and SinnerSchrader Content GmbH, which was newly established in the financial year, form the Interactive Media segment.

Using a software-as-a-service-model, NEXT AUDIENCE GmbH develops and sells technologies to implement, control and optimise online advertising campaigns, and since the merger with mediaby GmbH, it has also integrated the provision of consulting, planning and purchasing services of a performance-oriented media agency specialised in display advertising. NEXT AUDIENCE mainly targets advertising companies.

SinnerSchrader Content GmbH develops and operates content-based marketing strategies for companies. As part of these strategies and with the help of editorial contents, extending far beyond the scope of brand and advertising messages, a readership/viewership/audience – i.e. coverage – is being established which companies can access specifically with offers and advertising messages.

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 its operating business, administering its liquidity reserves and communicating with the capital market. Furthermore, SinnerSchrader AG centrally provides the subsidiaries with infrastructure and administrative services.

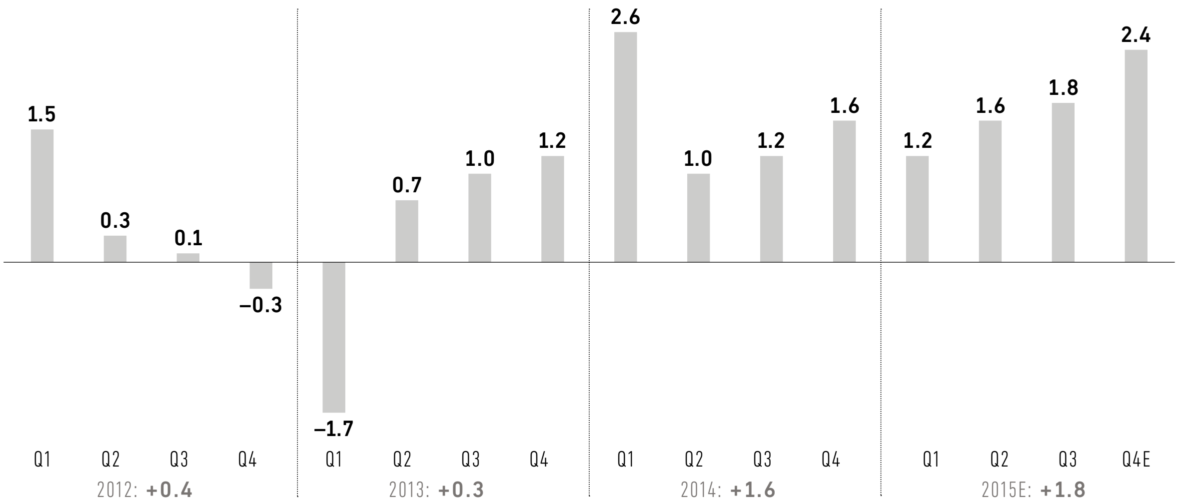
The segments and operating units are managed by SinnerSchrader AG mainly on the basis of financial performance indicators for revenue, earnings before interest, taxes and amortisation (EBITA) and the EBITA margin calculated on the basis of these indicators.

Over and above this, non-financial performance indicators for controlling the units are also used. The performance indicators relating to productive capacities are particularly important. This primarily concerns the average available personnel capacity relating to a reference period (financial year, quarter, month) and measured in terms of the number of full-time employees. Furthermore, it covers the rate of freelancers calculated on the basis of the costs incurred for the utilisation of freelancers and the revenue achieved in the same period.

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

DEVELOPMENT OF GROSS DOMESTIC PRODUCT

by quarter and year, change to same quarter of previous year and to previous year in %



Source: German Federal Statistical Office; previous year's figures adjusted on the basis of 2014 national account general audit, Q4E and 2015E based on Joint Economic Forecast Autumn 2015

3 MARKET AND COMPETITIVE ENVIRONMENT

The start of the 2014/2015 financial year coincided with a surprisingly bleak overall mood in the German economy. Although the 2014 calendar year began on a high for the economy, with growth in the real gross domestic product for the first calendar quarter of 2014 2.6 % higher than in the same period of the previous year, the mood changed as soon as the Federal Statistical Office published the economic data for the second calendar quarter in the late summer of 2014, stating a 0.2 % fall in the gross domestic product adjusted by price, calendar and seasonal effects in comparison to the first quarter.

In the first two months of the 2014/2015 reporting year, in September and October 2014, the forecasts for the economy in 2014 and 2015, which had been lifted in spring six months previously, were significantly lowered again by the majority of experts and by government institutions. After expectations for growth of 2.0 % and 1.9 % were announced for the real gross domestic product in 2014 and 2015, respectively, in spring 2014, leading economic experts for example saw growth rates of only 1.3 % and 1.2 %, respectively, in the autumn 2014 joint diagnosis.

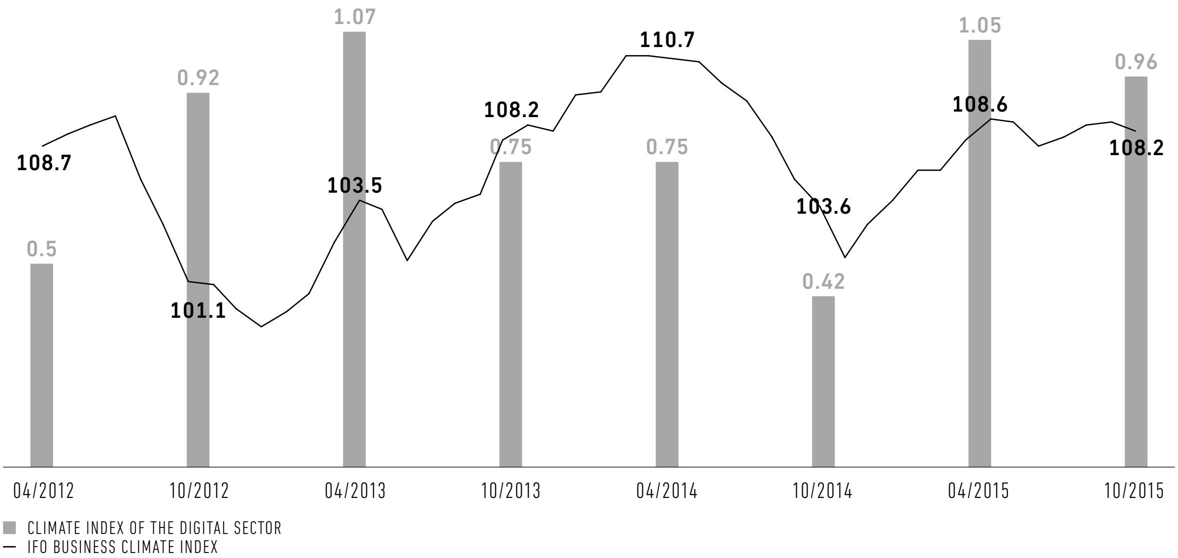
The negative mood in the German economy at the beginning of the year of the report was reflected in the fact that the ifo business climate index, after reaching 110.9 points in April 2014, had slumped to 103.4 points by October 2014, with a particularly big fall of 1.8 points from September to October 2014.

With the realisation in November 2014 that the German economy had not shrunk in the third quarter of 2014 as originally feared, and more than anything else spurred on by the rapidly falling oil price and the exchange rate between the euro and the dollar, the economic indicator returned to its rising trend again in December. The ifo business climate index rose to reach a level between 108 and 109 points again in April 2015, and this level has been kept relatively constant since then.

The actual figure for the growth rate of the real gross domestic product in 2014, published at 1.6 % by the Federal Statistical Office in February 2015, is confirmation that the pessimism that prevailed in autumn 2014 was overstated. Consequently, the forecast economic growth for 2015 was lifted to figures ranging from 1.8 % to 2.1 % in 2015. The estimation contained in the spring 2015 joint diagnosis published by leading economic institutes was at the top of the ranking by a number of economic researchers and international organisations, including the Federal Government.

DEVELOPMENT OF THE IFO BUSINESS CLIMATE INDEX AND THE INTERNAL REVENUE INDEX IN THE DIGITAL SECTOR

Index values in points



Source: ifo institute and "iBusiness"

It was hardly surprising to see the "interactive economic climate", surveyed every six months by the magazine "iBusiness", also improved. However, the direct shift in the mood prevailing in the digital industry, from the setbacks in growth expected in autumn 2014 to an unprecedented high in spring 2015, is remarkable.

The reason for this shift appears to be the fact that companies in Germany are now willing to seriously tackle the digital transformation and in this context initiate a wide range of relevant projects.

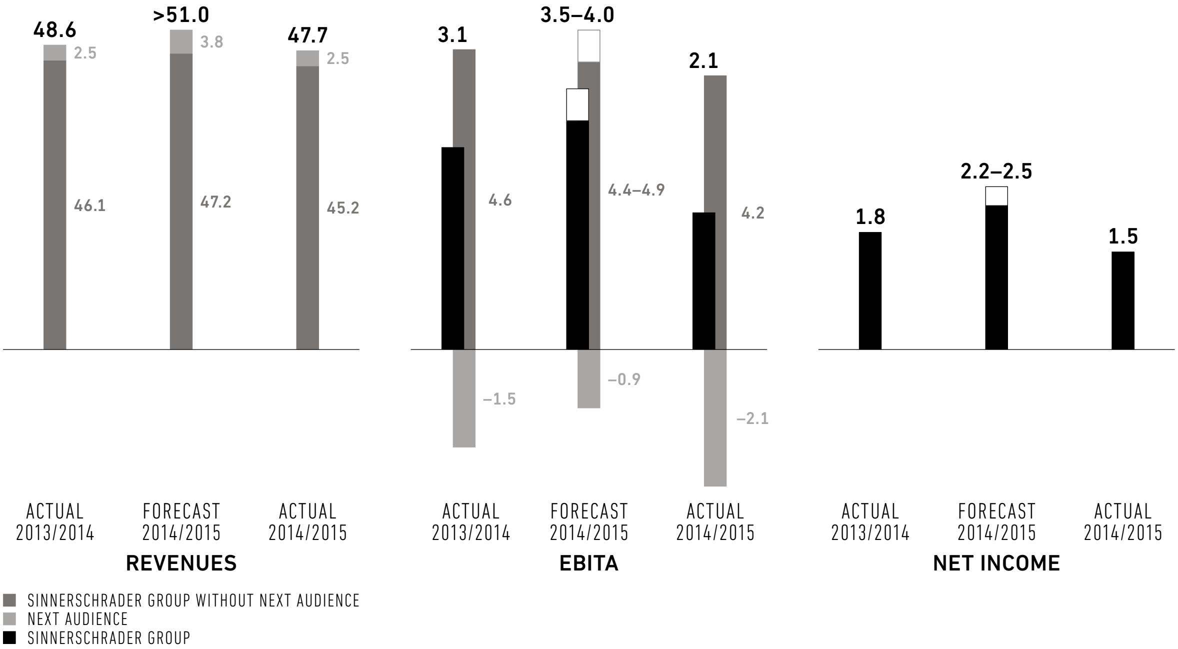
Indirect confirmation of this is the fact that renowned (system) consulting companies are now focussing on digital business. In this respect, "manager magazin" informed us as follows in January 2015: "BCG, Roland Berger, McKinsey – consultants are going digital". The consultants, such as Accenture and Deloitte, who are more likely to focus on IT and processes, have implemented new internal groupings and acquisitions in the creative sector to set up significant digital units. They are increasingly linking their own prospects for growth to digital transformation projects.

On the one hand, this is an indication of the increasing significance and growing budgets for digitisation projects. Yet at the same time, it is also an indication of increasing competition, which has resulted in a considerable increase in requirements for the agencies wishing to survive in the face of this competition.

This development will, in a narrower sense, also have an effect on the competitive landscape for digital agencies and exert pressure for consolidation since only large units are able to cope with the complex requirements of the digital transformation projects of large and medium-sized companies. It is interesting to note that in August 2015, WPP, the largest advertising holding company in the world, made an offer to take over Syzygy AG, which besides SinnerSchrader is the only other digital agency in Germany to be quoted on the stock exchange. Before making its offer, WPP had already held an interest in Syzygy of just under 30 % for some time. It currently holds the majority of shares in Syzygy following the expiry of the periods for acceptance of the offer.

DEVELOPMENT OF THE KEY FIGURES OF THE SINNERSCHRADER GROUP

in € million for the 2014/2015 financial year in comparison to 2013/2014 and the original forecast



4 BUSINESS DEVELOPMENT AND GROUP SITUATION

SUMMARY OF GENERAL STATEMENTS

SinnerSchrader got the 2014/2015 financial year off the ground with the plan to consolidate the business volume, which had grown organically by more than 33 % to € 48.6 million in the previous year, at a high level and to increase it moderately by around 5 % to more than € 51.0 million. The idea was to create the scope needed to make more effort to increase the operating margin. The operating result was to be correspondingly increased more than proportionately, by as much as 30 % to up to € 4 million, which would represent an improvement of 1.5 percentage points in the operating margin.

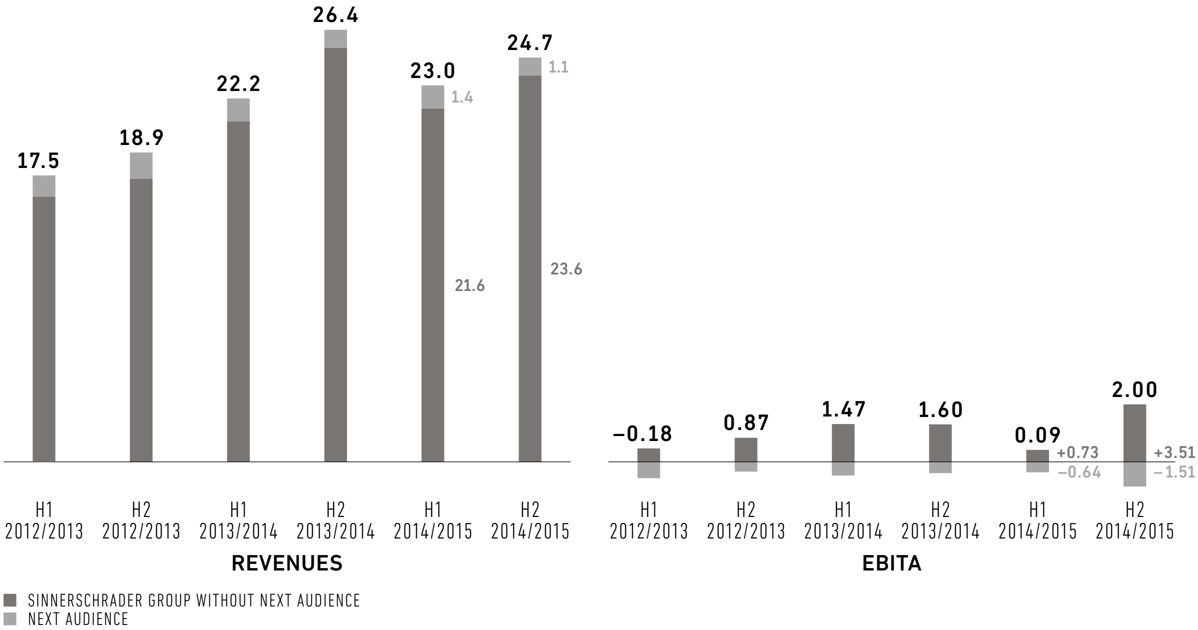
In the process, NEXT AUDIENCE GmbH in the Interactive Media segment, the establishment of which meant that SinnerSchrader had borne initial operating losses of € 1.2 million and € 1.5 million, respectively, in the two previous years, was to have achieved a breakthrough on the market in the year of the report, following completion of the internally developed NEXT AUDIENCE Platform in August 2014, and have considerably reduced the initial loss to below € 1 million.

However, SinnerSchrader was soon behind its original plan, not least because of the poor general economic mood of the first few months of the financial year, as described above. The business volume declined faster and more severely to below the revenue level of € 13.5 million achieved in the fourth quarter of the preceding financial year than assumed in the plan due to the reluctance to spend among some major existing clients at the end of the 2014 calendar year and at the beginning of 2015, and to extremely limited success in the acquisition of new clients, one of the reasons being a problematic price implementation. This development was especially pronounced in business conducted in the Interactive Marketing segment.

However, the economic mood pendulum swung back again in December 2014, to pave the way for a considerable improvement in business with existing clients and new clients in the second half of the 2014/2015 financial year, so the high revenue level of the previous year was achieved again in the fourth quarter of 2014/2015. The revenue nevertheless remained behind the plan, at € 47.7 million in the year of the report, and also fell slightly short of the figure for the previous year.

DEVELOPMENT OF THE OPERATIVE KEY FIGURES REVENUES AND EBITA

in € million for the 2012/2013 to 2014/2015 financial half years



Contrary to the return to an otherwise positive trend, NEXT AUDIENCE did not succeed in achieving its targets for new clients in the second half of the financial year. Furthermore, the pilot client for the NEXT AUDIENCE Platform, the E-Plus Group, saw itself compelled to terminate its cooperation following the takeover by Telefónica in autumn 2014 as the merger progressed to take effect at the end of the first half of the 2015 calendar year.

Against the background of these developments, at the end of June 2015 SinnerSchrader decided to withdraw from the NEXT AUDIENCE business by the end of December 2015, and to aim at having the NEXT AUDIENCE Platform and business taken over by third parties. This meant that no positive sales impulses were generated by NEXT AUDIENCE in the 2014/2015 financial year, and the current loss, at a good € 1.4 million, was almost as high as in the previous year. Furthermore, the decision to withdraw from the business sector in the year of the report resulted in more charges totalling around € 0.7 million, of which an amount of € 0.6 million was incurred for the extraordinary depreciation of the NEXT AUDIENCE Platform and € 0.1 million for redundancies.

In spite of the weak first half year and the NEXT AUDIENCE development, SinnerSchrader still achieved an operating result (EBITA) of just under € 2.1 million in the 2014/2015 year as a whole. Without taking the current NEXT AUDIENCE losses and the costs incurred in connection with the decision to withdraw into account, the EBITA was € 4.2 million.
In terms of the revenue of the Group adjusted by the NEXT AUDIENCE contribution in the amount of € 45.2 million, this corresponds to an operating return of 9.4 %, with the initiatives to improve efficiency paying off during the course of the year of the report, particularly in the Interactive Marketing segment. Without NEXT AUDIENCE, the operating margin for the second half of 2014/2015 reached 14.8 %.

The net income for the 2014/2015 financial year amounted to € 1.5 million including all the charges which resulted because of NEXT AUDIENCE. SinnerSchrader thus almost reached the previous year's result, only falling short by around € 0.3 million. It was possible to offset most of the negative factors resulting from the operating development of the NEXT AUDIENCE business sector and the decision to withdraw from this sector in that deferred tax assets on some of the losses carried forward when NEXT AUDIENCE was established were to be recognised on the basis of the positive development of business prospects in content marketing business, with a corresponding positive effect on net income in 2014/2015.

The operating cash flow amounted to just under € 1.7 million in the year of the report, which is just under € 0.2 million more than in the previous year. The inflow of funds did not quite cover the funds used for investments and for the dividend payment made in January 2015, so the liquidity reserve fell by around € 0.3 million in the 2014/2015 financial year, to amount to € 5.6 million on 31 August 2015.

The balance sheet total as at 31 August 2015 was a good € 0.8 million lower than the figure on 31 August 2014 due to the stagnating business volume and the write-offs that became necessary as a result of withdrawal from the NEXT AUDIENCE business segment. The shareholders' equity rate rose considerably, from 49.3 % in the previous year to 53.9 % on the balance sheet date thanks to the increase in equity against the trend in the amount of a good € 0.9 million.

The SinnerSchrader Group had an average of 478 full-time employees in the 2014/2015 financial year. The capacity exceeded the previous year by 34 full-time employees, or 7.5 %. By increasing its own personnel capacity, the Group was able, as planned, to reduce the rate of freelancers – calculated as the ratio between costs for freelancers and net revenue – from 15.0 % to 8.8 %, a significant component in improving efficiency and the operating margin. At the end of the financial year, the staff of the SinnerSchrader Group comprised 506 employees, which were 15 employees fewer than on the balance sheet date of the previous year.

The following describes in more detail the business development of the SinnerSchrader Group and its segments in the 2014/2015 year of the report, and the situation as at 31 August 2015 in comparison to the previous year and the Group's own forecasts.

4.1 REVENUES

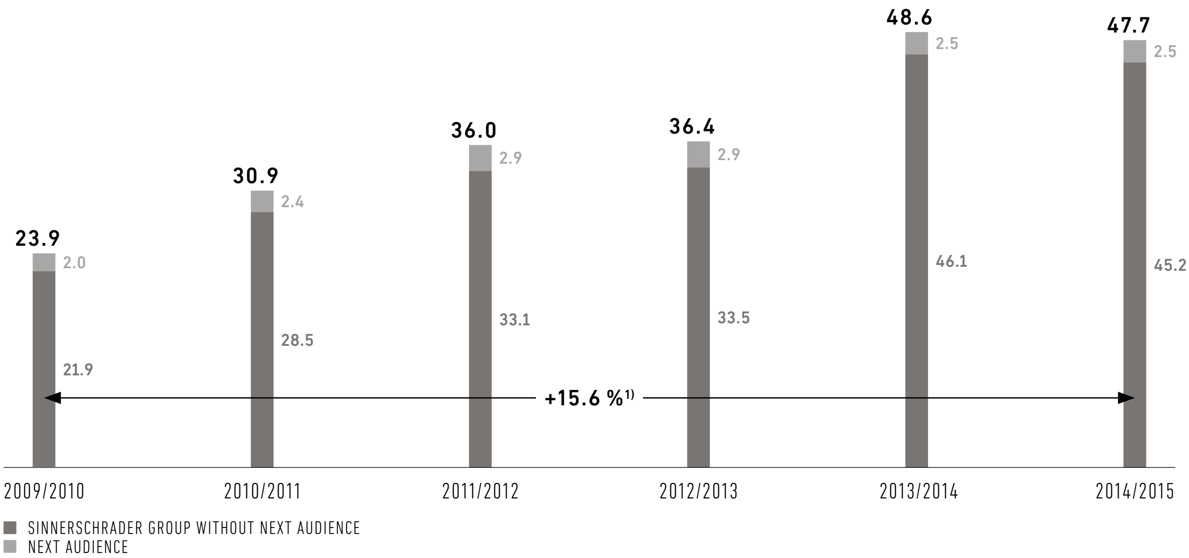
SinnerSchrader achieved revenue of € 47.4 million in the 2014/2015 financial year, thus falling short of the revenue achieved in the previous year by € 0.9 million or 1.8 %, after having forecast revenue in the range of € 51 million for the year of the report.

After the extremely dynamic development of business in the previous year, with an organic growth rate of 33.5 %, SinnerSchrader was deliberately cautious in forecasting growth for 2014/2015. This caution was exercised in view of the economic low in the first quarter of the financial year, which, according to surveys carried out by the magazine "iBusiness" in autumn 2014, had a clearly negative impact on growth in the sector for digital agencies.

The fall in the business volume in the first two quarters of 2014/2015 against the peak achieved in the fourth quarter of the previous year was, however, stronger than expected. After revenue of € 13.5 million in the fourth quarter of 2013/2014, SinnerSchrader still earned a net revenue of € 12.4 million in the first quarter of 2014/2015, to see a significant decrease in the second quarter of 2014/2015, to revenue in the amount of € 10.6 million.

The strong reluctance to spend among major existing clients at the end of the year, the extent of which had not been anticipated and which continued through to the first few months of 2015, possibly because of the economic low, was a significant reason for the weak figures in the second quarter. Added to this were anticipated effects resulting from the merger of the E-Plus organisation, for which the SinnerSchrader Group performed various services in the past, and Telefónica/O2, which was commenced in autumn 2014 following the completion of the takeover of E-Plus by the Telefónica Group.

DEVELOPMENT OF NET REVENUES
in € million for the 2009/2010 to 2014/2015 financial years



1) Annual average growth rate

Over and above this, there were no offsetting impulses from the acquisition of new clients or projects in the first half-year period. SinnerSchrader was not able to win through in some pitch processes in the first half of the financial year due to the increased price sensitivity on the buyer side.

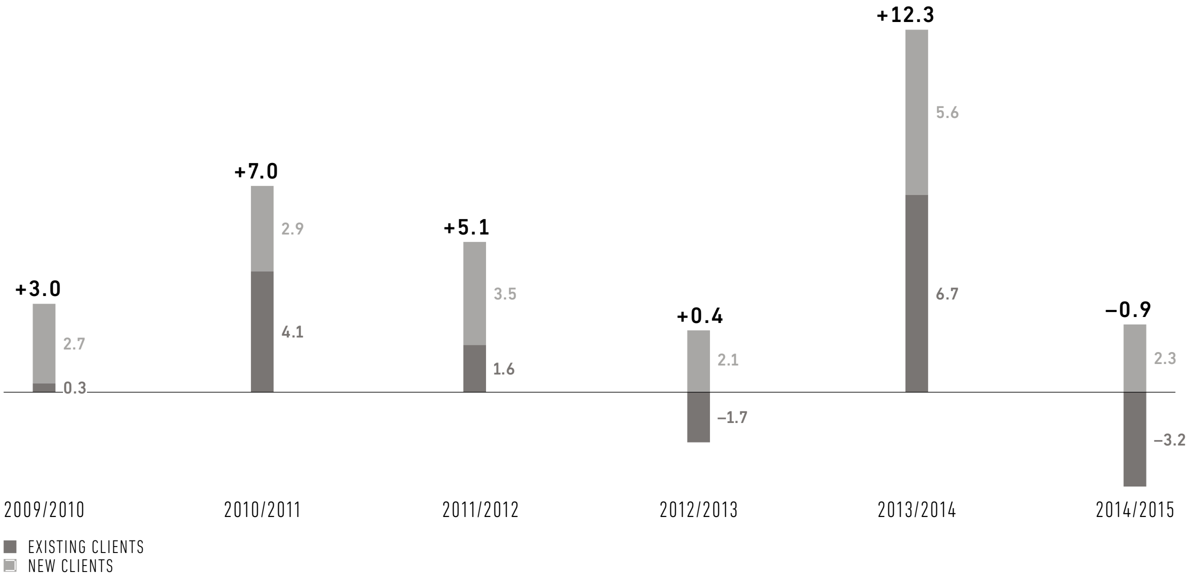
However, against the background of a significantly more cheerful economic environment, the negative trend turned around in the second half of the financial year, as of spring 2015. The propensity to invest in digital items rose across the board to return to the level of the previous year by summer 2015. Among the existing clients, it was mainly the clients in the Financial Service Provider sector who considerably increased their budget, and SinnerSchrader was able to win through in the selection process for the digital lead agency of newly created Telefónica/O2. SinnerSchrader was also successful again in many pitch processes, acquiring lucrative new clients, also from the shipping and automobile industries.

The revenues consequently increased again, to achieve a modest € 11.3 million initially in the third quarter, and to reach the € 13.4 million level of the previous year again in the fourth quarter of 2014/2015.

The development in the Interactive Marketing and Interactive Commerce segments followed the course described for the agency group as a whole. The total annual revenue in the two segments fell slightly below the level of the previous year, with reductions of 0.5 % and 3.8 %, respectively, and original expectations for growth at 6.5 % and 10.5 %, respectively. The segments nevertheless closed the financial year with a fourth quarter of high revenues, which even exceeded those of the previous year, in the case of Interactive Marketing by 3.6 % and Interactive Commerce by just under 1 %.

REVENUE DEVELOPMENT BY EXISTING AND NEW CLIENTS

in € million for the 2009/2010 to 2014/2015 financial years



INTERACTIVE MARKETING

The development of business conducted by the Group as a whole continued to be strongly characterised by the Interactive Marketing segment, comprising the SinnerSchrader agency and SinnerSchrader Mobile. Around 74 % of the revenue for the Group, at € 35.5 million, was generated in this segment in the year of the report. The revenue was thus slightly reduced by 0.5 % in comparison to the previous year. The share in the revenue generated by the Group rose by one percentage point.

In terms of the year as a whole, the reluctance to spend among existing clients and the specific situation resulting from the post-merger integration of E-Plus in the first half of the 2014/2015 financial year meant that it was not possible for the SinnerSchrader agency to fully offset the volume for expiring client relations from the previous year, not least the relationship with ŠKODA. Business with existing clients throughout the financial year was thus reduced by around € 1.6 million.

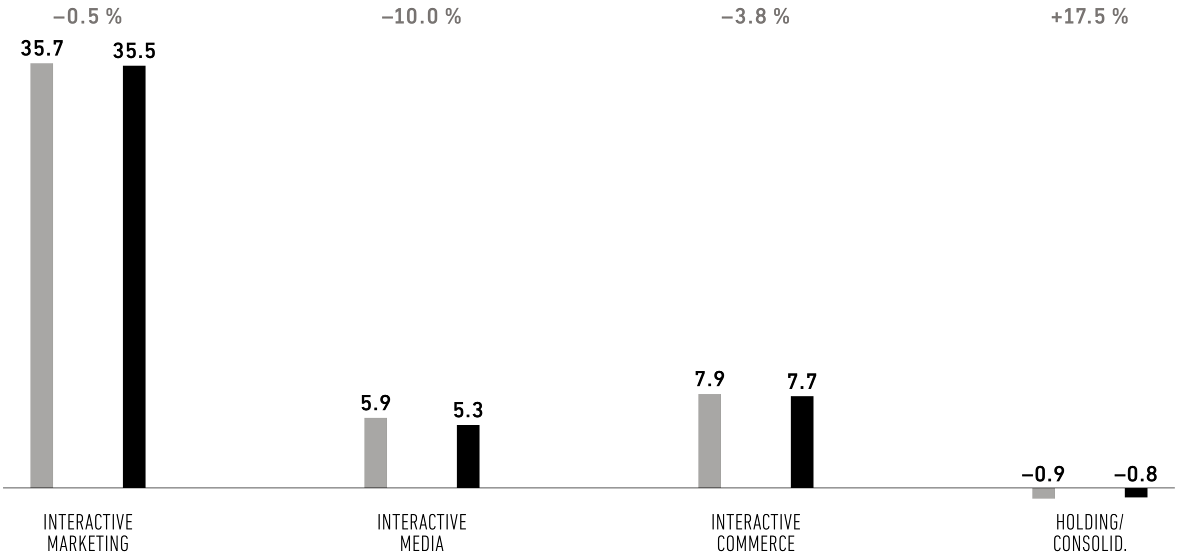
Since business with new clients was also initially slow in the negative economic environment of the first half year of the report, the volume of business conducted with clients for which the SinnerSchrader agency rendered services for the first time only served to just balance the decrease in business with existing clients on the basis of the year of the report as a whole. At 4.6 %, the 2014/2015 new-client rate fell clearly short of the figure of 10.0 % for the previous year. Since the significant newly acquired clients from the shipping and automobile industries only contributed to revenue in the fourth quarter, the volume of revenue generated by new clients in the amount of a good € 1.5 million has little significance for the potential annual revenue of the newly established business relationships.

The fact that the SinnerSchrader agency exceeded the figure for the previous year with revenue in the amount of € 10.6 million in the fourth quarter of 2014/2015 shows that business with existing clients also increased significantly again in the second half of the financial year. The increases in the budgets of financial services clients and the fact that SinnerSchrader was able to win through as the agency partner for the Telefónica/O2 Group in Germany stimulated the development of business conducted by the SinnerSchrader agency.

The new allianz.de website, with which Allianz is establishing a high level of networking with its classic sales using many tools and services, and is for the first time offering online contracts for products requiring less advice, is exemplary for the projects delivered by the SinnerSchrader agency during the course of the 2014/2015 financial year. The website is one of many of the websites of major groups to be maintained and further operated by the SinnerSchrader agency.

NET REVENUES BY SEGMENT

in € million for the 2014/2015 and 2013/2014 financial years

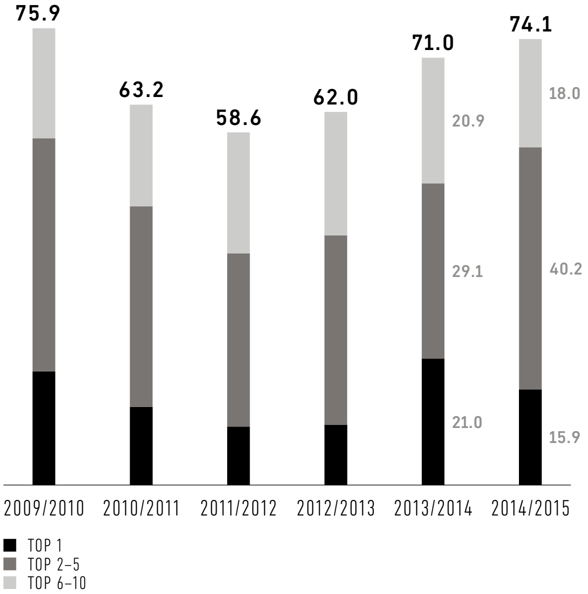


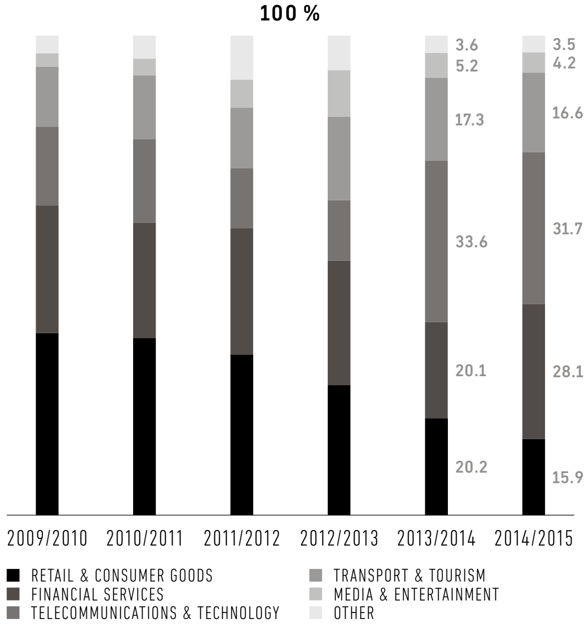
For SinnerSchrader Mobile, the downswing in the first half of the financial year was reinforced due to the management being given a new basis. The founder of TIC-mobile GmbH, taken over in 2011 to become part of SinnerSchrader Mobile GmbH, left at the end of the earn-out-period on 31 August 2014. Another factor was the takeover of Swipe GmbH, a mobile agency in Hamburg with a special focus on mobile content, which was completed on 1 July 2015. Together with its subsidiary Swipe GmbH, SinnerSchrader Mobile GmbH also exceeded the revenue for the same quarter of the previous year in the fourth quarter of 2014/2015. However, the previous development of business has resulted in revenue for the fourth quarter of the year of the report as a whole dropping by 11 %. SinnerSchrader Mobile GmbH thus clearly fell short of the original plan for growth of 19 %.

One of the outstanding SinnerSchrader Mobile projects in the financial year was the smartphone app for Raumfeld, the leading supplier of wireless loudspeakers in Germany and a subsidiary of the renowned loudspeaker pioneer Teufel in Berlin. The app functions as a central remote control for the high-quality loudspeakers, making it possible to control all of the loudspeaker functions and coordinate various loudspeakers registered via Wi-Fi.

DEVELOPMENT OF THE REVENUE STRUCTURE ACCORDING TO CLIENT SIZE AND SECTOR

in % for the 2009/2010 to 2014/2015 financial years





INTERACTIVE COMMERCE

After the positive growth in the previous year, there was also no new growth step in the Interactive Commerce segment in the year of the report. At the end of the 2014/2015 financial year, the original growth forecast of 10 % was matched by a decline in revenue of 3.8 %. However, as with the units in the Interactive Marketing segment, revenue in the fourth quarter of the financial year exceeded that of the previous year, and amounted to € 7.7 million for the year of the report as a whole.

The development of business with existing clients in the year of the report clearly shows that involvement in projects which do not generate any follow-up business, or only generate comparatively little follow-up business, is more frequent in the client structure of the segment than in the Interactive Marketing segment. The business volume transacted with existing clients was reduced overall by around 1.1 million in comparison to the previous year.

In keeping with the characteristics of the client structure, more business is conducted with new clients in the Interactive Commerce segment than in the Interactive Marketing segment. The share of new clients reached 10.7 % in the 2014/2015 financial year. It therefore clearly fell short of the share of 16.2 % in the previous year, which meant that the volume of € 0.7 million was not sufficient to balance the decrease in business with existing clients.

The most important project in the Interactive Commerce segment in the year of the report was the sales platform for shoe retailer Görtz. The company has taken over responsibility for the digital channel again with the launch of the new shop platform. Commerce Plus, the business unit in the Interactive Commerce segment, has to this end developed and implemented a new e-commerce operating model including a sourcing strategy.

The stable cooperation with the mobile communication brand simyo, for whom Commerce Plus operates the hardware shop as an outsourcing model, was also pleasing in the year of the report. With its performance, Commerce Plus was also able to assert itself in combined Telefónica/E-Plus business.

INTERACTIVE MEDIA

Unlike the development in the other two segments, the development of business in the Interactive Media segment was not primarily affected by the development of the economic environment. In its forecast for 2014/2015, SinnerSchrader assumed that the segment would see a decrease in the range of 15 % to 20 %. This forecast was linked to an intentionally cautious approach to content marketing business, which had only been established in the previous year. As a result only content marketing revenues for which firm orders had already been placed were included in the forecast, so in comparison to the 2013/2014 financial year, the volume of business in the plan for 2014/2015 was halved. Initial successful sales were in turn forecast for NEXT AUDIENCE business in 2014/2015 following completion of the 1.0 version of the NEXT AUDIENCE Platform at the end of the previous year, according to which the increase in revenue was assumed to be around 28 % over that of the previous year. However, during the actual course of the 2014/2015 financial year, the two business units developed in complete opposition to these forecasts. The Interactive Media segment ultimately reported revenue of € 5.3 million for the year of the report, 10.0 % less than the revenue of the previous year.

While prospects for content marketing business stabilised thanks to follow-up and new orders, and revenue in the year of the report ultimately fell short of the previous year by only 15 %, it was not possible to achieve a breakthrough on the market with the NEXT AUDIENCE Platform. Revenue generated in NEXT AUDIENCE business combined with the media business amalgamated at the beginning of the financial year managed to reach the level of the previous year in the 2014/2015 financial year. However, the business outlook worsened so significantly at the end of the financial year due to the termination of business conducted with pilot client E-Plus, triggered by the Telefónica/E-Plus merger process, and a lack of successful sales that SinnerSchrader decided at the end of June to withdraw from the NEXT AUDIENCE business segment.

In view of the absence of successful sales in NEXT AUDIENCE business, new clients accounted for only 3 % of business conducted in the segment in the year of the report.

Aggregated across all the segments, new-client business reached a volume of just under € 2.3 million. This corresponds to a new-client rate of only 4.8 %. In the previous year, SinnerSchrader had still generated revenues of € 5.6 million, or 11.4 %, of its total revenue with newly acquired clients. The difference between the two financial years does not primarily result from the number of newly acquired clients; instead it results from the average revenue achieved for each new client. Business with new clients only picked up again in the second half of the year, meaning that some of the new clients only contributed to revenue for a few months in the year of the report. This contributed to the low average revenue of the 2014/2015 financial year.

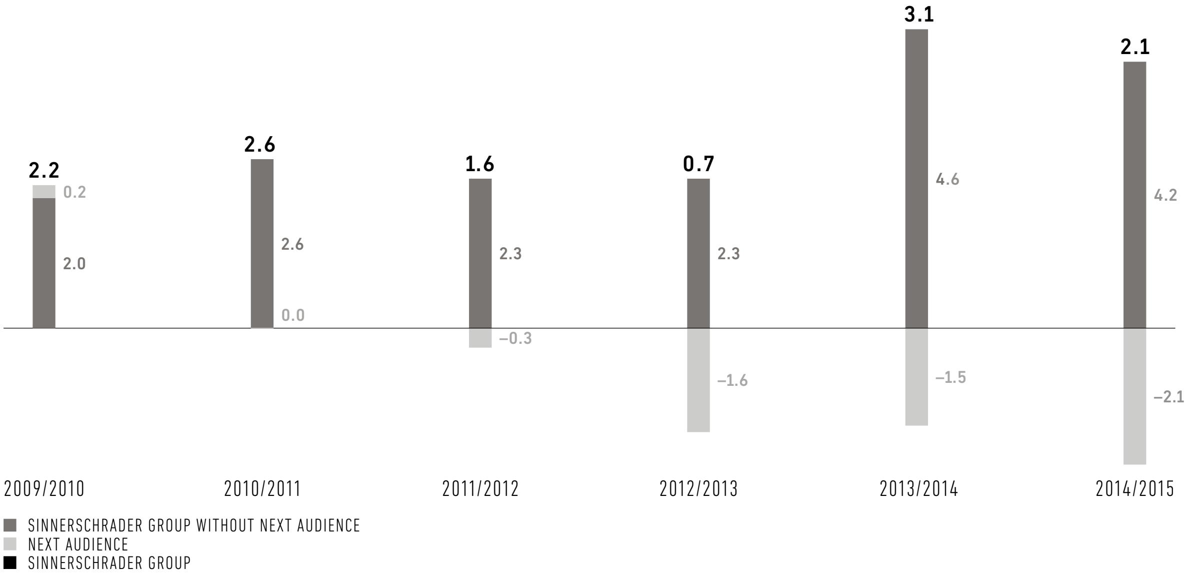
With respect to the client structure, the trend of the past two financial years towards stronger development in the relationships with major clients in the Group was maintained. The share of revenue of the largest client normalised again, from 21.0 % in the previous year to 15.9 % in the 2014/2015 financial year. The five and ten biggest clients accounted for 56.2 % and 74.1 %, respectively, in the year of the report, but they accounted for larger shares in the total revenue of the Group than in the previous year, at 50.1 % and 71.0 %, respectively.

The trend of the past two years was also maintained in terms of the sector mix of the SinnerSchrader clients in the 2014/2015 financial year. The share of clients in the Retail & Consumer Goods sector – classic e-commerce clients – declined significantly once again, from 20.2 % of the total revenue of the Group in the previous year to 15.9 % in the 2014/2015 financial year. After the share of the Telecommunications & Technology sector in the revenue generated by the Group had increased substantially last year, in the 2014/2015 financial year it was mainly the share of the Financial Services clients that increased appreciably, from 20.1 % to 28.1 %. Companies in the Telecommunications & Technology sector nevertheless remained the most important clients for SinnerSchrader, albeit only marginally. Their share in the revenue of the Group was 31.7 % in the 2014/2015 financial year, after 33.6 % in the previous year.

There were only minor changes with respect to the size and relative significance of the two other sectors whose share is reported separately by SinnerSchrader – Transport & Tourism and Media & Entertainment. The share for both sectors fell against that of the previous year, by 0.7 and 1.0 percentage points, respectively, to 16.6 % and 4.2 %. The share of revenue of clients who cannot be allocated to any of the sectors decreased slightly by 0.1 percentage points to 3.5 %.

EBITA DEVELOPMENT

in € million for the 2009/2010 to 2014/2015 financial years



4.2 OPERATING RESULT (EBITA)

In the 2014/2015 financial year, SinnerSchrader generated earnings before interest, taxes and depreciation effects from acquisitions (EBITA). This central, financial benchmark for the operating performance of the Group reached just under € 2.1 million. This result fell considerably short of the earnings corridor predicted in a range of € 3.5 million to € 4.0 million for the year of the report, and it also clearly failed to reach the figure for the previous year, just under € 3.1 million, by around a third.

The disappointing development in NEXT AUDIENCE business was the main factor that caused the Company to fall far short of the plans and also fall so far below the figure for the previous year. Since the expansion of the client base for the NEXT AUDIENCE Platform failed during the course of the year of the report, losses from operating activities remained at a virtually unchanged high level of around € 1.45 million. Furthermore, the decision to withdraw from the business segment that was taken at the end of June 2015 resulted in more negative effects for the operating results: around € 0.1 million for personnel measures and around € 0.6 million for the extraordinary depreciation of the value of internally generated software.

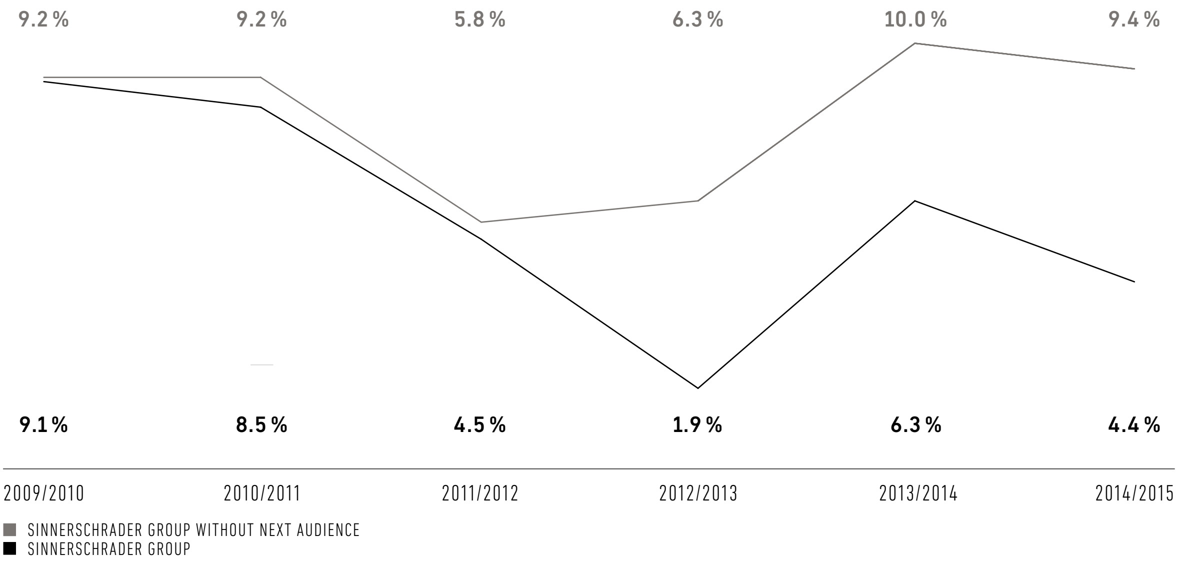
Adjusted by these non-recurring charges in connection with the withdrawal from the NEXT AUDIENCE business segment, the operating result would have been at just under € 2.8 million, thus exceeding the earnings corridor that SinnerSchrader had foreseen in the range of € 2.4 million to € 2.7 million in July 2015. If the current losses incurred in NEXT AUDIENCE business are also deducted, an adjusted EBITA of a good € 4.2 million results for the SinnerSchrader Group.

An operating margin – the ratio between the EBITA and net revenue – is calculated at 4.4 % from the Statement of Operations without adjustments for the year of the report. An operating margin of 9.4 % results for the SinnerSchrader Group without NEXT AUDIENCE. In the previous year the reported margin was 6.3 % and the margin for the Group without NEXT AUDIENCE 10.0 %.

The first half year was generally weak for the SinnerSchrader Group and was accordingly also reflected in the operating result for the 2014/2015 financial year, which fell short of the figure for the previous year by just under € 0.4 million without NEXT AUDIENCE. The development across the quarters of the year of the report nevertheless shows a positive trend.

DEVELOPMENT OF THE EBITA MARGIN

in % for the 2009/2010 to 2014/2015 financial years



Thanks to the interaction of the positive development of revenue and the efficiency measures implemented during the course of the financial year – in particular the reduction in the rate of freelancers – the second half of the 2014/2015 financial year clearly exceeded the operating result and the margin of the previous year. Without NEXT AUDIENCE, the EBITA in the second half year climbed to € 3.5 million and the margin to 14.8 % for the Group, in comparison to € 2.3 million and 9.0 % in the previous year.

Even when account is taken of the full NEXT AUDIENCE result including the one-off costs based on the decision to withdraw, an EBITA of € 2.0 million was achieved in the second half of 2014/2015, thus exceeding the result for the previous year in the amount of € 1.6 million.

A look at the segments shows that the Interactive Marketing and Interactive Commerce segments have almost achieved or even improved on the operating result of the previous year in spite of the slight decline in revenue. However, neither of the two segments achieved the margins targeted in the original plans.

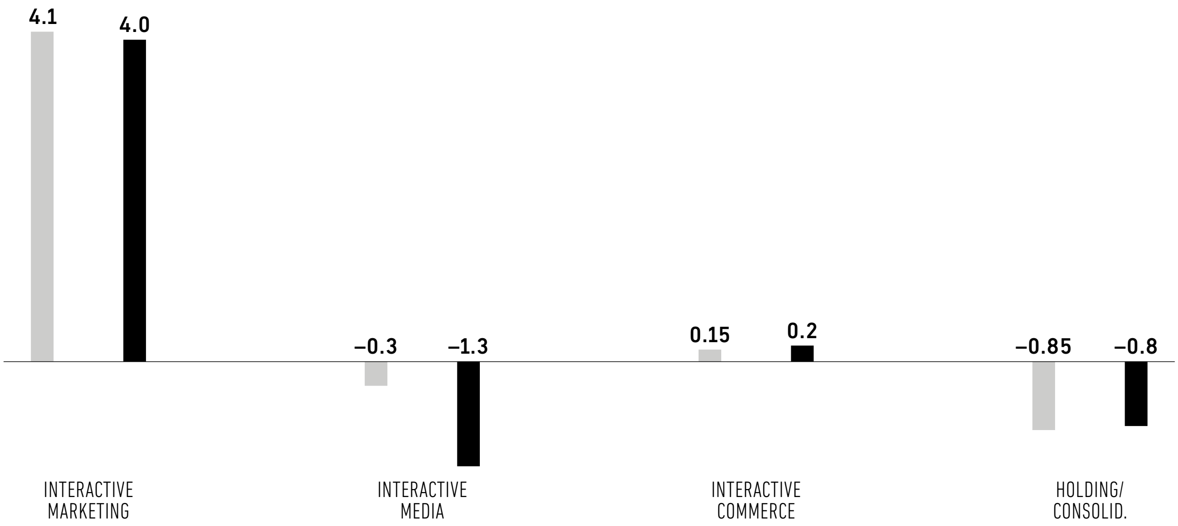
INTERACTIVE MARKETING

The EBITA for the 2014/2015 financial year amounted to just under € 4.0 million for the Interactive Marketing segment. The segment reported an EBITA of € 4.05 million in the previous year. The operating margin for the segment was 11.2 % for the year of the report, which is a slight drop of 0.2 percentage points against the previous year. The targeted improvement to more than 12 % was thus not achieved in terms of the year as a whole. The target of a 17.2 % margin was, however, clearly exceeded in the second half of the 2014/2015 financial year.

A significant driver of the improvement in the margin was the reduction in the rate of freelancers. Whereas the ratio between costs for freelancers and revenue amounted to around 23.0 % in the second half year of 2013/2014 due to the extremely dynamic growth in revenue, the rate of freelancers was only at 8.1 % in the second half of the year of the report. In terms of the year as a whole, the rate of freelancers was at 9.8 % and 17.1 % in the year of the report and in the previous year, respectively.

EBITA BY SEGMENT

in € million for the 2014/2015 and 2013/2014 financial years



The segment's own capacity had already been increased at the beginning of the financial year against the background of the aim of reducing the rate of freelancers, but revenue temporarily fell far short of expectations. This consequently resulted in under-utilisations in the first half of 2014/2015, which have more than compensated the positive effect from the reduced rate of freelancers in the year of the report as a whole.

However, SinnerSchrader's increased own contribution to services rendered has indirectly also shown positive effects on earnings and margins. The warranty costs including the provisions for anticipated losses from fixed-price commitments which are to be set up on a case-by-case basis at the end of the financial year have been clearly reduced since the progression of projects has become more stable. Furthermore, thrifty spending behaviour overall contributed positively to the development of the operating profit.

INTERACTIVE COMMERCE

The Commerce Plus Group, which constitutes the Interactive Commerce segment, improved its operating result from € 0.15 million in the previous year to € 0.21 million in the 2014/2015 financial year. This saw the operating margin rise by 0.8 percentage points to 2.7 %. The clearer increase in the margin forecast at 6.8 % was not yet achieved in the year of the report.

Although Commerce Plus improved the real net output per employee by 8.9 %, the absence of positive effects on revenue meant that it fell short of the targeted increase of almost 16.0 %. The rate of freelancers increased by one percentage point in comparison to the previous year due to a specific technological need in the biggest project of the year of the report, but it remained in an adequate range, at 9.2 %. Fortunately, unlike in the previous year, no allowances for receivables from clients were required in the year of the report, so an increased need for warranty provisions due to the completion of a major, technologically complex project at the end of the financial year was balanced in the development of the operating result.

INTERACTIVE MEDIA

The development of the Interactive Media segment was affected by the development of the NEXT AUDIENCE business unit. The segment result amounted to € –1.3 million in the 2014/2015 financial year. The operating loss of the segment increased by around € 1.0 million in comparison to the previous year. The segment was included in the original overall forecast with an expected loss of around € 0.5 million.

Since the acquisition of new clients scheduled for the second half of the financial year failed to materialise, it was not possible to reduce the current losses in the 2014/2015 financial year. The merger of mediaby GmbH and NEXT AUDIENCE GmbH at the beginning of the financial year in order to reinforce the company's presence and effectiveness in the market did not bear fruit in the first nine months of the financial year. At the end of June 2015, SinnerSchrader AG decided to withdraw from the NEXT AUDIENCE business segment. This resulted in more negative effects for the operating income of the segment due to unavoidable personnel measures and the extraordinary depreciation of capitalised development costs for the NEXT AUDIENCE Platform in the total amount of € 0.7 million. The latter was necessary because talks about a sale of the software by the end of the year of the report had not yet shown sufficiently conclusive results.

The second business unit in the segment, content marketing, developed better than planned, in contrast to NEXT AUDIENCE, although the figures for the previous year were likewise not achieved in content marketing business. SinnerSchrader Content GmbH, which represents the Group in this business segment, nevertheless managed to expand the client/project base during the course of the financial year, and develop a long-term perspective for itself. The operating profit from content marketing business was, however, not sufficient to offset the negative effects on earnings from NEXT AUDIENCE business.

The costs for the holding company – insofar as they have not been distributed among the segments by way of passing them on or allocating them to the segments – decreased by € 0.1 million to just under € 0.8 million in the 2014/2015 financial year. The costs thus developed slightly better than assumed in the original plan, which saw a slight increase in the costs remaining at a holding level. This was mainly the result of stringent cost management, which took effect in the second half of the financial year.

A more accurate analysis of the cost structures in the Statement of Operations for the SinnerSchrader Group as a whole shows that a focus on the development of the operating margin is producing the first positive effects, in spite of all the adversities encountered in the financial year. After a few years of continuously increasing revenue costs, which had accounted for 76.5 % in relation to revenue in the previous year, the share of revenue costs fell again for the first time in the 2014/2015 financial year.

By contrast, the gross improved margin by 1.7 percentage points to 25.2 % in the year of the report. The reversal of the negative trend in the case of the gross margin is to a large extent the result of improvements to efficiency in the Interactive Marketing segment, one of the reasons being the reduction in the use of freelancers. However, positive contributions at the level of the gross margin came from the two other segments as well.

In contrast to the revenue costs, the other cost items rose in absolute terms and in relation to revenue. In this case the specific constellation of the NEXT AUDIENCE business unit had an effect, particularly in the case of general and administration costs, and of research and development costs.

It was these research and development costs which increased most clearly by € 0.8 million. In relation to revenue, they accounted for 2.5 % in the 2014/2015 financial year, after 0.7 % in the previous year. The main reason for the clear increase in expenses is that after completion of the first version of the NEXT AUDIENCE Platform, most of the costs for the team of developers were no longer capitalised as internal development services as in the previous year; instead these costs all flowed into the Statement of Operations. Over and above this, in the time up to the decision to abandon the NEXT AUDIENCE business segment, external development costs were incurred in a scope of € 0.2 million for the initial steps in the new development of a specific module for the NEXT AUDIENCE Platform, which were also to be shown in the research and development costs and not capitalised following the decision to withdraw.

Development of costs by function

	2014/2015		2013/2014		CHANGE
	IN € 000S	IN %[1]	IN € 000S	IN %[1]	IN %
Cost of revenues	35,659	74.8	37,168	76.5	–4.1
thereof amortisation expenditure	—	—	71	0.1	–100.0
Costs of marketing	3,757	7.9	3,458	7.1	8.6
thereof amortisation expenditure	—	—	11	—	–100.0
General and administrative costs	5,449	11.4	4,771	9.8	14.2
Research and development costs	1,197	2.5	356	0.7	236.7

1) As a percentage of net revenues

The increase in the general and administration costs of around € 0.7 million can also be explained from the development at NEXT AUDIENCE alone, since the extraordinary expenses for the full amortisation of the NEXT AUDIENCE Platform in an amount of € 0.6 million and the € 0.1 million in costs for the personnel measures are general and administration costs. Without these expenses, these costs would not have been raised over those of the previous year in the Statement of Operations of the Group for the 2014/2015 financial year. They thus amounted to 11.4 % of revenue, 1.6 percentage points more than in 2013/2014.

The rise in sales costs in the year of the report, both absolute by € 0.3 million and in relation to revenue by 0.8 percentage points, results mainly from the increased sales efforts in the Interactive Marketing and Interactive Commerce segments after the weak development in the first half of the financial year.

The balance of other expenses and income accounted for € 0.45 million in the 2014/2015 financial year. This resulted mainly from the resolution of reserves established in previous years, and the appropriation of an advance payment which was received but for which no performance requirement has been submitted. In the previous year, a positive balance in the amount of € 0.1 million was also mainly accrued from out-of-period transactions.

Development of costs by cost type

	2014/2015		2013/2014		CHANGE
	IN € 000S	IN %[1]	IN € 000S	IN %[1]	IN %
Personnel expenses	30,754	64.5	27,338	56.3	12.5
Costs of materials and services	7,562	15.9	11,113	22.9	–32.0
Other operating expenses	5,986	12.6	6,426	13.2	–6.8
Depreciation	1,743	3.7	794	1.6	119.6
Amortisation expenses	—	—	82	0.2	–100.0

1) As a percentage of net revenues

DEVELOPMENT OF COSTS BY COST TYPE

The overview of costs by cost type clearly shows the extent to which service providers were replaced with the Company's own personnel capacity. The cost of purchased goods and services was reduced by a total of a good € 3.55 million in the year of the report against that of the previous year, of which € 3.1 million is the result of cutting back on the use of freelancers. The cost of freelancers was thus reduced by 42.8 %.

Conversely, the personnel costs rose by € 3.4 million, or 12.5 %, in comparison to the previous year. The main driver of the rise was the increase in the Company's own personnel capacity, which grew by 7.5 % in the year of the report, from 444.3 to 477.8 full-time employees. The full effect of the shift from external capacities to the Company's own capacities in the 2014/2015 financial year was, however, not yet apparent, since the shift was mainly implemented in the first half of the financial year in which revenue had remained surprisingly weak. The average net output per full-time employee in the year of the report, at € 84,000, thus still fell slightly short of the € 84,400 achieved in the previous year. However, the effect of the shift is made clear by the performance in the second half of the 2014/2015 financial year, in which the net output per full-time employee was extrapolated to cover a year and amounted to € 93,800 compared to € 83,600 in the previous year.

A generally cautious spending policy made it possible to reduce the other operating expenses by 6.3 % or € 0.4 million in an annual comparison, despite the fact that the increase in capacity meant that occupancy costs rose by around € 0.24 million. In addition to the cautious spending policy, the general reduction in other operating expenses was achieved because it was possible to reduce the warranty costs by € 0.2 million and because the amount of allowances, which had increased considerably in the previous year as a result of rapid growth, was reduced by € 0.2 million to a normal level in the year of the report.

The development of depreciation was different, since it was more than twice as high in the year of the report as in the previous year. Virtually the full amount of the increase results from NEXT AUDIENCE, since costs in the amount of a good € 0.9 million were incurred through business in this unit alone, for current scheduled and unscheduled depreciation of the capitalised development costs for the NEXT AUDIENCE Platform for which there was no match in the previous year.

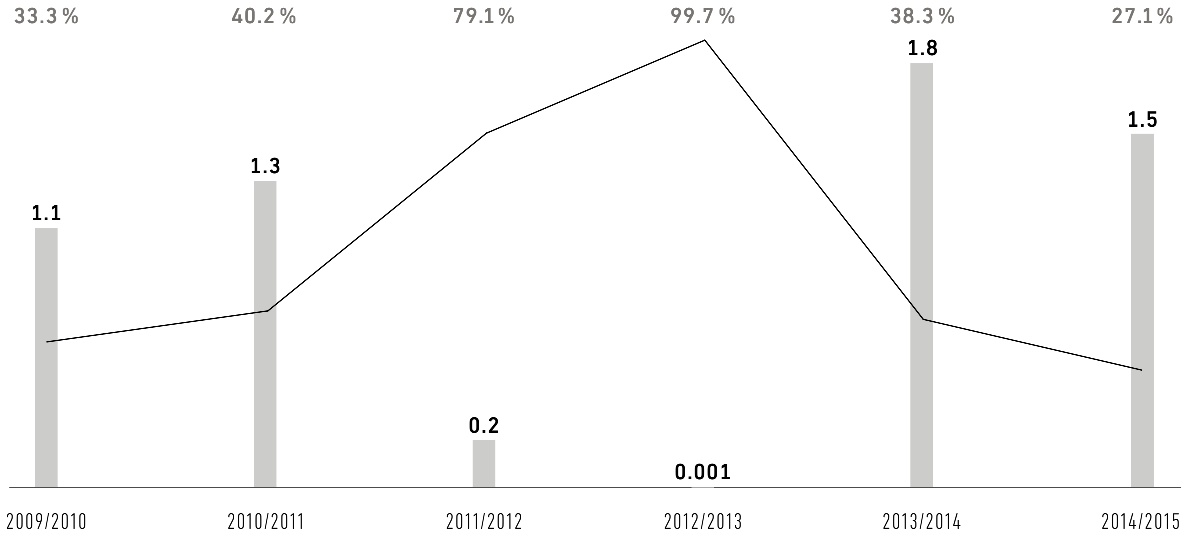
Reconciliation of operating income according to statement of operations and EBITA

	2013/2014 IN € 000S	2012/2013 IN € 000S	CHANGE IN %
Operating income	2,083	2,982	–30.2
Add-back amortisation expenditure[1]	0	82	–100.0
EBITA	**2,083**	**3,064**	**–32.0**

1) Amortisation of intangible assets from acquisitions

DEVELOPMENT OF NET INCOME AND TAX RATE

in € million for the 2009/2010 to 2014/2015 financial years



4.3 NET INCOME

The SinnerSchrader Group earned net income of € 1.5 million in the 2014/2015 financial year, which fell short of the net income of the preceding financial year by around € 0.3 million. The original Group forecast for the year of the report saw net income in the range of € 2.2 million to € 2.5 million.

Comparisons with the previous year and the original plan thus show that the operating deviations were not completely reflected in the net income. This was primarily the result of the good perspective SinnerSchrader succeeded in achieving for content marketing business during the course of the year of the report. This necessitated the creation of deferred tax assets on this share of losses carried forward for the first time as at 31 August 2015, since the positive results from content marketing business following the elimination of losses from NEXT AUDIENCE business are in future to be offset against the losses carried forward from this business.

On the basis of the planning for content marketing business in the current financial year and the coming three years, deferred tax assets for loss carry-forwards were recognised in an amount of € 0.6 million, with a corresponding positive effect on the statement of income for the 2014/2015 financial year. Previously, the deferred tax assets for the NEXT AUDIENCE Group had to be written down, since NEXT AUDIENCE always failed to break even.

Charges resulting from the decision to withdraw from the NEXT AUDIENCE business segment were offset in net income with the recognition of the deferred tax assets for NEXT AUDIENCE losses carried forward.

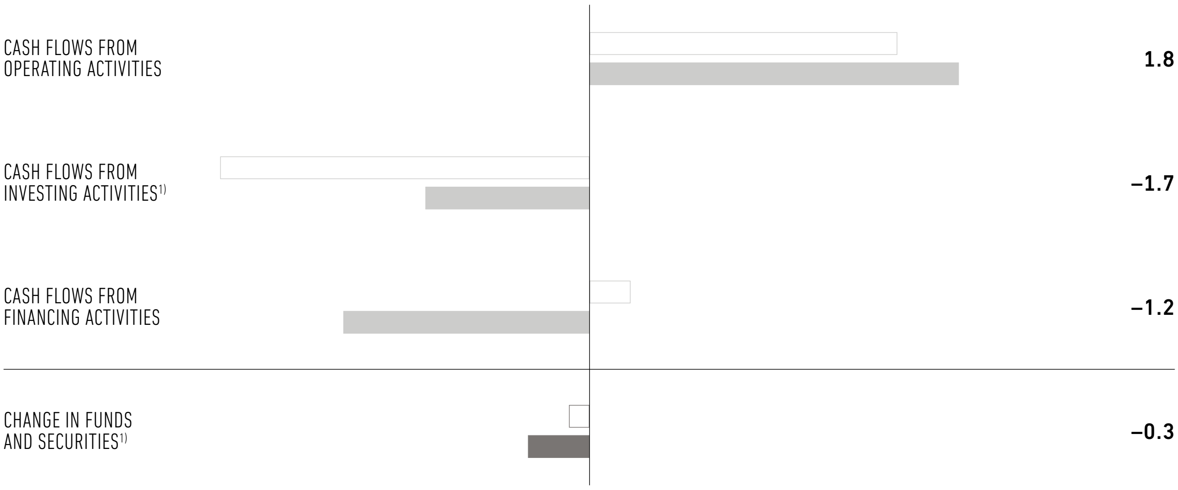
The one-off effect from the recognition of deferred taxes in the incorporated NEXT AUDIENCE companies is reflected in a tax rate of 27.5 % for the Group, which was thus below the statutory rate of 32.3 % for the SinnerSchrader Group for the first time. In previous years, tax rates in the Group regularly exceeded this rate due to the required revaluation of the deferred tax assets for NEXT AUDIENCE. In 2013/2014 this rate was 38.3 %.

In addition to this significant tax effect, the fact that amortisation costs were no longer incurred in the 2014/2015 financial year also had an effect on the net income. This figure was still at € 0.1 million in the previous year.

Given the consistently low interest rates and the marginal change in the liquidity position of the SinnerSchrader Group, the contribution made by financial income was negligible in the 2014/2015 financial year, the same as in the previous year.

CONSOLIDATED STATEMENTS OF CASH FLOWS

in € million for the 2014/2015 and 2013/2014 financial years



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

The diluted earnings per share of the SinnerSchrader Group amounted to € 0.13 for the year of the report. The diluted earnings per share for the previous year amounted to € 0.16. Although the planned level of € 0.19 to € 0.22 was not reached due to the operative development of the Group, the figure is nevertheless a sound basis for paying out a dividend.

4.4 CASH FLOWS

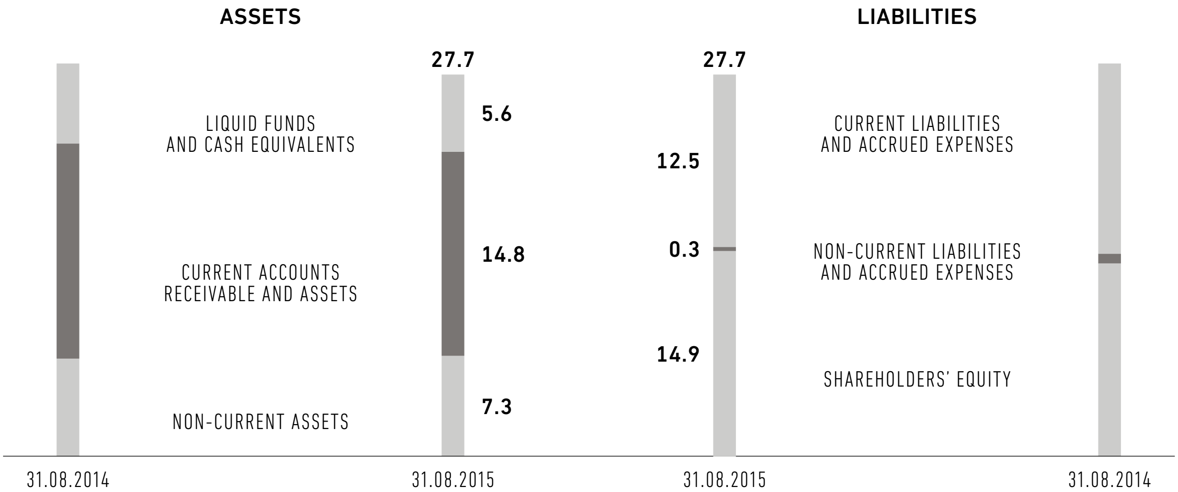
During the course of the 2014/2015 financial year, inflows and outflows of funds resulted in a net outflow of liquid funds in an amount of just under € 0.3 million for the SinnerSchrader Group. The portfolio of liquid funds and securities amounted to approximately € 5.55 million on the balance sheet date of 31 August 2015. In the previous year there was an outflow of liquid funds in an amount of € 0.1 million during the course of the financial year.

An operating cash flow of just under € 1.7 million in the year of the report was not sufficient to offset the outflows of funds for investments of just under € 0.8 million and the negative flows of funds from financing activities of € 1.2 million resulting from the dividend payment made in January 2015. In the previous year, an operating cash flow of € 1.5 million was countered by investments of € 1.8 million and financing inflows from the € 0.2 million change in the treasury stock.

While the inflow of funds from operational activities was mainly restricted by the growth-related considerable increase in working capital in the previous year, in the 2014/2015 financial year, in addition to the poorer operating performance, it was not least a change in the remuneration system of the SinnerSchrader agency that put a damper on the operating cash flow. Variable remuneration was changed to fixed salaries for the majority of employees in the SinnerSchrader agency in the 2014/2015 financial year. This already resulted in the outflow of the corresponding salary component during the course of the financial year. The resulting outflow of funds in the year of the system change is evidenced in the change in reserves in the Statements of Cash Flows. Unlike in the previous year, the working capital hardly changed in the year of the report, given the slight decline in the development of revenue.

DEVELOPMENT OF CONSOLIDATED BALANCE SHEET

in € million



Of the amount of just under € 0.8 million that was spent overall on investments in the 2014/2015 financial year, € 0.3 million flowed into the takeover of Swipe GmbH as a cash component. The remaining amount of around € 0.5 million was mainly spent on normal replacement and expansion acquisitions for the office and IT infrastructure and equipment for work stations. Comparable investments were about twice as high in the 2013/2014 financial year. Furthermore, in the previous year, € 0.3 million was spent on the final earn-out payment from the acquisition of TIC-mobile GmbH in Berlin (subsequently SinnerSchrader Mobile GmbH) and € 0.5 million from the capitalisation of internal work performed on the development of the NEXT AUDIENCE Platform.

In terms of financing activities, € 1.35 million in cash went to SinnerSchrader AG shareholders in January 2015 for the resumed payment of dividends in the year of the report. This outflow of funds was only marginally reduced by the income of € 0.15 million from issuing shares of treasury stock as part of the exercising of employee options. The financing cash flow in the previous year, at just under € 0.2 million, was still positive, since inflows of funds from the exercising of employee options were countered by lower expenses for buying back treasury stock on the market. No dividends were paid during the course of the 2013/2014 financial year.

4.5 ASSET SITUATION

After the considerable increase in the balance sheet total due to the dynamic development of business in the last financial year, the consolidation of business at a high level also contributed to the consolidation of the balance sheet ratios in the year of the report. The was not least also due to the shareholders' equity rate being significantly above 50 %, at 53.9 % on the balance sheet date of the 2014/2015 financial year, while it had fallen below the 50-% mark, at 49.3 %, for the first time as at 31 August 2014.

On the one hand, the total amount of assets as at 31 August 2015 was reduced against the figure for the previous year, by € 0.8 million to € 27.7 million. On the other hand, the shareholders' equity increased by € 0.9 million to just under € 15.0 million on 31 August 2015.

On the assets side, consolidation resulted in a reduction in the current assets. This saw the item comprising accounts receivable and unbilled services for clients contracting by € 0.3 million. The other assets decreased by € 0.4 million. The amount of liquid funds and securities was just under € 0.3 million below the figure at the end of the previous year. Current assets amounted to € 20.4 million as at 31 August 2015, and were thus a good € 1.0 million lower than one year earlier.

The non-current assets increased against the trend, by € 0.2 million to € 7.3 million on the balance sheet date. In this connection, a reduction in the property and equipment and other intangible assets totalling € 1.2 million due to a lower investment rate than in the previous year and the write-down of the NEXT AUDIENCE software was matched by an increase of € 0.8 million in goodwill from the acquisition of Swipe GmbH and from the first-time reporting of deferred tax assets, mainly on losses carried forward for NEXT AUDIENCE GmbH, in the amount of € 0.7 million.

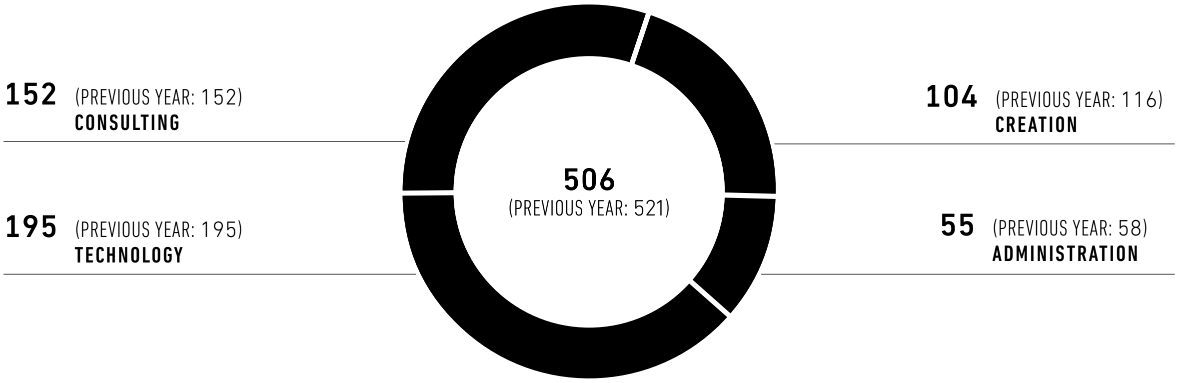
The rise in shareholders' equity is not primarily the result of the income generated by the Group, since the dividend of € 1.35 million paid out in January 2015 consumed a large share of the net income of € 1.5 million. The increase mainly resulted from issuing shares of treasury stock as part of the acquisition of Swipe GmbH and in order to service the exercising of options.

Contrary to the shareholders' equity, the current and non-current liabilities decreased more sharply, with the reserves in particular being around € 1.45 million below the level of the previous year. This decrease resulted more than anything else from the change in the remuneration system, with variable remuneration components being switched to fixed components for employees in the SinnerSchrader agency. The trade accounts payable were reduced almost as clearly, by € 1.2 million in comparison to the previous year, one of the reasons being the reduction in the rate of freelancers. In August 2015 the freelancer rate was only 50 % of the August 2014 level.

In contrast, the advance payments received increased by € 0.3 million and the tax debts by € 1.0 million due to the reductions in payments on account made during the course of the financial year. In the non-current liabilities item, deferred tax liabilities fell short of the level of the previous year by € 0.4 million, in particular because significantly fewer projects were to be classified as fixed-price projects and thus assessed upon application of the PoC method as at the balance sheet date.

EMPLOYEE STRUCTURE ACCORDING TO AREAS

as at 31 August 2015



4.6 EMPLOYEES

On 31 August 2015, the SinnerSchrader Group had 506 employees (including apprentices, interns, students/graduands/bachelor degree candidates and members of management bodies). SinnerSchrader thus had 15 employees fewer on the final day of the 2014/2015 financial year, or 2.9 % less, than at the end of the previous year.

This decrease is, however, not an indication of a corresponding development of the average available personnel capacity in the financial year. Instead, the Group personnel capacity of 478 full-time employees in the 2014/2015 financial year exceeded the figure for the previous year by just under 34 full-time employees, or 7.6 %.

This contrary effect results from the increase in the staff with a view to the growth in revenue planned in the segments for 2014/2015 and the reduction in costs for freelancers already targeted in the final months of 2013/2014.

In the Interactive Media segment, the failure of the NEXT AUDIENCE Platform to achieve a breakthrough on the market was followed by the decision to withdraw from the business segment, while in the Interactive Commerce segment the development of revenue very clearly deviated from the intended target for growth. This is why the workforce proved to be too large. The workforce figures in the two segments, at 43 and 83 employees, respectively, on 31 August 2015, fell short of the figures for the reporting date of the previous year by 10 and 14 employees, respectively. The personnel measures carried out at the end of June 2015 due to the withdrawal decision taken for NEXT AUDIENCE GmbH were thus only effective to a slight degree.

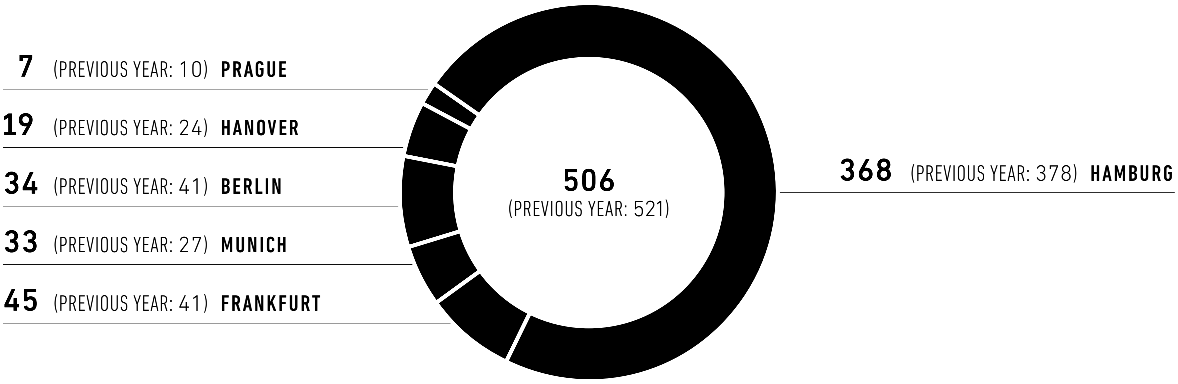
In the Interactive Marketing segment on the other hand, the number of employees was increased by 9 employees, from 328 employees on 31 August 2014 to 337 employees on 31 August 2015. Although the development of revenue fell short of expectations in this segment as well, the resolute implementation of the targeted reduction in costs for freelancers made it necessary and expedient to further increase the workforce, in particular against the background of the clear increase in sales dynamics in the second half of the 2014/2015 financial year.

The number of employees in the holding company was unchanged at 43 employees on 31 August 2015 in comparison to the reporting date of the previous year.

In terms of the personnel capacity, the 478 average available full-time employees in the Group were spread as 312, 47, 82 and 37 employees over the Interactive Marketing, Interactive Media and Interactive Commerce segments and the holding company, respectively, in the year of the report. While the Interactive Commerce segment worked with an 11.9 % lower personnel capacity than in the previous year, the figures in the Interactive Marketing segment exceeded those for the previous year by 14.1 %, in the Interactive Media segment by 8.4 % and in the holding company by 7.2 %. The SinnerSchrader Content GmbH content marketing team accounted for the full increase in capacity in the Interactive Media segment.

EMPLOYEE STRUCTURE ACCORDING TO LOCATION

as at 31 August 2015



The classification according to functional areas showed that of the 506 employees at the end of the 2014/2015 financial year, 152 employees worked in consulting (including strategy, data analysis and media planning), 195 employees in technology, 104 employees in the area of creation and 55 employees in administrative functions. The figures were unchanged against those of the previous year in the areas of consulting and technology.

The number of employees working in the area of creation was reduced by 12. In the previous year this area grew the most, with an increase of 42 employees. The number of administrative employees decreased by 3 employees.

When looked at by location, the offices in Munich and Frankfurt am Main grew by 6 and 4 employees, respectively, while on 31 August 2015, the offices in Hamburg, Berlin, Hanover and Prague had 10, 7, 5 and 3 employees fewer, respectively, than one year earlier.

451 employees were permanent employees on 31 August 2015, 9 employees were receiving vocational training and 46 were working as students, graduands/bachelor degree candidates or interns in one of the units in the SinnerSchrader Group. The number of permanent employees thus increased by 16 in comparison to the reporting date of the previous year, while the number of students and interns decreased clearly by 29, not least due to the introduction of a statutory minimum wage. The number of apprentices was reduced by 2.

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

The Statement of Operations of SinnerSchrader AG shows a more positive picture of the development in the 2014/2015 financial year than the Group Statement of Operations. Income from ordinary business activities amounted to € 4.9 million in the year of the report, thus exceeding the comparable value of the previous year by € 4.0 million.

The main reason for this upturn in income is the positive development of SinnerSchrader Content GmbH, a subsidiary of NEXT AUDIENCE GmbH, which together with this parent forms the Interactive Media segment in the SinnerSchrader Group. In the 2014/2015 financial year, SinnerSchrader Content GmbH established a good business perspective for itself by way of prolonging existing orders and gaining new orders. This had not yet been foreseeable in the previous year after fewer than twelve months of operation.

Given this perspective, there was no reason to continue writing off the NEXT AUDIENCE GmbH investment book value as at 31 August 2015. This book value amounted to € 2.3 million as at 31 August 2015 on the basis of the status on 31 August 2014 and as a result of the merger with mediaby GmbH which came into effect retroactively on 1 September 2014, and other minor payments into the capital reserve by the AG. In the previous year, the depreciation on the investment book value of NEXT AUDIENCE GmbH and mediaby GmbH resulted in charges totalling € 3.5 million off the AG income. The current losses incurred again at the level of NEXT AUDIENCE GmbH in the 2014/2015 financial year and effects of the decision to withdraw from the adserving and media business segment thus had no effect on the AG.

Earnings in the amount of € 5.8 million resulted for the AG in the 2014/2015 financial year from the distribution and transfer of profits from the subsidiaries. Comparable profits amounted to a good € 5.5 million in the previous year.

The other operating income and expense items resulted in net expenses of € 0.9 million in the year of the report. In the previous year, the net expenses still amounted to € 1.2 million. The reduction in the surplus is the result of an increase in revenues of € 0.45 million from the rendering of administrative services for the business units and an increase in other operating revenues of € 0.3 million, in particular from increased costs passed on, which are however also matched by corresponding cost items.

In the 2014/2015 financial year, the operating cost items – personnel costs, cost of materials, and depreciation and other operating expenses – were € 0.45 million higher than in the previous year. A major proportion of this increase in an amount of € 0.2 million arose through expansions in the office infrastructure, in particular in the locations in Hamburg, Frankfurt am Main and Munich. The remaining cost rise was distributed among various items of other operating expenses and depreciation.

The interest result of the AG continued to decline in the 2014/2015 financial year. The balance resulted in a decrease of just under € 0.04 million.

After deduction of taxes on income in the amount of € 1.5 million, an annual profit of € 3.4 million remained in the year of the report. In the previous year, income tax liabilities of € 1.1 million, which were not reduced due to non-taxable depreciation on investments, had resulted in an annual loss of € 0.2 million.

In accordance with Article 58 para. 2 of the German Stock Corporation Act ("AktG"), 50 % of the annual profit, or € 1.7 million, was posted to other revenue reserves. With this amount posted and after adding in the profit carry-forward from the previous year in the amount of € 0.4 million, the Statement of Operations of the AG reports a balance sheet profit of € 2.1 million for the 2014/2015 financial year.

In 2013/2014, following a withdrawal from the reserves established according to Article 58 para. 2a of the German Stock Corporation Act in the amount of € 2.0 million, a balance sheet profit of € 1.8 million resulted, from which a dividend of € 1.35 million, or € 0.12 per share, was paid in January 2015.

DEVELOPMENT OF THE ASSET AND FINANCIAL SITUATION

The development of the SinnerSchrader Aktiengesellschaft balance sheet in the 2014/2015 financial year is dominated by the increase of € 2.7 million in the shareholders' equity. On 31 August 2015 the shareholders' equity amounted to just under € 34.2 million, after € 31.5 million at the end of the 2013/2014 financial year.

The annual profit less the dividend payment made in January 2015 accounted for around € 2.0 million of the increase in shareholders' equity. The remaining € 0.7 million resulted on the one hand from issuing shares of treasury stock as payment of the purchase price for the acquisition of Swipe GmbH and on the other hand for servicing the exercising of employee options. A total of 247,667 shares of treasury stock were thus issued during the course of the 2014/2015 financial year, which increased the amount of issued capital and the capital reserve by just under € 0.25 million in each case and the amount of other revenue reserves by € 0.2 million.

The other liability items changed only little in total, with a clear increase in the accrued taxes countered by reductions in the other reserves, the liability items and the deferred tax liabilities.

The increase in the shareholders' equity was thus almost completely reflected in the balance sheet total, which rose by € 2.6 million in the period as of 31 August 2014 to € 36.7 million on 31 August 2015. The shareholders' equity rate thus improved only slightly, from 92.2 % to 93.1 %.

On the assets side, € 1.2 million of the increase in the balance sheet total was distributed to the increase in fixed assets and € 2.1 million to the increase in the receivables from affiliated companies – mainly from profit and loss transfer agreements. These receivables were matched by a € 0.5 million decrease in liquid funds and a decrease of just under € 0.2 million in other assets.

The fixed assets increased on the one hand by a good € 0.8 million as a result of the takeover of Swipe GmbH at the beginning of July 2015. On the other hand, just under € 0.4 million in receivables from the AG subsidiary in Prague was reclassified to loans.

On the balance sheet date, SinnerSchrader AG remained soundly financed without the use of financial liabilities and was able to meet all its payment obligations at any time.

EMPLOYEES

On the balance sheet date of 31 August 2015, the AG had 43 employees, including members of the Management Board, interns and students. This figure was thus unchanged in comparison to the balance sheet date of the previous year. The AG had an average of 43.6 employees in the 2014/2015 financial year, against 40.8 employees in the previous year.

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 13 November 2015 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 combined 2013/2014 Status Report and Consolidated 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 2015, Matthias Schrader, co-founder of SinnerSchrader AG, held 2,579,289 shares or 22.32 % of all shares issued. As at 31 August 2015, Thomas Dyckhoff held 109,950 shares.

The salary package of Mr Schrader therefore has not contained any option allocations until now, due to his share ownership.

In connection with Mr Dyckhoff's reappointment for the period from 1 January 2008 to 31 December 2012, Mr Dyckhoff was granted 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. Mr Dyckhoff exercised 75,000 options at an exercise price of € 1.59 per share in the 2014/2015 financial year. The average exercise price for the remaining 45,000 options held by Mr Dyckhoff is € 2.35 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.

The following table gives an overview of the benefits granted in the 2014/2015 financial year in accordance with the German Corporate Government Codex proposal:

Compensation system for the Management Board

	MATTHIAS SCHRADER, CEO JOINED: 1996, FOUNDER, RESIGNATION/RETIREMENT: —				THOMAS DYCKHOFF, CFO JOINED: 18.10.1999, RESIGNATION/RETIREMENT: —			
BENEFITS GRANTED	2013/2014	2014/2015	2014/2015 (MIN.)	2014/2015 (MAX.)	2013/2014	2014/2015	2014/2015 (MIN.)	2014/2015 (MAX.)
Fixed remuneration	190,000	190,000	190,000	190,000	160,000	160,000	160,000	160,000
Fringe benefits	6,650	8,752	8,752	8,752	9,679	9,679	9,679	9,679
Total	**196,650**	**198,752**	**198,752**	**198,752**	**169,679**	**169,679**	**169,679**	**169,679**
One-year variable remuneration								
Target bonus	50,000	50,000	—	50,000	50,000	50,000	—	50,000
Bonus[1]	55,581	45,555	—	120,000[2]	37,054	30,370	—	95,000
Total	**105,581**	**95,555**	**—**	**120,000**	**87,054**	**80,370**	**—**	**95,000**
Multi-year variable remuneration								
Target bonus for the 2012/2013, 2013/2014 and 2014/2015 financial years	25,000	25,000	—	25,000	15,000	15,000	—	15,000
Share options	—	—	—	—	—	—	—	—
Total	**25,000**	**25,000**	**—**	**25,000**	**15,000**	**15,000**	**—**	**15,000**
Pension-related expenses	—	—	—	—	—	—	—	—
Total remuneration	**327,231**	**319,307**	**198,752**	**343,752**	**271,733**	**265,049**	**169,679**	**279,679**

1) Amounts actually paid or due are stated.
2) The maximum amount applies for the one-year remuneration as a whole. It only enters into effect in its full amount if no target bonus becomes payable.

The following table shows the compilation based on inflow aspects:

Management Board remuneration based on inflow aspects

	MATTHIAS SCHRADER, CEO JOINED: 1996, FOUNDER, RESIGNATION/RETIREMENT: —		THOMAS DYCKHOFF, CFO JOINED: 18.10.1999, RESIGNATION/ RETIREMENT: —	
INFLOW	2013/2014	2014/2015	2013/2014	2014/2015
Fixed remuneration	190,000	190,000	160,000	160,000
Fringe benefits	6,650	8,752	9,679	9,679
Total	**196,650**	**198,752**	**169,679**	**169,679**
One-year variable remuneration				
Target bonus	15,000	28,750	15,000	35,625
Bonus[1]	—	55,581	—	37,054
Total	**15,000**	**84,331**	**15,000**	**72,679**
Multi-year variable remuneration				
Target bonus for the 2012/2013, 2013/2014 and 2014/2015 financial years	—	—	—	—
Share options	—	—	—	120,750
Total	**—**	**—**	**—**	**120,750**
Pension-related expenses	—	—	—	—
Total remuneration	**211,650**	**283,083**	**184,679**	**363,108**

1) Non-cash benefits realised on the date of exercising an option are shown.

In addition, an individualised Management Board compensation overview broken down according to its components for the 2014/2015 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 2014. 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 2014/2015 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 ARTICLES 289 PARA. 4 AND 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 2015 SinnerSchrader held 59,239 shares of treasury stock, which gives 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 shareholder is listed in the Notes to the Consolidated Financial Statements an the Annual Financial Statements of SinnerSchrader AG as at 31 August 2015. 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 2,576,289 shares as at 31 August 2015, corresponding to 22.32 % 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 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").

According to the Annual General Meeting of 29 January 2014, 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 17 December 2018. The Management Board may not take advantage of this authorisation to trade treasury stock.

Furthermore, individual client contracts concluded by SinnerSchrader AG subsidiaries include the right to termination in the event 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 MAJOR EVENTS AFTER THE BALANCE SHEET DATE

After 31 August 2015 there were no events that would be of particular importance for an assessment of the income, financial, and assets status.

8 FORECAST

SinnerSchrader cannot be satisfied with the result of the 2014/2015 financial year – revenue and profit are too far below the originally planned figures. A key factor in this was the poor mood in the economy as a whole as well as in the digital sector in autumn 2014, which reporting in “iBusiness” magazine on the half-yearly “interactive business climate” actually noted as a drastic downturn in business at the end of October 2014. This development affected the first half of the financial year so badly that the lag vis-à-vis the plan could no longer be compensated for by a good second half year.

Added to this is the factor that SinnerSchrader did not succeed in achieving a market breakthrough with the internally developed NEXT AUDIENCE platform for adserving and data management systems to control and optimise online advertising campaigns. Irrespective of the quality of the software developed, the decision was therefore taken to withdraw from this business segment.

With respect to the 2015/2016 financial year, however, in the year of the report SinnerSchrader was able to lay the foundations for a positive development in the various business units and segments:

- The sometimes long-standing business relations with major corporate clients mean that SinnerSchrader is seen as a reliable partner for the projects for digital transformation now started in many segments, a field in which the classic (system) consulting companies now also advertise their services.
- In the second half of 2014/2015 the SinnerSchrader agency in particular was able to acquire several interesting new clients, whose business potential will develop in the current 2015/2016 financial year.
- In the field of mobile apps and concepts, the reconstruction of the management and the acquisition of Swipe GmbH have created the environment for the next growth steps.
- Out of the initial project in the field of content marketing carried out in the 2013/2014 financial year a good business perspective in this young, still developing submarket has evolved.
- Commerce Plus was able to enhance its e-commerce profile with a successful year in shop management for simyo and by setting up the sales platform for Görtz.

DEVELOPMENT OF THE MARKET ENVIRONMENT

Unlike in autumn 2014, the overall economic mood at the start of the 2015/2016 financial year is rather stable and at a good level. Although the most recent figures from the ifo business climate index and the GfK consumer climate index, published in October 2015, have weakened slightly in comparison to the previous month, the index values at 108.2 points for the business climate for the commercial economy and 9.6 points for the consumer climate are at a high level and well above the values of 103.6 and 8.4 index points, respectively, in October 2014.

The business climate in the service sector, which is surveyed separately from the commercial sector, was strikingly positive in October – as it has been for the whole of 2015. According to the October report of the ifo institute, the "indicator for the service sector in Germany rose to a new historic high in October".

Against the background of a development of the gross domestic product that was slightly weaker than expectations in the first nine months of 2015, some of the growth forecasts for the year as a whole were lowered again somewhat in the autumn. However, this adjustment could not be compared with the considerable cuts in forecasts made at the same time in the previous year, which subsequently proved to be excessive. In the autumn 2015 joint diagnosis published in early October, leading economic institutes predicted growth of the real gross domestic product of 1.8 % for the 2015 calendar year. In the spring 2015 joint diagnosis, an increase of 2.1 % was predicted.

A major stumbling block for a more dynamic growth scenario seems to be the economic development of the emerging countries – first and foremost China – because their growth expectations have fallen significantly. This has a negative impact on German foreign trade, which has always been an important support to the German economy. In the current situation, therefore, private consumption is a major driver for the development of the gross domestic product.

The Federal Statistical Office's brief report on the development of the gross domestic product in the third calendar quarter of 2015 confirms this estimation. According to this, the real gross domestic product was 1.8 % above the value of the same quarter in the previous year and, adjusted to take account of calendar and seasonal effects, 0.3 % above the value of the preceding second calendar quarter. The Federal Statistical Office also identified private and government consumption as the stimulus for the growth.

The autumn 2015 joint diagnosis is expecting constant growth rate of 1.8 % for the 2016 calendar year. This means that, in comparison to the autumn forecasts of other economic researchers, international organisations and the Federal Government, it is in the lower half of the range of forecasts from 1.7 % to 2.1 %.

In summary, the overall economic environment offers good conditions for a return to more dynamic development by SinnerSchrader in comparison to the previous year. However, there are certainly factors looming that could have a negative impact on economic development in Germany. Alongside the economic situation in the emerging countries, refugee policy and the further developments in the conflict area and war zone of the Middle East and the associated terrorism harbour risks for the general economic development – not least due to their impact on private consumption. A certain degree of caution therefore remains advisable with regard to expectations.

A look at the specific situation of the digital or interactive segment, however, gives rise to optimistic expectations for the SinnerSchrader 2015/2016 financial year. In marked contrast to the previous year, the digital economy is in a very good mood following the results of the index for the "interactive business climate" surveyed by the magazine "iBusiness" and published on 19 October 2015: "The continuing downward trend during which, in autumn 2014, the mood of interactive service providers fell to the lowest level for more than a decade has been reversed completely this year. The index has fallen slightly in comparison to the economic climate in spring 2015, but ultimately the sector is more optimistic about its own business expectations for the year as a whole than it has been for five years."

This study on the interactive business climate indicates that digital business processes and the Internet-driven transformation will become the most important business segment in the years ahead and will replace operating web business as the main source of revenue. This will enable much higher budgets than was previously standard for projects in digital agencies. But the digital agencies will have to develop further in terms of content and processes if they want to be successful here and win through against the competition from the classic (system) consulting companies and integrators.

A study by Ernst & Young from March 2015 estimates the volume of investments by German companies in the field of digitisation for 2015 to be € 41 billion. However, it sees the companies as lagging behind in an international comparison. According to the study, the digital revolution is forcing ever more sectors and companies to reinvent themselves. One in two companies is facing up to the fact that new technologies will throw their own business model into question in the future.

BUSINESS FORECAST FOR 2015/2016

Against the background of the prospects shown for the economy and the sector, SinnerSchrader started the 2015/2016 financial year with confidence. SinnerSchrader is already well equipped with respect to the increased demands of content and process skills to perform the tasks of digital transformation and in a good position for the continuous learning and optimisation process required in the digital age.

In this respect, the decision to withdraw from the NEXT AUDIENCE business segment is not only proving to be an economically necessary step, but also makes sense in terms of strengthening the focus on those fields in which SinnerSchrader can demonstrate its particular expertise for large companies in digital transformation.

SinnerSchrader is anticipating revenue of around € 50.5 million for the 2015/2016 financial year. Although this represents an increase of only 5.8 % over the revenue of € 47.7 million in the previous 2014/2015 financial year, adjusted by the contributions from the NEXT AUDIENCE business to the revenue generated by the Group, this is a growth rate of 10.9 %.

This is certainly below what is possible if the financial year goes well. When developing the financial year plans, however, it was important to SinnerSchrader not to raise the growth target to the detriment of the operating margin.

The EBITA margin should be 10.0 % in the 2015/2016 financial year, which means that SinnerSchrader is aiming for an EBITA in the range of € 5.0 million. This would be an improvement in the profit of € 2.9 million. At around € 1.7 million, a large part of this increase would be due to the reduction of the losses from NEXT AUDIENCE, for which negative contributions to profit from the phasing out of the business have been posted in the plans for the 2015/2016 financial year.

The staff capacity of the Group is planned to be slightly lower because of the withdrawal of NEXT AUDIENCE, which will reduce the personnel capacity by 31 full-time employees. After 478 average available full-time employees in the 2014/2015 year of the report, 462 full-time employees are anticipated for the 2015/2016 planning year. Parallel, the ratio of freelancer cost to revenue shall be reduced from 9.2 % in the 2014/2015 financial year to 8.1 % in the forecast year. The margin and EBITA improvement thus find their expression in a rise in the net output, i.e. of the revenue minus the external costs, of € 84,000 in the 2014/2015 financial year to € 94,000 in the current financial year.

The revenue growth predicted for the Group is generated only in the Interactive Marketing segment. The segment revenue should increase by just under 13 % in the 2015/2016 financial year and reach around € 40 million in the forecast year after € 35.5 million in the 2014/2015 year of the report. The fact that Swipe GmbH will be consolidated for a full financial year for the first time after the takeover and merger with SinnerSchrader Mobile GmbH in July 2015 will contribute to the growth.

As far as the personnel capacity is concerned, a disproportionately low increase of 5.5 % to 329 full-time employees is planned for the 2015/2016 financial year. A freelancer rate of 7.4 % is the aim for 2015/2016, after 9.8 % for 2014/2015.

In the forecast year, the operating margin is to approach the 13 % mark, which means that the segment is expected to make an EBITA contribution in the range of € 5.2 million to the Group. The mobile business, in which there was an operating loss in the 2014/2015 financial year, should once again make a positive contribution to the segment result.

The development of the Interactive Media segment is characterised by the effects of the decision to withdraw from the NEXT AUDIENCE business. The financial year planning assumes that segment revenue will fall by around a third to about € 3.5 million. This includes growth expectation of around 14 % for the continued content marketing business. Due to the elimination of NEXT AUDIENCE losses, the profit development is extremely positive, in contrast to revenue development. An EBITA of € 0.3 million is expected for this segment in the 2015/2016 planning year.

In the Interactive Commerce segment, SinnerSchrader is expecting a largely flat revenue development for 2015/2016 and annual revenue of € 7.7 million. The fundamentally positive estimations in this segment as well are offset by the decision of one of the major segment clients to increase in-house sourcing – comparable measures had already been taken in 2012. With internal capacity of 74 full-time employees, which was 10.6 % lower than in the previous year, and a freelancer rate of 8.3 %, 1 percentage point lower, the operating margin should continue to improve to 3.8 % in the forecast year. The EBITA expectation for the segment thus amounts to around € 0.3 million.

The forecast for 2015/2016 is assuming that the revenues between the segments will be similar to the revenues of just under € 0.8 million earned in the 2014/2015 year of the report. The main source of these revenues is the SinnerSchrader unit in Prague assigned to the Interactive Marketing segment, which primarily works as an internal service provider for the various other SinnerSchrader units and has no or only a few clients of its own. In terms of profit, the holding company will be reflected with costs not distributed over the segments of a good € 0.8 million, around 8 % higher.

On the basis of this operating forecast, SinnerSchrader is anticipating net income above € 3.0 million, or € 0.26 per share, for the 2015/2016 financial year. The forecast takes account of the fact that there will be no amortisation charges in the 2015/2016 financial year. Furthermore, it is assuming a largely balanced financial result and a tax rate only slightly above the statutory tax rate of 32.3 %.

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. A significant part of the revenue development will have a direct effect in the AG via the existing profit and loss transfer agreements with SinnerSchrader Deutschland GmbH, which takes responsibility for the business of the SinnerSchrader agency, and with Commerce Plus GmbH. The precise level of the profit in the AG separate financial statements, which are prepared according to the German Commercial Code (HGB), in comparison with the Group operating profits recognised according to IFRS mainly depends on the extent to which it will also be possible to realise revenue and profit from current projects under the provisions of the HGB or whether profit catch-up effects result from the different IFRS and HGB rules for revenue recognition.

The profit developments of the other units will probably not yet lead to dividend payments to the AG. The forecast is not anticipating any impairment of the valuation of assets of the AG's participating interests. Instead, after the elimination of the operating NEXT AUDIENCE business, depending on the development of the content marketing business there is a need to recover the procurement costs of NEXT AUDIENCE, which have been partially depreciated in previous years.

Overall, SinnerSchrader is assuming an annual profit for the AG for the current 2015/2016 financial year in the range of the profit of € 3.4 million reported for 2014/2015, or slightly above this.

In the opinion of SinnerSchrader, the positive development opportunities of the Group predominate for the following year, meaning that rising revenues and profits are expected, with acquisitions also possibly contributing to the expansion of the Group.

9 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.

Opportunities likewise regularly arise for SinnerSchrader which, if taken up, have a positive influence on the income, financial and assets status of the Group and the AG, or which may result in SinnerSchrader exceeding its targets for future business developments. As a rule, endeavouring to take advantage of opportunities as they arise makes it necessary to take new risks or deem existing risks to be more significant.

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.

9.1 KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH RESPECT TO THE (GROUP) 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. In the 2014/2015 financial year, the actively operating companies were all incorporated into this central accounting system, with the exception of Swipe GmbH, which was taken over in July 2015. Swipe GmbH accounting was transferred to the central accounting system as at 1 September 2015.

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 Sinner-Schrader 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.

9.2 RISKS

The following shows significant risks affecting the future development of the income, financial and assets status of the SinnerSchrader Group. They also have a direct effect on SinnerSchrader AG by way of the profit and loss transfer agreements and the participating interests.

The decision to withdraw from the NEXT AUDIENCE business segment changed the risk profile of the SinnerSchrader Group in terms of the major risk fields as at 31 August 2015, in comparison to the status as at 31 August 2014. This decision is highly likely to see the occurrence of the risks for audience management/data management software as indicated in previous years in terms of the activities performed by SinnerSchrader for the establishment of the Company's own range of products.

Unless revenue is received for the sale of the software to a third party, the investments made will be lost for SinnerSchrader. As at 31 August 2015, this loss has been completely processed in the results for the business years up to this reporting date. Losses which are still likely to be incurred from the phasing out of business operations during the 2015/2016 financial year have been included in the forecast for the financial year. The risk of potentially higher losses is within the scope of the standard risks for estimations and budgets.

With regard to the 2015/2016 financial year and the years following, SinnerSchrader estimates that the following risk fields have become particularly relevant:

- The dimension of the projects and budgets for which the services of SinnerSchrader are required has increased perceptibly in the past two financial years. The risk of delivering and supervising required services in a good quality for a reasonable margin, despite possible commitments to fixed prices, increases with the scale of projects.
- Strategy and systems consulting companies, such as McKinsey and Accenture, have identified the digital transformation and marketing technology market as a field for growth for themselves in the volume of business in future and have, among other things, added creation service to their current range of competences through acquisitions. This means that in Germany SinnerSchrader now in some cases competes direct with these new rivals, who generally have established contacts to decision-makers and are financially stronger, for major digitisation projects and also in terms of specialised staff.

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 location in Prague this has included a country abroad – and the management of complexity.

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. From the development of the 2012/2013 financial year, SinnerSchrader has concluded that demand for its services has become more sensitive to the economic situation. This was confirmed again in autumn 2014.

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. Besides, major international advertising networks and major system integrators and IT consulting firms have intensified their activities on the market on which SinnerSchrader sells its services. The future development of SinnerSchrader largely depends on how well the Company succeeds in holding its own on the market 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. At its office in Prague, SinnerSchrader currently only has limited access to relevant sources and would only be able to establish or expand these, if required, with a delay. Bigger competitors with an international market presence already have relevant structures or would be able to establish them more quickly.

OPERATIONAL RISKS

In the 2014/2015 financial year, SinnerSchrader earned around 16 % (previous year: 21 %) of its net revenues with one client; the ten biggest clients together accounted for around 74 % (previous year: 71 %) of the net revenues. It would only be possible to compensate for the loss of the business of these important clients after a considerable period of time, if at all, during which it would not be possible to reduce costs correspondingly.

Since the revenues of the Group 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. The orders on hand generally do not significantly exceed a quarterly revenue.

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 clients 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. The measures taken to reduce the risk include internal programming standards, not least those concerning security matters, reviews of software and system architectures by an IT security specialist, and penetration tests carried out by external service providers as part of quality management.

Within the context of providing its services, SinnerSchrader sometimes has access to the personal data of its clients' 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. SinnerSchrader addresses this risk with appropriate access restrictions and operating and authorisation concepts, which are subject to regular review by the internal IT security commissioner and the data protection commissioner.

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 development and start-up costs are at least partly to be borne by SinnerSchrader, contracts lasting several years are concluded with clients, so that SinnerSchrader can cover its initial investment and generate a positive total return from the project during the course of the contract. Negative developments on the part of the client, e.g. a deterioration in the perception of the brand, a deterioration in the relative competitive position of the client 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, its further growth and success 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.

RISKS FROM ACQUISITIONS

SinnerSchrader is also interested in expanding its market position in Germany through targeted acquisitions. The success of acquisitions will depend on whether it is possible to integrate the acquired companies into the Group structure, and achieve intended strategic goals and synergies. In this context, acquisitions in the field of professional services entail the particular risk that the expertise, market knowledge, and client 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.

DEFAULT AND LIQUIDITY RISKS

Liquidity risks exist in the case of potential shortages of financial resources and the resulting increase in refinancing costs. The aim of liquidity management at SinnerSchrader is to secure its ability to pay at all times, in compliance with agreed terms of payment, by means of a sufficient amount of liquid funds. The Group monitors this amount of liquid funds, and only the available liquidity which is not considered to be necessary to balance fluctuation in the cash flow is invested on a somewhat longer term basis. Furthermore, when making a more long-term investment, it is ensured that the investment is made in securities than can be sold again at any time. Credit lines of € 2 million and € 2.5 million, respectively, were agreed with two banks in order to avoid shortages of liquidity in the short term; they had not been utilised on the reporting date.

On the one hand, credit risks arise for SinnerSchrader because services are generally billed after the rendering of a service with clients being granted the agreed as payment terms, and subsequently failing to meet the resulting payment obligations. SinnerSchrader limits this risk by subjecting new clients to a regular credit assessment and by regularly monitoring clients’ outstanding payment obligations.

On the other hand SinnerSchrader is subject to credit risks through holding liquid funds available as credits with banks and investing these liquid funds on the capital market. SinnerSchrader limits this risk by its choice of banking partners, doing business with several banks and restricting the credit rating of the investment instruments to a minimum credit rating of BBB or A3 for short-term investments.

The maximum failure rate results from the book values of the financial assets posted in the balance sheet or from the current values of the securities posted. SinnerSchrader held no securities as at 31 August 2014.

RISK OF CHANGES IN MARKET PRICES

Currency risks: SinnerSchrader invoices almost all its revenues in euros, its suppliers mainly issue their invoices in euros, and the Company does not hold any notable assets in foreign currencies, so there are no significant foreign-currency risks for the Group.

Interest-rate risks: SinnerSchrader currently has no substantial interest-bearing financial liabilities and nor had the Company made any interest-bearing investments on the balance sheet date. There are thus no significant interest-rate risks.

Exchange-rate risks: SinnerSchrader holds no shares in other listed companies. Neither does SinnerSchrader purchase any raw materials on markets with formations of the market price. There are thus no exchange-rate risks at SinnerSchrader.

9.3 OPPORTUNITIES

The risks are countered by opportunities, and SinnerSchrader could exceed its goals if they occur. The main opportunities lie with existing clients, 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 clients or currently unforeseeable individual orders from existing clients.

The fact that the field of activities has expanded beyond the scope of current topics comprising marketing, advertising and sales to cover the digital transformation of whole companies is a special opportunity. If SinnerSchrader manages to use its specific competence and experience profile and its 20 years of experience in digital projects to position itself in the long run as a competent partner performing these tasks for major companies, it may be possible to achieve higher order volumes, longer-term client loyalty and higher margins overall.

Among the business units in the Group, synergies on the sales side could result in excess of the scope currently assumed in the plan and contribute towards extending the client base.

In the 2013/2014 financial year, SinnerSchrader established the new business segment of content marketing with its own editorial team and infrastructure and confirmed the success it achieved in its first year in the 2014/2015 financial year. Plans for the Group to date still contain somewhat cautious forecasts for the development of this new segment. A stronger response from the market to the range of services developed by SinnerSchrader would create opportunities for the Group to increase its revenue and profit.

The speed of change in the area of digital technologies is still fast. This means that opportunities are regularly presented the same as in the case of content marketing, to develop new service fields for SinnerSchrader, to gain them and roll them out efficiently for the existing clients.

A 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.

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.

SinnerSchrader is currently mainly active on the German market, but the Company works for major, internationally established and internationally operating companies. Client relations with German groups may result in the opportunity to globalise SinnerSchrader business and establish the Company on international markets.

9.4 OVERALL CLASSIFICATION OF RISKS AND CHANCES

The past two financial years – 2013/2014 and 2014/2015 – have shown that risks and opportunities can occur and cause considerable negative and positive deviations from planned assets, income and financial targets. Generally, 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. The asset and financial situation of the Group remains stable.

The speed at which the digitisation of companies, particularly in the marketing sector, is progressing, and at which companies and their range of products and services are changing is still high. This will also result in many opportunities in future, in spite of all the risks. SinnerSchrader continues to see itself as being well-positioned and well-equipped to use these opportunities with a focus on the positive development of the Company.

Hamburg, 16 November 2014

The Management Board

Matthias Schrader Thomas Dyckhoff

02

BALANCE SHEETS

AS AT 31 AUGUST 2015

Assets in €	NOTES	31.08.2015	31.08.2014
Current assets:			
Liquid funds	2.11	5,558,880	5,832,597
Cash and cash equivalents		**5,558,880**	**5,832,597**
Accounts receivable, net of allowances for doubtful accounts of € 52,150 and € 55,625 as at 31.08.2015 and 31.08.2014, respectively	2.9	10,325,660	9,904,203
Unbilled revenues	4.3	3,784,261	4,556,459
Tax receivables	4.4	22,838	15,865
Other current assets and prepaid expenses	4.5	696,172	1,113,398
Total current assets		**20,387,811**	**21,422,522**
Non-current assets:			
Goodwill	4.1	4,820,937	4,028,740
Other intangible assets	4.1	177,682	1,107,758
Property and equipment	4.1	1,602,527	1,902,187
Tax receivables	4.4	68,649	89,938
Deferred tax assets	4.5	672,475	—
Total non-current assets		**7,342,270**	**7,128,623**
Total assets		**27,730,081**	**28,551,145**

Liabilities and shareholders' equity in €	NOTES	31.08.2015	31.08.2014
Current liabilities:			
Trade accounts payable	2.13	3,380,144	4,547,841
Advance payments received	4.3	1,985,738	1,660,965
Accrued expenses	4.10	3,063,446	4,520,738
Tax liabilities	4.9	1,575,196	545,264
Liabilities and other payables	4.11	2,470,842	2,502,083
Total current liabilities		**12,475,366**	**13,776,891**
Non-current liabilities:			
Deferred tax liabilities	5.5	295,714	698,880
Total non-current liabilities		**295,714**	**698,880**
Shareholders' equity:			
Subscribed capital			
Common stock, stated value € 1, issued: 11,542,764 and 11,542,764, outstanding: 11,483,525 and 11,235,858 as at 31.08.2015 and 31.08.2014, respectively	4.8	11,542,764	11,542,764
Treasury stock, 59,239 and 306,906 as at 31.08.2015 and 31.08.2014, respectively	4.8	–103,802	–537,778
Additional paid-in capital	4.8	3,926,544	3,654,636
Reserves for share-based compensation	4.8	266,598	260,077
Accumulated deficit (incl. revenue reserves)	4.8	–699,403	–869,487
Changes in shareholders' equity not affecting net income	4.8	26,300	25,162
Total shareholders' equity		**14,959,001**	**14,075,374**
Total liabilities and shareholders' equity		**27,730,081**	**28,551,145**

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

CONSOLIDATED STATEMENTS OF OPERATIONS

FROM 1 SEPTEMBER 2014 TO 31 AUGUST 2015

in €	NOTES	2014/2015	2013/2014
Gross revenues	2.17	**51,975,360**	**51,355,139**
Media costs		–4,285,151	–2,754,566
Total revenues, net		**47,690,209**	**48,600,573**
Cost of revenues		–35,658,579	–37,168,010
Gross profit		**12,031,630**	**11,432,563**
Selling and marketing expenses		–3,756,709	–3,457,660
General and administrative expenses		–5,449,081	–4,771,114
Research and development expenses	2.19	–1,197,388	–355,624
Other income and expenses, net	5.3	454,556	134,037
Operating income		**2,083,008**	**2,982,202**
Financial income	5.4	3,169	16,660
Financial expenses	5.4	–4,686	–9,107
Income before provision for income tax		**2,081,491**	**2,989,755**
Income tax	5.5	–563,104	–1,146,518
Net income		**1,518,387**	**1,843,237**
Net income attributable to the shareholders of SinnerSchrader AG		**1,518,387**	**1,843,237**
Net income per share (basic)		0.13	0.17
Net income per share (diluted)		0.13	0.16
Weighted average shares outstanding (basic)		11,313,720	11,140,220
Weighted average shares outstanding (diluted)		11,356,587	11,254,075

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FROM 1 SEPTEMBER 2014 TO 31 AUGUST 2015

in €	NOTES	2014/2015	2013/2014
Net income		**1,518,387**	**1,843,237**
Other comprehensive income			
Items that may be reclassified to profit or loss in future periods			
Foreign currency translation adjustment	2.5	1,138	–28
Changes in shareholders' equity not affecting net income		**1,138**	**–28**
Consolidated comprehensive income		**1,519,525**	**1,843,209**
Comprehensive income attributable to the shareholders of SinnerSchrader AG		**1,519,525**	**1,843,209**

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FROM 1 SEPTEMBER 2014 TO 31 AUGUST 2015

in €	NOTES	NUMBER OF SHARES OUTSTANDING	COMMON STOCK
Balance as at 31.08.2013		**11,122,612**	**11,542,764**
Comprehensive income		—	—
Deferred compensation	4.8	—	—
Purchase of treasury stock	4.8	–36,754	—
Re-issuance of treasury stock	4.8	150,000	—
Balance as at 31.08.2014		**11,235,858**	**11,542,764**
Comprehensive income		—	—
Disbursed dividend	4.8	—	—
Deferred compensation	4.8	—	—
Re-issuance of treasury stock	4.8	247,667	—
Balance as at 31.08.2015		**11,483,525**	**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	OTHER COMPREHENSIVE INCOME	TOTAL SHAREHOLDERS' EQUITY
−730,252	**3,669,974**	**252,271**	**−2,712,724**	**25,190**	**12,047,223**
—	—	—	1,843,237	−28	1,843,209
—	—	7,806	—	—	7,806
−70,364	—	—	—	—	−70,364
262,838	−15,338	—	—	—	247,500
−537,778	**3,654,636**	**260,077**	**−869,487**	**25,162**	**14,075,374**
—	—	—	1,518,387	1,138	1,519,525
—	—	—	−1,348,303	—	−1,348,303
—	—	6,521	—	—	6,521
433,976	−271,908	—	—	—	705,884
−103,802	**3,926,544**	**266,598**	**−699,403**	**26,300**	**14,959,001**

CONSOLIDATED STATEMENTS OF CASH FLOWS

FROM 1 SEPTEMBER 2014 TO 31 AUGUST 2015

in €	NOTES	2014/2015	2013/2014
Cash flows from operating activities:			
Net income		1,518,387	1,843,237
Adjustments to reconcile net income to net cash used in operating activities:			
Amortisation of intangible assets from first consolidation	4.1	—	82,181
Depreciation of property and equipment	4.1	1,742,683	793,628
Share-based compensation	6	6,521	7,806
Bad debt expenses	2.9	16,465	226,461
Gains/losses on the disposal of fixed assets	5.3	4,938	10,045
Deferred tax provision	5.5	–1,040,921	–20,138
Changes in assets and liabilities:			
Accounts receivable	2.9	–361,121	–3,379,498
Unbilled revenues	4.3	772,198	–1,636,895
Tax receivables	4.4	14,316	245,295
Other current assets	4.5	475,917	–508,142
Accounts payable, deferred revenues and other liabilities	4.11	–993,274	2,230,325
Tax liabilities	4.9	1,029,932	432,413
Other accrued expenses	4.10	–1,506,825	1,189,910
Net cash provided by (used in) operating activities		**1,679,216**	**1,516,628**

in €	NOTES	2014/2015	2013/2014
Cash flows from investing activities:			
Acquisition of subsidiary companies less acquired liquid funds	2.3	–300,000	—
Purchase price payments for acquisition of subsidiary companies in previous years	2.3	—	–306,346
Purchase of property and equipment	4.1	–477,659	–1,513,491
Proceeds from the sale of equipment	4.1	19,807	9,373
Incoming payment from financial assets as part of short-term financial management	4.6	—	1,000,000
Net cash provided by (used in) investing activities		**–757,852**	**–810,464**
Cash flows from financing activities:			
Payment to shareholders	4.8	–1,348,303	—
Payment for treasury stock	4.8	—	–70,364
Incoming payment for treasury stock	4.8	152,084	247,500
Net cash provided by (used in) financing activities		**–1,196,219**	**177,136**
Net effect of rate changes on cash and cash equivalents		1,138	–28
Net increase/decrease in cash and cash equivalents		**–273,717**	**883,272**
Cash and cash equivalents at beginning of period	4.7	5,832,597	4,949,325
Cash and cash equivalents at end of period	4.7	5,558,880	5,832,597

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

NOTES

FOR THE 2014/2015 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 2014/2015 financial year were completed according to 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 2015, 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 2015 were released by the Management Board for submission to the Supervisory Board on 16 November 2015. The Consolidated Financial Statements will probably be approved at the balance sheet meeting of the Supervisory Board on 23 November 2015; 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 operating primarily in Germany, with the parent company based at Völckersstraße 38, 22765 Hamburg, Germany. SinnerSchrader supports its clients with the services it provides for the use of digital marketing technologies, mainly on the Internet. SinnerSchrader renders the following individual 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
- Planning and drafting concepts for marketing strategies on the Internet based on editorial content, and their implementation in daily editing operations ("content marketing")

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 regular 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 2014 to 31 August 2015 ("2014/2015") and from 1 September 2013 to 31 August 2014 ("2013/2014") as well as the reporting dates of 31 August 2015 and 31 August 2014, respectively.

2.2 NEW ACCOUNTING PRINCIPLES

The standards and interpretations that have to be applied and that had been adopted by 31 August 2015 were all observed when the Consolidated Financial Statements for the 2014/2015 financial year were prepared. The following new standards and interpretations and/or amendments to existing standards and interpretations, which were to be applied for the first time in the 2014/2015 financial year, did not have any effect/did not have any significant effect on the income, financial and assets status of the Group:

IAS/IFRS/IFRIC	NEW/AMENDMENT	CONTENT	APPLICATION DATE[1]
IFRS 10	New	Consolidated Financial Statements	1 January 2014
IFRS 11	New	Joint Arrangements	1 January 2014
IFRS 12	New	Disclosure of Interests in Other Entities	1 January 2014
IFRS 10, IFRS 11, IFRS 12	Amendment	Transition Guidance	1 January 2014
IAS 27	New	Equity Method in Separate Financial Statements	1 January 2014
IAS 28 (2011)	New	Investments in Associates and Joint Ventures	1 January 2014
IAS 32	Amendment	Offsetting Financial Assets and Liabilities	1 January 2014
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
IAS 19	Amendment	Defined Benefit Plans – Employee Contributions	1 July 2014
IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38	Amendment	Annual Improvement Project 2010–2012	1 July 2014
IFRS 1, IFRS 3, IFRS 13, IAS 40	Amendment	Annual Improvement Project 2011–2013	1 July 2014

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

In the previous years and in the 2014/2015 financial year, the IASB issued new standards and interpretations and amendments to existing standards and interpretations which did not yet have to be applied to Consolidated Financial Statements for the 2014/2015 financial year:

IAS/IFRS/IFRIC	NEW/AMENDMENT	CONTENT	APPLICATION DATE[1]
Published before the 2014/2015 financial year			
IFRS 9	New	Financial Instruments: Revising and Replacing all the Existing Standards – Classification and Measurement	1 January 2018
IFRS 11	Amendment	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 14	New	Deferral Accounts	1 January 2016
IFRS 15	New	Revenue from Contracts with Customers	1 January 2018
IFRS 10, IAS 28	Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
IAS 16, IAS 38	Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 16, IAS 41	Amendment	Bearer Plants	1 January 2016
IAS 27	Amendment	Equity Method in Separate Financial Statements	1 January 2016
IFRS 5, IFRS 7, IAS 19, IAS 34	Amendment	Annual Improvement Project 2012–2014	1 July 2016
Published in the 2014/2015 financial year			
IAS 1	Amendment	Disclosure Initiative (Amendments to IAS 1)	1 January 2016
IFRS 10, IFRS 12, IAS 28	Amendment	Investment Entities: Applying the Consolidation Exception	1 January 2016

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.

These standards and applications will not be applied by SinnerSchrader AG until their application is mandatory and they have been endorsed by the European Commission.

SinnerSchrader will apply IFRS 15 "Revenue from Contracts with Customers", for the first time in the 2018/2019 financial year. The new standard for the realisation of proceeds may have an impact on the assets and income status of the SinnerSchrader Group, particularly in the following newly regulated or clearly specified subject areas:

- Opportunity to realise total revenues relating to a period
- Recognition and measurement of costs for obtaining a contract

IFRS 15.35.c specifies that the recognition of revenue over time requires that an entity's performance creates an asset specific to the customer without an alternative use for the entity. In this case SinnerSchrader must always have the right to settlement for performances already completed in the event that a client cancels a contract for reasons which are not the responsibility of SinnerSchrader. SinnerSchrader creates assets specific to a customer without any alternative use.
A check on whether or not SinnerSchrader is always legally entitled to fully invoice services rendered so far has not been carried out yet. In addition to the general German Civil Code ("BGB") regulations, the agreements based on the relevant individual contracts are significant in this case. Should a check on these project assignments show that conditions for the recognition of revenue over time do not exist, the relevant amount of revenue would only be realised in later periods. The respective project-related margin would in consequence only need to be recognised in following periods. Based on the balance sheet date of 31 August 2015, SinnerSchrader recognises project assignments as yet uncompleted according to IAS 11 with an order volume of € 3,260,659 for which this new regulation would be relevant.

SinnerSchrader wins the majority of its new contracts through invitations to tender. Under IFRS 15.91, the assignment costs incurred as part of the invitation to participate could in some cases be classified as an asset. Under IFRS 15.93, this requires that these costs only become payable when a contract is won; they are not incurred if this is not the case. This means that a large proportion of internal costs incurred are not to be capitalised as assets. In this respect, no significant effects are expected.

Current estimations show that the application of the remaining nine standards in future will not have any significant effect on the representation of the income, financial and assets status of the Group.

2.3 CONSOLIDATION GROUP

The consolidation group as at 31 August 2015 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, Germany
3. Commerce Plus Consulting GmbH, Hamburg, Germany
4. NEXT AUDIENCE GmbH, Hamburg, Germany
5. SinnerSchrader Content GmbH, Hamburg, Germany
6. SinnerSchrader Mobile GmbH, Berlin, Germany
7. Swipe GmbH, Hamburg, Germany
8. SinnerSchrader Praha s.r.o., Prague, Czech Republic
9. SinnerSchrader UK Ltd., London, UK
10. SinnerSchrader Benelux BV, Rotterdam, The Netherlands

The consolidation group has changed as follows in comparison to the status on 31 August 2014:

MEDIABY GMBH

The merger between mediaby GmbH and NEXT AUDIENCE GmbH came into effect retroactively on 1 September 2014. The merger agreement and the resolutions of approval of the mediaby GmbH and NEXT AUDIENCE GmbH Annual General Meetings were notarised on 4 November 2014. The merger was entered in the Commercial Register on 19 November 2014. The mediaby GmbH assets and liabilities were all transferred to NEXT AUDIENCE GmbH. The merger had no effect whatsoever on the income, financial and assets situation of the Group.

SWIPE GMBH

With the purchase contract concluded on 30 June 2015, SinnerSchrader AG took over all the shares in Swipe GmbH, based in Hamburg, the aim being to increase and extend the range of services offered by the SinnerSchrader Group in the area of mobile applications. After the shares had been transferred, SinnerSchrader AG incorporated them into Sinner-Schrader Mobile GmbH.

The takeover was classified as a company takeover in line with the provisions of IFRS 3. The shares and control were transferred with payment of the purchase price in the amount of € 300,000 in cash and 156,000 shares in SinnerSchrader AG with a fair value of € 554,000 on the date of execution on 3 July 2015. The company was thus included in the consolidated financial statements on the basis of the acquisition method for the first time on 1 July 2015.

In accordance with the interim statements of Swipe GmbH, SinnerSchrader took over assets and liabilities for a net value of € 62,000 as at 30 June 2015. The assets were composed of property and equipment and intangible assets in the amount of € 60,000, accounts receivable of € 77,000 and other assets worth € 94,000. The liabilities comprised trade accounts payable in the amount of € 26,000, reserves of € 50,000 and € 93,000 in other liabilities, of which € 81,000 was owed to banks.

The difference between the total purchase price and the net value of the assets and liabilities taken over in the amount of € 792,000 was posted as goodwill in the balance sheet. It comprises the value of synergies expected to result from the company merger and the employees' expertise, which it was not possible to recognise separately due to a lack of control. At the level of the acquired company, the off balance sheet assets and liabilities which were nevertheless identifiable were not recognised as tangible.

Swipe GmbH has contributed to the revenue and profits of the SinnerSchrader Group in the Interactive Marketing segment since 1 July 2015. In the period up to 31 August 2015, its revenue amounted to € 142,000, with income before taxes of € 7,000. Assuming that the acquisition had been made at the beginning of the period of the report, the company would have contributed net revenue in the amount of € 1,216,000 and income before taxes of € 69,000 in the period from 1 September 2014 to 31 August 2015.

2.4 CONSOLIDATION PRINCIPLES

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.

All transactions and balances within the Group between affiliated companies were eliminated.

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 debts 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 other expenditure and income 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 for revenue realisation, 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 client 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 are 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 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 REDUCTION 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 at the time of acquisition. 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 are reported with an effect on profits. Profits and losses from the valuation of financial instruments available for sale are 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 are 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 information on how current values are determined and on liquidity risk.

Fair value is the price that would be accepted between market participants on the measurement date for the sale of an asset, or that would be paid for the transfer of a debt. This applies irrespective of whether or not the price is directly observable or whether it has been estimated by application of a valuation method. Fair value is not always available as a market price. It frequently needs to be determined on the basis of various valuation parameters. Depending on the availability of observable parameters and their significance for ascertaining a fair value, the fair value is allocated to levels 1, 2 or 3. Sub-dividing is carried out according to the following specification:

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 rendered for which no bills had been issued on the balance sheet date are reported as unbilled revenues.

The items both contain amounts from production orders, which are measured according to their progress (PoC method).

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, LIABILITIES AND OTHER PAYABLES

Trade accounts payable, liabilities and other payables 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 will 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 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, client bonuses or deductions. They contain reimbursable expenses, such as travel expenses, if the client 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. If the result of a production order can be reliably assessed, the revenues and costs relating to the production order will be entered according to progress made on the balance sheet date. Progress made is determined on the basis of order costs incurred for work performed in relation to anticipated order costs.

If it is not possible to reliably determine the result of a production order, revenues relating to the production order are only entered in the amount of the order costs incurred which are likely to be recovered. Order costs are reported as expenditure in the period in which they arise.

If it is likely that the total order costs will exceed the total order revenues, the expected loss is immediately reported as expenditure.

Insofar as the order costs incurred up to the reporting date, plus reported profits and less reported losses, exceed the partial settlements, the excess amount is shown in the “Unbilled revenues” item.

Amounts received prior to rendering production work are reported under deposits received. Amounts billed for services already rendered which have not yet been paid by a client are included in “Accounts receivable”.

MEDIA SERVICES

SinnerSchrader performs services for its clients 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 clients 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 client is recorded as gross revenues, and the amount reduced by the media costs that have been passed on to clients 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 clients, 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 clients are billed for them on a monthly or quarterly basis. 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 clients 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, 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 2014/2015 and 2013/2014 financial years, these expenses amounted to € 459,941 and € 456,369, 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.

The criteria for recognising research and development costs in accordance with IAS 38 were not met in the 2014/2015 financial year, since these costs were not separable in this respect. An amount of € 1,197,388 in research and development costs was reported as expenditure, against € 355,624 in 2013/2014. At NEXT AUDIENCE GmbH, costs for the development of a new audience management software, the NEXT AUDIENCE Platform, were capitalised in the amount of € 488,393 in the previous financial year.

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 2015 and 31 August 2014, 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 2014/2015 and 2013/2014 financial years were considered accordingly in the calculation of the dilution effect.

3 SEGMENT REPORTING

In the Consolidated Financial Statements for the 2014/2015 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 Interactive Marketing segment has been formed by SinnerSchrader Deutschland GmbH, SinnerSchrader Praha s.r.o., SinnerSchrader Mobile GmbH and Swipe GmbH. In the period of the report, SinnerSchrader Content GmbH was allocated to the Interactive Media segment, which also includes the NEXT AUDIENCE Group. The Commerce Plus Group forms 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 mainly for SinnerSchrader Deutschland GmbH and Commerce Plus GmbH.

In the Interactive Marketing segment, net revenue in the amount of € 7,593,000, which accounted for around 16 % of the consolidated net revenue for the Group, was achieved with one group of companies in the year of the report. Net revenue in the amount of € 6,487,000 and € 5,433,000, respectively, which exceeded 14 % and 11 %, respectively, of the consolidated net revenue for the Group, was achieved with two other groups of companies. In the previous year, € 12,212,000 and € 5,201,000, respectively, were achieved in the Interactive Marketing segment with two groups of companies, which accounted for 21 % and 10 %, respectively, of the consolidated net revenue for the Group.

Tables 1a and 1b show the segment figures for the 2014/2015 and 2013/2014 financial years:

Table 1a Segment information for the 2014/2015 financial year in € and number

01.09.2014–31.08.2015	INTERACTIVE MARKETING	INTERACTIVE MEDIA	INTERACTIVE COMMERCE	SUM SEGMENTS	HOLDING/ CONSOLIDATION	GROUP
External revenues	35,026,676	9,496,328	7,452,356	51,975,360	—	51,975,360
Internal revenues	471,694	84,806	215,890	772,390	–772,390	—
Gross revenues	35,498,370	9,581,134	7,668,246	52,747,750	–772,390	51,975,360
Media costs	—	–4,285,151	—	–4,285,151	—	–4,285,151
Total revenues, net	**35,498,370**	**5,295,983**	**7,668,246**	**48,462,599**	**–772,390**	**47,690,209**
Segment income (EBITA)	**3,967,832**	**–1,316,436**	**206,276**	**2,857,672**	**–774,664**	**2,083,008**
Employees, end of period	337	43	83	463	43	506

Non-scheduled depreciation of internally generated software in the amount of € 614,000 undertaken as at 31 August 2015 in accordance with IAS 36 is included in the Interactive Media segment income.

Table 1b Segment information for the 2013/2014 financial year in € and number

01.09.2013–31.08.2014	INTERACTIVE MARKETING	INTERACTIVE MEDIA	INTERACTIVE COMMERCE	SUM SEGMENTS	HOLDING/ CONSOLIDATION	GROUP
External revenues	34,962,491	8,495,038	7,897,610	51,355,139	—	51,355,139
Internal revenues	719,510	146,845	70,655	937,010	–937,010	—
Gross revenues	35,682,001	8,641,883	7,968,265	52,292,149	–937,010	51,355,139
Media costs	—	–2,754,788	—	–2,754,788	222	–2,754,566
Total revenues, net	**35,682,001**	**5,887,095**	**7,968,265**	**49,537,361**	**–936,788**	**48,600,573**
Segment income (EBITA)	**4,052,317**	**–286,174**	**148,546**	**3,914,689**	**–850,306**	**3,064,383**
Employees, end of period	328	53	97	478	43	521

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 2014 to 31 August 2015 and for the comparable period in the previous year:

Table 1c Reconciliation of segment income to income before taxes of the Group in €

	2014/2015	2013/2014
Segment income (EBITA) all reporting segments	2,857,672	3,914,689
Central costs not passed on to segments	–774,664	–850,306
EBITA of the Group	2,083,008	3,064,383
Amortisation of intangible assets from first consolidation and of goodwill	—	–82,181
Financial income of the Group	–1,517	7,553
Income before taxes of the Group	2,081,491	2,989,755

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 2014/2015 and 2013/2014 financial year is shown in Table 2a and 2b, respectively:

Table 2a Development of goodwill, intangible assets, and property and equipment in the 2014/2015 financial year in €

ACQUISITION AND PRODUCTION COSTS:	01.09.2014	ADDITION FROM FIRST CONSOLIDATION	ADDITIONS	DISPOSALS	31.08.2015
Goodwill	4,381,513	792,197	—	—	5,173,710
Internally generated software	921,712	—	—	—	921,712
Other intangible assets	3,956,333	2,252	102,493	152,234	3,908,844
Computer hardware	3,868,560	21,637	280,178	659,892	3,510,483
Furniture and fixtures	1,978,534	36,142	71,590	274,557	1,811,709
Leasehold improvements	843,259	—	23,398	86,540	780,117
Total fixed assets	**15,949,911**	**852,228**	**477,659**	**1,173,223**	**16,106,575**

ACCUMULATED DEPRECIATION, AMORTISATION, AND WRITEDOWNS:	01.09.2014		ADDITIONS	DISPOSALS	31.08.2015
Goodwill	352,773	—	—	—	352,773
Internally generated software	—	—	921,712	—	921,712
Other intangible assets	3,770,287	—	112,952	152,077	3,731,162
Computer hardware	3,065,859	—	468,905	655,851	2,878,913
Furniture and fixtures	1,089,971	—	128,630	260,195	958,406
Leasehold improvements	632,336	—	110,484	80,357	662,463
Total fixed assets	**8,911,226**	**—**	**1,742,683**	**1,148,480**	**9,505,429**

NET BOOK VALUE:	31.08.2014				31.08.2015
Goodwill	4,028,740				4,820,937
Internally generated software	921,712				—
Other intangible assets	186,046				177,682
Computer hardware	802,701				631,570
Furniture and fixtures	888,563				853,303
Leasehold improvements	210,923				117,654
Total fixed assets	**7,038,685**				**6,601,146**

Table 2b Development of goodwill, intangible assets, and property and equipment in the 2013/2014 financial year in €

ACQUISITION AND PRODUCTION COSTS:	01.09.2013	ADDITIONS	DISPOSALS	31.08.2014
Goodwill	4,381,513	—	—	4,381,513
Internally generated software	433,319	488,393	—	921,712
Other intangible assets	3,796,127	167,271	7,065	3,956,333
Computer hardware	3,330,741	617,934	80,115	3,868,560
Furniture and fixtures	1,763,097	239,893	24,456	1,978,534
Leasehold improvements	843,259	—	—	843,259
Total fixed assets	**14,548,056**	**1,513,491**	**111,636**	**15,949,911**

ACCUMULATED DEPRECIATION, AMORTISATION, AND WRITEDOWNS:	01.09.2013	ADDITIONS	DISPOSALS	31.08.2014
Goodwill	352,773	—	—	352,773
Internally generated software	—	—	—	—
Other intangible assets	3,608,638	167,367	5,718	3,770,287
Computer hardware	2,680,857	453,757	68,755	3,065,859
Furniture and fixtures	947,333	160,384	17,746	1,089,971
Leasehold improvements	538,035	94,301	—	632,336
Total fixed assets	**8,127,636**	**875,809**	**92,219**	**8,911,226**

NET BOOK VALUE:	31.08.2013			31.08.2014
Goodwill	4,028,740			4,028,740
Internally generated software	433,319			921,712
Other intangible assets	187,489			186,046
Computer hardware	649,884			802,701
Furniture and fixtures	815,764			888,563
Leasehold improvements	305,224			210,923
Total fixed assets	**6,420,420**			**7,038,685**

4.1.1 GOODWILL

The consolidated balance sheets as at 31 August 2015 and 31 August 2014 show goodwill in the amount of € 4,821,000 and € 4,029,000, respectively, resulting as part of the initial consolidation of the following takeovers of companies and business operations carried out by various Group companies in the 2014/2015 financial year and 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
- Acquisition of Swipe GmbH by SinnerSchrader AG in July 2015

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.

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%	
	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014
Commerce Plus Group	2,782	2,782	Fair Value less Cost to Sell	Fair Value less Cost to Sell	0.5	0.5	6.6	8.1
SinnerSchrader Mobile Group	2,039	1,247	Fair Value less Cost to Sell	Fair Value less Cost to Sell	0.5	0.5	6.6	8.1
SinnerSchrader Group	**4,821**	**4,029**						

For the purpose of reviewing the recoverability of goodwill, "recoverable amounts" were ascertained for the CGUs as at 31 August 2015. A DCF model (fair value less cost of disposal) 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 client basis, wherever possible.

Due to the application of planning assumptions, the ascertained fair values are to be allocated to level 3 in the fair value hierarchy.

GOODWILL AND IMPAIRMENT TEST IN THE COMMERCE PLUS GROUP CGU

Goodwill in the total amount € 2,782,000, unchanged against the figure as at 31 August 2014, was allocated to the Commerce Plus Group as at 31 August 2015.

The impairment test was carried out on the basis of a three-year financial plan for the Commerce Plus Group for the 2015/2016 to 2017/2018 financial years. The Commerce Plus Group was able to further improve its operating result over that of the previous year in the 2014/2015 financial year, but it fell short of the targets of an increase in revenue of just under 11 % and an operating margin (ratio of EBITA to net revenue) of 6.8 % as set in the plan for the previous year. The revenue decreased by 3.8 %, with the margin at 2.7 %. In its business planning, the Commerce Plus Group thus now presumes that the development of business will decline slightly to result in an average annual decrease in net revenue of 1 %. In the first planning year, the operating margin is to increase to a level of just under 4 % and improve to around 8 % during the course of the plan. The plan takes account of the potential loss of two major existing clients and assumes a return to a more dynamic development of business with new clients in its first year than in the 2014/2015 financial year. A sustainable improvement in the efficiency of staff deployment, reflected in a scheduled increase in the real net output per employee, remains an important part of the business plan. The cash flows were carried forward beyond the three-year planning period, taking into account a steady growth rate of 0.5 %.

The interest rate after taxes used for discounting the cash flow forecasts was determined on the basis of the concept of the weighted average cost of capital (WACC). On the basis of a risk-free base interest rate of 1.45 % (previous year: 2.25 %), a market risk premium of 6.25 % (previous year: 6.25 %), a beta factor of 0.84 for the sector (previous year: 1.01) and a peer group adapted against that of the previous year due to improved comparability, figures of 6.59 % after taxes (previous year: 8.07 %) and 9.39 % before taxes (previous year 11.49 %) resulted respectively for the WACC.

The recoverable amount determined for this CGU on this basis surpasses the book value of the CGU including goodwill. There was thus no need for impairment as at 31 August 2015. This would also apply in scenarios in which declines in revenue of 10 % a year in the planning period were to be assumed, or in which a gradual increase in the operating margin of around 2.7 % was to be assumed at only 5 %. Even in the event of a cumulative occurrence of declines in revenue of 10 % a year and a gradual increase in the operating margin of around 2.7 % to only 5 %, the recoverable amount would still exceed the book value of the CGU.

However, if an even weaker development of the margin were to be assumed to the effect that the margin settled at a lasting level of 2.5 % as of the first planning year, and provided that the development of revenue remained unchanged from that included in the plan, the need for impairment would amount to € 280,000.

In terms of the planning of the Commerce Plus Group 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 € 577,000. There would be no need for impairment as at 31 August 2015 in a scenario of this kind.

GOODWILL AND IMPAIRMENT TEST IN THE SINNERSCHRADER MOBILE GROUP CGU

The goodwill allocated to SinnerSchrader Mobile Group CGU changed by the € 792,000 in goodwill arising from the acquisition of Swipe GmbH in the 2014/2015 financial year in comparison to the status as at 31 August 2014, to amount to € 2,039,000 as at 31 August 2015 (previous year: € 1,247,000).

The impairment test was carried out on the basis of a three-year financial plan for SinnerSchrader Mobile Group for the 2015/2016 to 2017/2018 financial years. SinnerSchrader Mobile fell considerably short of its plan in the 2014/2015 financial year, not least because of the change in the management. Revenues decreased by 11 %. The operating result was negative for the first time due to interim over-capacities. With the completion of the management restructuring process, and now that SinnerSchrader Mobile has been strengthened in terms of its perception on the market and the extent of its service portfolio, the plan provides for moderate growth to average at around 10 % in the coming three financial years on the basis of the pro-forma figures for the 2014/2015 financial year and on the inclusion of Swipe GmbH for the year as a whole. The realisation of cross-selling potential from the Group's client base is expected to generate positive impulses for business conducted by the SinnerSchrader Mobile Group. The operating margin is to improve from 6.9 % in the first planning year to up to 9.0 % in the final year of the planning horizon. The cash flows were carried forward beyond the planning period, taking into account a steady growth rate of 0.5 %.

The interest rate after taxes used for discounting the cash flow forecasts was determined on the basis of the concept of the weighted average cost of capital (WACC). On the basis of a risk-free base interest rate of 1.45 % (previous year: 2.25 %), a market risk premium of 6.25 % (previous year: 6.25 %) and a beta factor of 0.84 for the sector (previous year: 1.01) and of a peer group adapted against that of the previous year due to improved comparability, figures of 6.59 % after taxes (previous year: 8.07 %) and 9.39 % before taxes (previous year 11.49 %) resulted respectively for the WACC.

The recoverable amount determined for the CGU on this basis surpasses the book value of the CGU including goodwill. There was thus no need for impairment as at 31 August 2015. This would also apply in scenarios in which revenues were reduced against the plan by 10 % in each case, or if the operating margin for the planning period were to be assumed at only 5 %. Even in the event of a cumulative occurrence of revenues reduced against the plan in the amount of 10 % a year and an operating margin of only 5 % for the planning period, the recoverable amount would still exceed the book value of the CGU.

However, if an even weaker development of the margin were to be assumed in that the margin settled at a lasting level of 4.5 % as of the first planning year, provided that the development of revenue remained unchanged from that included in the plan, the need for impairment would amount to € 102,000.

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 € 403,000. There would be no need for impairment as at 31 August 2015 in a scenario of this kind.

4.1.2 INTERNALLY GENERATED SOFTWARE

The non-current assets item in the consolidated balance sheets as at 31 August 2014 contained capitalised development costs in the amount of € 922,000 as internally generated software for the NEXT AUDIENCE Platform, which was developed by NEXT AUDIENCE GmbH in the Interactive Media segment, commencing in the second half of the 2011/2012 financial year until the completion of Version 1.0 of the software program in August 2014. In the 2014/2015 financial year, NEXT AUDIENCE GmbH generated revenue in the amount of € 1,495,000 on the basis of the NEXT AUDIENCE Platform; the capitalised development costs were depreciated according to schedule on the basis of a scheduled usage period of three years, to € 614,000 as at 31 August 2015.

As a result of the decision taken by SinnerSchrader at the end of June 2015 to withdraw from NEXT AUDIENCE business and to offer the business and/or the NEXT AUDIENCE Platform for purchase by third parties, the impairment test carried out on capitalised development costs is based on an estimation of whether SinnerSchrader can realise a price for the software as a part of a sale or partial sale, and if so, what this price will be.

It was not possible to make a sale or a partial sale in the period up to completion of the consolidated financial statement. SinnerSchrader is currently still negotiating a possible transaction including the NEXT AUDIENCE Platform, but because the company has to date received neither a written offer for a purchase/partial purchase of the software nor been able to conclude a memorandum of understanding or a comparable preliminary agreement with one of the negotiation partners, it was necessary to undertake the complete, unscheduled depreciation of the remaining value of the capitalised development costs in the amount of € 614,000 as at 31 August 2015.

4.2 DEFERRED TAXES

Both in the 2014/2015 and the 2013/2014 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 POC RECEIVABLES AND LIABILITIES

As at 31 August 2015, PoC receivables amounted to € 2,242,591 (previous year: € 3,496,311). They included advance payments received which were offset in the amount of € 400,473 (previous year: € 3,225,810) in the period up to the balance sheet date.

As at 31 August 2015 there were PoC liabilities in the amount of € 35,503 (previous year: € 135,240). The advance payments received in the amount of € 653,098 (previous year: € 717,836) exceeded the corresponding receivables of € 617,595 (previous year: € 582,596). The difference is reported under advance payments received in the balance sheet.

4.4 TAX REIMBURSEMENT CLAIMS

As at 31 August 2015 and 31 August 2014, the tax reimbursement claims to be reported on the asset side amounted to € 91,487 and € 105,803, respectively.

The non-current tax reimbursement claims amounted to € 68,649 (previous year: € 89,938). Discounted claims for payment resulted from identified corporation tax credits, which were to be capitalised in their full amount in accordance with tax regulations. In September 2008, the payment in instalments started independent of any dividends 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 € 22,838 (previous year: € 15,865) result from creditable taxes collected at source and advance tax payments for corporation tax, which exceeded the tax expenditure calculated for the financial year. In the previous year only creditable taxes collected at source were reported in current tax reimbursement claims.

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

There were no fixed-term deposits and securities in the SinnerSchrader stock as at 31 August 2015 and 31 August 2014.

4.7 FUNDS

Cash flows and bank balances resulted in funds of € 5,558,880 as at 31 August 2015 (previous year: € 5,832,597).

Furthermore, SinnerSchrader AG received open-end loan commitments from two banks for cash and surety loans totalling altogether € 4.5 million in the 2013/2014 financial year which were valid as at 31 August 2015. With the exception of the defined bank guarantees mentioned in Section 4.12 the credit lines had not been used as at 31 August 2015 and 31 August 2014.

4.8 SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

As at 31 August 2015 and 31 August 2014, 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 2015 and 31 August 2014, 11,483,525 and 11,235,858 shares, respectively, of all issued outstanding shares were in circulation. The remaining 59,239 and 306,906 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 2015, 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 stock options to employees.

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, 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 stock 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 2015 treasury stock amounted to 59,239 shares. The average acquisition cost on 31 August 2014 was€ 1.75 per share. 59,239 treasury stock shares represent 0.51 % 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 2014, there were 306,906 treasury stock shares with average acquisition costs of € 1.75 per share.

In the 2014/2015 financial year, 91,667 shares of treasury stock were issued within the scope of exercising employee options, and 156,000 treasury stock shares were used as part of the purchase price for the takeover of Swipe GmbH.

CAPITAL RESERVE

As at 31 August 2015 and 31 August 2014, the capital reserve amounted to € 3,926,544 and € 3,654,636, respectively. 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. The € 271,908 increase in the capital reserve resulted from the use of treasury stock for the acquisition of subsidiaries and to service employee options, if exercised.

RESERVE FOR SHARE-BASED COMPENSATION

The reserve comprises the accumulated costs from issuing share-based compensation. As at 31 August 2015 and 31 August 2014, they reached a value of € € 266,598 and 260,077, respectively.

ACCUMULATED DEFICIT (INCL. REVENUE RESERVES)

The balance sheet loss was reduced by the amount of the net income of € 1,518,387 in the 2014/2015 financial year, minus the dividend paid to the SinnerSchrader AG shareholders in the amount of € 1,348,303. As at 31 August 2015 the balance sheet loss was € 699,403, after € 869,487 on 31 August 2014.

ACCUMULATED OTHER INCOME

Accumulated other income in the amount of € 26,000 as at 31 August 2015 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 2014, the item amounted to € 25,162 and also resulted in the full amount from the currency conversion. The change of this item is shown in Table 4:

Table 4 Changes in shareholders' equity not affecting net income in €

	FOREIGN CURRENCY TRANSLATION	SUM
31.08.2014	25,162	25,162
Change	+1,138	+1,138
31.08.2015	26,300	26,300

4.9 TAX LIABILITIES

As at 31 August 2015 tax liabilities amounted to € 1,575,196 (previous year: € 545,264). As at the balance sheet date they comprised reserves for corporation tax of € 667,990 and reserves for commercial tax of € 907,206. Tax receivables resulting from tax declared for the 2012/2013 financial year and comprising corporation tax and commercial tax were balanced in the amount of € 119,589 and € 126,562, respectively.

4.10 ACCRUED EXPENSES

Accrued expenses are all due within one year. Table 5a shows the composition of the accrued expenses as at 31 August 2015 and the development in the 2014/2015 financial year:

Table 5a Accrued expenses 2014/2015 in €

	31.08.2014	UTILISED	ADDITION FROM FIRST CONSOLIDATION	ALLOCATED	DISSOLVED	31.08.2015
Accrued compensation	3,127,004	3,091,079	—	1,909,199	31,016	1,914,108
Accrued project-oriented expenses for warranties and allowances	572,488	350,889	—	249,390	4,737	466,252
Accrued rent and related expenses	223,103	119,015	—	38,262	—	142,350
Reporting and auditing expenses	104,175	86,279	1,000	75,186	4,476	89,606
Other accruals	493,968	128,496	11,962	132,704	59,008	451,130
Total	**4,520,738**	**3,775,758**	**12,962**	**2,404,741**	**99,237**	**3,063,446**

Table 5b shows the composition of the accrued expenses as at 31 August 2014 and the development in the 2013/2014 financial year:

Table 5b Accrued expenses 2013/2014 in €

	31.08.2013	UTILISED	ALLOCATED	DISSOLVED	31.08.2014
Accrued compensation	2,080,516	1,906,568	2,956,309	3,253	3,127,004
Accrued project-oriented expenses for warranties and allowances	478,343	243,715	368,192	30,332	572,488
Accrued rent and related expenses	279,363	114,551	58,291	—	223,103
Reporting and auditing expenses	114,630	95,031	84,576	—	104,175
Other accruals	377,976	151,694	292,800	25,114	493,968
Total	**3,330,828**	**2,511,559**	**3,760,168**	**58,699**	**4,520,738**

4.11 CURRENT LIABILITIES AND OTHER PAYABLES

As at 31 August 2015 current liabilities and other payables 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 €

	31.08.2015	31.08.2014
Liabilities from income tax and church tax	513,079	438,153
Liabilities from value-added tax	800,398	511,882
Other current liabilities	18,034	1,074,638
Deferred revenues and deferred income	1,139,331	477,410
Total	**2,470,842**	**2,502,083**

This item contains accruals for volume-related discounts in the amount of € 564,570 as at 31 August 2015 (previous year: € 994,072).

4.12 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 71 months as at 31 August 2015. 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 3 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	
	31.08.2015	31.08.2014	31.08.2015	31.08.2014
01.09.2014–31.08.2015	—	89,205	—	1,767,076
01.09.2015–31.08.2016	73,847	55,141	2,186,698	1,645,436
01.09.2016–31.08.2017	51,363	29,396	1,672,315	531,998
01.09.2017–31.08.2018	17,835	1,882	1,091,671	75,740
01.09.2018–31.08.2019	—	—	914,588	—
01.09.2019–31.08.2020	—	—	914,588	—
After 31.08.2020	—	—	838,372	—
Total	**143,045**	**175,624**	**7,618,232**	**4,020,250**

The extension of the lease for the location in Völckersstraße in Hamburg, which was concluded during the year, is reflected in the significant increase in financial obligations.

Future rental payments for the 2015/201 financial year contain an offset in the amount of € 37,660, which is earned by way of a sub-tenancy.

All of these expenses from rents including the operating costs amounted to € 2,068,055 and € 1,856,557 in the 2014/2015 and 2013/2014 financial years, respectively. Income from a sub-tenancy in the amount of € 64,541 (previous year: € 96,588) has been offset against rental payments for the 2014/2015 financial year. The expenses arising from leasing agreements amounted to € 111,937 and € 117,680 in the 2014/2015 and 2013/2014 financial years, respectively.

In addition, SinnerSchrader has certain regular 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 2015, the volume of this guarantee was € 476,575 (previous year: € 451,575).

4.13 FINANCIAL INSTRUMENTS – INFORMATION ACCORDING TO IFRS 7

Cash and cash equivalents, accounts receivable and other financial assets are mainly short-term (remaining terms of less than three months or less than one year). The book value of the financial assets as at 31 August 2015 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 2015:

Table 8a Financial instruments acc. to IFRS 7 in € 000s

		31.08.2015		31.08.2014	
	CATEGORY OF MEASUREMENT ACC. TO IAS 39	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Funds	LaR	5,559	5,559	5,833	5,833
Accounts receivable and unbilled services[1]	LaR	14,110	14,110	14,461	14,461
Other current assets	LaR	480	480	892	892
Funds and current assets		**20,149**	**20,149**	**21,186**	**21,186**
Trade accounts payable	FLaC	3,470	3,470	4,652	4,652
Other non-current liabilities	FLaC	1,095	1,095	1,513	1,513
Financial liabilities		**4,565**	**4,565**	**6,165**	**6,165**
1) including accounts receivable from PoC	LaR	2,171	2,171	3,496	3,496

FLaC Financial Liabilities at Amortised Cost
LaR Loans and Receivables

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		2014/2015	2013/2014
LaR	—	3,169	—	16,589	—	19,758	16,660
FLaC	—	–4,686	—	–15,830	209,215	188,699	—
Total	**—**	**–1,517**	**—**	**759**	**209,215**	**208,457**	**16,660**

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	SUM	NOT DUE	DAYS OVERDUE			
			1–90 DAYS	91–180 DAYS	181–360 DAYS	MORE THAN 360 DAYS
As at 31 August 2015	10,326	8,084	1,923	281	1	37
As at 31 August 2014	9,904	8,765	578	410	84	67

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 €

			UTILISED	ALLOCATED	DISSOLVED		
Allowances for doubtful accounts receivable	01.09.2013	59,290	23,095	19,430	—	55,625	31.08.2014
Allowances for doubtful accounts receivable	01.09.2014	55,625	20,064	16,800	211	52,150	31.08.2015

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 revenues (gross) of € 51,975,360 (previous year: € 51,355,139) include revenue from the passing on of costs incurred for the purchase of advertising spaces in online media business ("media costs") in the amount of € 4,285,151 (previous year: € 2,754,566). After deduction of the media costs, revenues (net) in the amount of € 47,690,209 (previous year: € 48,600,573) result. These net revenues are used by SinnerSchrader as a reference value for revenue.

Of the net revenues, € 15,142,457 are order revenues, of which an amount of € 3,260,659 (previous year: € 7,382,028) is from commissioned projects which had not been completed as at 31 August 2015. The accumulated costs for these commissioned projects amounted to € 2,366,548 (previous year: € 6,583,587) on the reporting date.

5.2 BREAKDOWN OF EXPENSES ACCORDING TO THE TOTAL COST METHOD

The total revenues, marketing, administrative, and research and development costs of the 2014/2015 and 2013/2014 financial years was broken down according to cost types, as shown in Table 9:

Table 9 Operating costs by cost type in €

	2014/2015	2013/2014
Personnel expenses	30,735,472	27,338,017
Costs of materials and services	7,561,643	11,112,950
Depreciation of property and equipment, as far as not from first consolidation	1,742,683	793,628
Other operating expenses	6,021,959	6,425,632
Amortisation of intangible assets from first consolidation	—	82,181
Total	**46,061,757**	**45,752,408**

The personnel expenditure refers to an average personnel capacity of 478 full-time employees in the 2014/2015 financial year and 444 full-time employees in the 2013/2014 financial year.

The Group paid contributions to statutory pension insurers. In 2014/2015 these expenses in connection with contribution-based pension plans were € 2,030,217 (previous year: € 1,822,734).

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 clients.

Within the other operating expenses, € 2,068,055 and € 1,856,557 were incurred for renting and operating the office space in the 2014/2015 and 2013/2014 financial years, respectively.

No bad debts needed to be reported in the other operating expenses in the 2014/2015 financial year. In the comparable period of the previous year, bad debts were incurred in the amount of € 207,030.

5.3 OTHER INCOME AND EXPENSES

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

Table 10 Other income and expenses in €

	2014/2015	2013/2014
Income from dissolving of accrued expenses	308,452	92,670
Income from written-off receivables	136,887	32,833
Compensation for damages	21,980	22,613
Other income	8,670	8,071
Other income, total	**475,989**	**156,187**
Expenses from disposal of fixed assets	–4,938	–10,045
Goodwill amortisation	–15,830	—
Other expenses	–665	–12,105
Other expenses, total	**–21,433**	**–22,150**
Other income, other expenses, total	**454,556**	**134,037**

5.4 FINANCIAL RESULT

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

Table 11 Financial income in €

	2014/2015	2013/2014
Interest income	3,169	16,660
Interest expenses	–4,686	–9,107
Total	**–1,517**	**7,553**

Interest income was earned from investing free liquid funds on the capital market. Interest expenses and similar expenses largely arose from providing bank guarantees.

5.5 INCOME TAXES

The income taxes posted in the 2014/2015 and 2013/2014 financial years are made up of current and deferred components, as shown in Table 12a:

Table 12a Income tax in €

	2014/2015	2013/2014
Current	1,604,025	1,166,656
Deferred	–1,040,921	–20,138
Total	**563,104**	**1,146,518**

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 2015 and 31 August 2014, broken down according to the items for which there was an evaluation difference:

Table 12b Deferred tax items in €

	31.08.2015	31.08.2014
Deferred tax assets:		
Loss carry-forwards	1,739,841	1,629,364
Valuation of accrued expenses	28,902	51,946
Valuation of intangible assets	106,043	122,477
Valuation allowance	–1,055,827	–1,284,957
Total deferred tax assets	**818,959**	**518,830**
Deferred tax liabilities:		
Valuation of unfinished/unbilled services	399,649	877,993
Valuation of intangible assets	23,378	315,760
Valuation of fixed assets	83	—
Valuation of current assets	19,088	23,957
Total deferred tax liabilities	**442,198**	**1,217,710**
Total deferred tax assets/liabilities, net	**376,761**	**–698,880**
thereof:		
deferred tax assets/liabilities formed with an effect on net income	342,041	–698,880
deferred tax assets from first consolidation not effecting net income	34,720	—

After company-related offsetting, an amount of € 672,000 in deferred tax claims was capitalised and deferred tax debts in the amount of € 295,000 were recognised as liabilities. As at 31 August 2015 and 31 August 2014, the calculation of deferrals was based on tax loss carry-forwards in Germany, the UK, the Netherlands, and the Czech Republic. In Germany and the UK, 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 2005 in the amount of € 8,000 were thus not eligible for carrying forward in the 2014/2015 financial year. As at the 2015/2016 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.

In accordance with IAS 12.39, no deferred taxes are recognised for valuation differences between the taxable book value of shares in subsidiaries and shareholders' equity held by subsidiaries and conversion tax-related beneficiary mergers and material goods within the Group. The temporary differences resulting in this respect amount to € 14,126,000. There were no taxable accumulated distributable profits as at 31 August 2015.

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 2015 and 31 August 2014, 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 pre-dating 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 2015 and at 31 August 2014. 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.

Tax rates of 20 % and 25 %, respectively, were valid for the companies in the UK and the Netherlands as at 31 August 2015, and tax rates of 23 % and 25 %, respectively, were valid as at 31 August 2014. A tax rate of 19 % applies for the company in the Czech Republic.

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 rate in €

	31.08.2015		31.08.2014	
FOR CORPORATE TAX	LOSS CARRY-FORWARDS	TAX RATE	LOSS CARRY-FORWARDS	TAX RATE
Germany	–4,410,444	15.8 %[1]	–3,660,355	15.8 %[1]
UK	–1,343,459	20.0 %	–1,305,568	23.0 %
Netherlands	–90,448	25.0 %	–88,331	25.0 %
Czech Republic	–381,343	19.0 %	–179,239	19.0 %

	31.08.2015		31.08.2014	
FOR MUNICIPAL TRADE TAX	LOSS CARRY-FORWARDS	TAX RATE	LOSS CARRY-FORWARDS	TAX RATE
Germany	–5,197,782	16.5 %	–4,254,813	16.5 %
UK	—	—	—	—
Netherlands	—	—	—	—
Czech Republic	—	—	—	—

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

Only losses carried forward in Germany in an amount of € 2,384,000 of the losses carried forward as shown in Table 12c are considered to be recoverable.

The deferred tax assets and liabilities were posted separately for every tax subject for identification on the Consolidated Balance Sheets.

The tax expenditure or income identified in the Consolidated 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 Consolidated Statements of Operations for the 2014/2015 and 2013/2014 financial years:

Table 12d Tax reconciliation in €

	2014/2015	2013/2014
Income before income taxes	2,081,491	2,989,755
Statutory tax rate in Germany	32.28 %	32.28 %
Calculative tax provision (+), tax credit (–)	671,801	964,943
Non-deductible expenses for share-based compensation	2,105	7,806
Other non-deductible expenses/non-taxable income	37,835	50,007
Notional, non-deductible expenses according to Article 8b para. 3 sentence 1 of the German Corporation Tax Act ("KStG") in conjunction with off balance sheet deferred taxes on various amounts of equity interest	244	—
Recognition of previously unrecognised tax losses carried forward	–2,374	—
Unrecognised tax losses carried forward	39,167	—
Changes in valuation allowances for deferred tax assets in domestic group companies	–225,014	32,743
Changes in valuation allowances for deferred tax assets in foreign group companies	35,050	45,248
Differences in tax rates	–3,338	36,116
Taxes for previous years	7,628	–9,519
Other	—	19,174
Income tax corresponding to income statement	**563,104**	**1,146,518**

5.6 EARNINGS PER SHARE

The derivation of the undiluted and diluted earnings per share for the 2014/2015 and 2013/2014 financial years is shown in Table 13:

Table 13 Earnings per share in € and number

	2014/2015	2013/2014
Net income	**1,518,387**	**1,843,237**
Basis weighted average shares of common stock outstanding	11,313,720	11,140,220
Basic earnings per share	**0.13**	**0.17**
Weighted average shares of common stock outstanding	11,313,720	11,140,220
add: stock option grant	42,866	113,854
Diluted average share of common stock outstanding	11,356,587	11,254,075
Diluted earnings per share	**0.13**	**0.16**

6 ADDITIONAL INFORMATION ON THE STATEMENTS OF CASH FLOWS

6.1 INTEREST RECEIVED AND INTEREST PAID

In the 2014/2015 financial year, SinnerSchrader received interest in the amount of € 715 (previous year: € 13,467) and paid € 4,686 (previous year: € 9,106) in interest and similar expenses.

6.2 TAX PAYMENTS

Advance payments of corporation tax and commercial tax were made in the amount of € 168,378 (previous year: € 178,822) and € 211,160 (previous year: € 211,066), respectively, for the 2014/2015 financial year. Furthermore, in the 2014/2015 financial year, corporation tax in the amount of € 13,530 and commercial tax in the amount of € 100 were paid from the tax debts for the 2012/2013 financial year. No investment income tax was paid in the 2014/2015 financial year (previous year: € 8,054).

Tax reimbursements in the amount of € 15,964 resulted from the corporation tax assessment for the 2011/2012 financial year. The corresponding tax receivables were adjusted as at 31 August 2013 as part of a loss carry-back. Furthermore, the annual rate of € 23,743 for the corporation tax credit identified in 2008 was transferred.

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 Sinner-Schrader 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 2014/2015 financial year, 91,667 options were exercised at an average exercise price of € 1.66, and 16,668 options with an average exercise price of € 1.57 expired. In the 2013/2014 financial year, 150,000 options were exercised at an average exercise price of € 1.65, and 75,000 options with an average exercise price of € 2.42 were to be cancelled. In the preceding financial years, 545,000 options with an average exercise price of € 1.95 were allocated, of which 8,332 options and 75,000 options, respectively, were to be cancelled in the 2011/2012 and the 2012/2013 financial years.

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 stock 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.

In the 2014/2015 financial year, 30,000 options from the 2012 Stock Option Plan were allocated with an average exercise price of € 3.53, and 25,000 options with an average exercise price of € 2.12 were to be cancelled. In the previous financial years, 165,000 employee options had been issued with an average exercise price of € 1.84, and 15,000 options with an average exercise price of € 1.65 were to be cancelled.

The total expenditure for share-based compensation where the return is recorded immediately with an effect on expenditure is € 6,521 (previous year: € 7,806) and results entirely from compensation with shareholders' equity instruments.

Table 14a shows the parameters used to assess the newly allocated options in the 2014/2015 and 2013/2014 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

	2014/2015	2013/2014
Expected life of option	4.5 years	4.5 years
Risk-free interest rate	0.34 %	0.89 %
Expected dividend yield	5 %	5 %
Expected volatility	38 %	39 %
Exercise price	€ 3.53	€ 2.43
Price at valuation date	€ 3.13	€ 2.57

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 2014/2015 and 2013/2014 financial years:

Table 14b Outstanding stock options in € and number

	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE GRANT DATE FAIR VALUE
Outstanding at 31 August 2013	**586,668**	**1.85**	**0.49**
Granted	40,000	2.43	0.63
Exercised	–150,000	1.65	0.69
Cancelled	–90,000	2.29	0.44
Expired	—	—	—
Outstanding at 31 August 2014	**386,668**	**1.89**	**0.44**
Granted	30,000	3.53	0.51
Exercised	–91,667	1.66	0.48
Cancelled	–25,000	2.12	0.49
Expired	–16,668	1.57	0.47
Outstanding at 31 August 2015	**283,333**	**2.14**	**0.41**

Additional information on all options outstanding on 31 August 2015 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 €
31.08.2014	0.00–5.00	386,668	3.72	1.89	281,670	1.68
31.08.2015	0.00–5.00	283,333	4.01	2.14	80,000	2.08

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. Credit lines of € 2 million and € 2.5 million, respectively, were agreed with two banks in order to avoid shortages of liquidity in the short term; they had, however, not been utilised on the reporting date.

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 client, but clients do not always meet the resulting payment obligations. SinnerSchrader reduces this risk by carrying out regular credit checks on new clients and by regularly monitoring its clients' outstanding payment obligations. In the 2014/2015 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 failure rate results from the book values of the financial assets posted in the balance sheet and from the current values of the securities posted. SinnerSchrader held no securities as at 31 August 2015.

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 € 15,830 (previous year: € 5,248) in the 2014/2015 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 had no substantial interest-bearing financial liabilities and nor had it made any interest-bearing investments on the balance sheet date. There were thus no interest-rate risks as at 31 August 2015.

However, due to the investment policy based on security and the quick convertibility into cash with short terms, the financial crisis of recent years resulting in the fall in interest rates continued to have a negative impact on the financial result of the 2014/2015 financial year because re-investment of liquidity that became available was only possible at lower interest rates.

EXCHANGE RISKS

As at 31 August 2015, SinnerSchrader did not hold any shares in 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 2015, the SinnerSchrader shareholders' equity rate was 53.9 % (previous year: 49.3 %). The shareholders' equity return – the ratio of the net profit to shareholders' equity on the balance sheet date – was 10.2 % and 13.1 % for the 2014/2015 and 2013/2014 financial years, respectively.

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

9 RELATED PARTY TRANSACTIONS

In the 2014/2015 and 2013/2014 financial years, subsidiaries of SinnerSchrader AG earned revenue in the amount of € 1,898,611 and € 2,340,353, 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 € 265,060 and € 466,473, respectively, on 31 August 2015 and 31 August 2014.

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

9.1 MANAGEMENT BOARD

In the 2014/2015 financial year, the following people were appointed to the Management Board:

- Matthias Schrader, Chairman, appointed until 31 December 2020
  - Businessman, Hamburg, Germany
- Thomas Dyckhoff, Finance Director, appointed until 31 December 2016
  - 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 2014/2015 financial year; the comparative data of the previous year can be seen in Table 15b:

Table 15b Compensation of the Management Board members 2014/2015 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	8,752	80,112	—	—
Thomas Dyckhoff	160,000	9,679	65,908	—	—
Total	**350,000**	**18,431**	**146,020**	**—**	**—**

Table 15b Compensation of the Management Board members 2013/2014 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	6,650	77,274	—	—
Thomas Dyckhoff	160,000	9,679	69,641	—	—
Total	**350,000**	**16,329**	**146,914**	**—**	**—**

The total compensation of the Management Board in the 2014/2015 financial year was € 514,451 (previous year: € 513,243). 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 2014/2015 financial year were € 16,669, unchanged from the previous year.

Reserves accumulated in the previous year were reversed in recognition of profit or loss for variable remuneration on the basis of medium-goals in the 2014/2015 financial year, since expectations for the fulfilment of conditions for payment in terms of growth in revenue and a return on net income in the three financial years from 2013/2014 to 2016/2017 were ruled out by the development in the 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 2013/2014 financial year, the Supervisory Board had the following members:

- Dieter Heyde, Chairman
  - MBA, 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 2014/2015 financial year; the comparative data of the previous year can be seen in Table 16b:

Table 16a Compensation of the Supervisory Board members 2014/2015 in €

	FIXED SALARY	VARIABLE COMPONENTS
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 2013/2014 in €

	FIXED SALARY	VARIABLE COMPONENTS
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 2014/2015 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	5,528,770 2)	yes	01.09.14–31.08.15
Commerce Plus GmbH, Hamburg, Germany	100.00	EUR	25,000	1,490,651	284,256 2)	yes	01.09.14–31.08.15
Commerce Plus Consulting GmbH, Hamburg, Germany 3)	100.00	EUR	25,000	25,000	61,594 2)	yes	01.09.14–31.08.15
SinnerSchrader UK Ltd., London, UK 4)	100.00	GBP	100,000	–799,882	–28,334	no	01.09.14–31.08.15
SinnerSchrader Benelux BV, Rotterdam, The Netherlands 4)	100.00	EUR	18,000	–246,452	–10,217	no	01.01.14–31.12.14
NEXT AUDIENCE GmbH, Hamburg, Germany	100.00	EUR	765,400	238,902	–304,253	no	01.09.14–31.08.15
SinnerSchrader Content GmbH, Hamburg, Germany 5)	100.00	EUR	25,000	54,759	802,299 2)	yes	01.09.14–31.08.15
SinnerSchrader Mobile GmbH, Berlin, Germany	100.00	EUR	25,000	1,071,098	85,785	no	01.09.14–31.08.15
Swipe GmbH, Hamburg, Germany 6)	100.00	EUR	25,000	2,609	–184,633	no	01.01.15–31.08.15 1)
SinnerSchrader Praha s.r.o., Prague, Czech Republic	100.00	CZK	200,000	–13,868,173	–5,225,669	no	01.09.14–31.08.15

1) Abbreviated financial year
2) Before profit-transfer
3) The company is a 100 % subsidiary of the Commerce Plus GmbH.
4) The company's activities have currently been temporarily discontinued; respective shares were written off in the year the activity was discontinued. Audited financial statements of the company are not available.
5) The company is a 100 % subsidiary of the NEXT AUDIENCE GmbH.
6) The company is a 100 % subsidiary of the SinnerSchrader Mobile GmbH.

11.2 USE OF ARTICLE 264 PARA. 3 HGB

SinnerSchrader Deutschland GmbH, Hamburg, Commerce Plus GmbH, Hamburg, Commerce Plus Consulting GmbH, Hamburg, and SinnerSchrader Content GmbH, Hamburg, will each make use of the exemption provision of Article 264 para. 3 HGB for the Annual Report of 31 August 2015.

11.3 EMPLOYEES

In the 2014/2015 financial year, the SinnerSchrader Group had an average of 523 employees, 12 of which were members of the Management Board or managing directors of Group companies and 108 were apprentices, students or interns.

In the previous year, there was an average of 489 employees in the Group.

11.4 AUDITORS' FEE

€ 75,000 were spent on the auditing of the Annual Report and the Consolidated Financial Statements as at 31 August 2015. Ebner Stolz Wirtschaftsprüfer Steuerberater Rechtsanwälte Partnerschaft mbB received € 54,800 for tax advice and the preparation of tax returns for 2014, as well as another € 1,000 for other certification services.

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 2015 and any changes in the 2014/2015 financial year:

Table 18 Shares and options of the Board members in number

SHARES	31.08.2014	ADDITIONS	DISPOSALS	31.08.2015	
Management Board:					
Matthias Schrader	2,576,289	—	—	2,576,289	
Thomas Dyckhoff	74,950	75,000	40,000	109,950	
Total shares of the Management Board	**2,651,239**	**75,000**	**40,000**	**2,686,239**	
Supervisory Board:					
Dieter Heyde	—	—	—	—	
Prof. Cyrus D. Khazaeli	—	—	—	—	
Philip W. Seitz	—	—	—	—	
Total shares of the Supervisory Board	**—**	**—**	**—**	**—**	
Total shares of the Board members	**2,651,239**	**75,000**	**40,000**	**2,686,239**	

OPTIONS	31.08.2014	ADDITIONS	DISPOSALS	31.08.2015	CURRENT VALUE OF EACH SUBSCRIPTION RIGHT ON THE DATE OF GRANTING
Management Board:					
Matthias Schrader	—	—	—	—	
Thomas Dyckhoff	120,000	—	75,000	45,000	€ 0.48
Total shares of the Management Board	**120,000**	**—**	**75,000**	**45,000**	
Supervisory Board:					
Dieter Heyde	—	—	—	—	
Prof. Cyrus D. Khazaeli	—	—	—	—	
Philip W. Seitz	—	—	—	—	
Total shares of the Supervisory Board	**—**	**—**	**—**	**—**	
Total shares of the Board members	**120,000**	**—**	**75,000**	**45,000**	

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

Participating interests in the Company have been notified according to Article 21 para. 1 of the German Securities Trading Act ("WpHG") and published according to Article 26 para. 1 of the German Securities Trading Act as follows:

1. Axxion S.A., Grevenmacher, Luxembourg, notified us on 10 September 2015 in accordance with Article 21 para. 1 of the German Securities Trading Act that its share of the voting rights in SinnerSchrader AG, Hamburg, Germany, exceeded the threshold of 3 % of the voting rights and had amounted to 3.29 % on this date (equivalent to 380,000 voting rights).

2. Internationale Kapitalanlagegesellschaft mbH, Düsseldorf, Germany, notified us on 9 September 2015 in accordance with Article 21 para. 1 of the German Securities Trading Act that its share of the voting rights in SinnerSchrader AG, Hamburg, Germany, exceeded the threshold of 5 % of the voting rights on 8 September 2015 and had amounted to 5.15 % on this date (equivalent to 594,758 voting rights), whereby it has a share of voting rights of 2.20 % (equivalent to 253,680 voting rights) under the terms of Article 22 para. 1 sentence 1 No. 6 of the German Securities Trading Act.

3. CLEF Holding AG, Beckenried, Switzerland, notified us on 5 November 2014 in accordance with Article 21 para. 1 of the German Securities Trading Act that its share of the voting rights in SinnerSchrader AG, Hamburg, Germany, exceeded the threshold of 3 % of the voting rights on 28 October 2014 and had amounted to 4.43 % on this date (equivalent to 511,415 voting rights), whereby it has a share of voting rights of 1.31 % (equivalent to 151,415 voting rights) under the terms of Article 22 para. 1 sentence 1 No. 1 of the German Securities Trading Act.

4. CLEF Trading AG, Beckenried, Switzerland, notified us on 5 November 2014 in accordance with Article 21 para. 1 of the German Securities Trading Act that its share of the voting rights in SinnerSchrader AG, Hamburg, Germany, fell below the threshold of 3 % of the voting rights on 27 October 2014 and had amounted to 1.31 % on this date (equivalent to 151,415 voting rights).

5. SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, Germany, notified on 26 September 2014 in accordance with Article 26 para. 1 sentence 2 of the German Securities Trading Act that its share of treasury stock fell below the threshold of 3 % of the voting rights and had amounted to 2.8754 % on this date (equivalent to 331,906 voting rights).

6. Mr Alexander Spohr, Germany, notified us on 2 December 2013 pursuant to Article 21 para. 1 of the German Securities Trading Act that his share of the voting rights in SinnerSchrader AG, Hamburg, Germany, fell below the thresholds of 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % of the voting rights on 28 November 2013 and had amounted to 0.1487 % on this date (equivalent to 17,165 voting rights).

7. Debby Vermögensverwaltung GmbH, Munich, Germany, notified us on 11 December 2008 pursuant to Article 21 para. 1 of the German 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 German 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 German 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 German Securities Trading Act and a share of voting rights of 44.1518 % under the terms of Article 22 para. 2 of the German 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 German Securities Trading Act and a share of voting rights of 48.474 % under the terms of Article 22 para. 2 of the German 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 German Securities Trading Act and a share of voting rights of 44.1518 % under the terms of Article 22 para. 2 of the German 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 German Securities Trading Act and a share of voting rights of 48.474 % under the terms of Article 22 para. 2 of the German Securities Trading Act.

8. 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 German 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 German 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 German 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 German 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 German 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 German 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 German 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 German 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 German 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 German 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 German Securities Trading Act: Matthias Schrader, Oliver Sinner, and Debby Vermögensverwaltung GmbH.

9. Mr Holger Blank, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the German Securities Trading Act and in conjunction with Article 22 of the German 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 German Securities Trading Act.

10. Mr Bernward Beuleke, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the German Securities Trading Act and in conjunction with Article 22 of the German 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 German Securities Trading Act.

11. Mr Dirk Lehmann, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the German Securities Trading Act and in conjunction with Article 22 of the German 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 German Securities Trading Act.

12. Ms Marion Sinner, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the German Securities Trading Act and in conjunction with Article 22 of the German 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 German Securities Trading Act.

13. Ms Jessica Schmidt, Germany, notified us on 19 January 2005, amended on 4 February 2005, pursuant to Article 21 para. 1 of the German Securities Trading Act and in conjunction with Article 22 of the German 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 German Securities Trading Act.

14. Dr Markus Conrad, Germany, notified us on 20 January 2005, pursuant to Article 21 para. 1 of the German Securities Trading Act and in conjunction with Article 22 of the German 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 German Securities Trading Act.

15. Mr Gerd Stahl, Germany, notified us on 4 July 2003, amended on 10 July 2003, pursuant to Article 21 para. 1 of the German Securities Trading Act in conjunction with Article 22 of the German 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 German 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 German Securities Trading Act.

    b. 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 German 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 German Securities Trading Act.

11.7 DECLARATION OF CONFORMITY ON THE ACCEPTANCE OF RECOMMENDATION OF THE “GOVERNMENT COMMISSION ON THE GERMAN CORPORATE GOVERNANCE CODE”

On 10 December 2014 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, 16 November 2015

The Management Board

Matthias Schrader Thomas Dyckhoff

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by SinnerSchrader Aktiengesellschaft, Hamburg, comprising the consolidated statements of financial position, profit or loss and other comprehensive income, changes in equity and cash flow and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of SinnerSchrader Aktiengesellschaft, for the financial year from 1 September 2014 to 31 August 2015. The preparation of the consolidated financial statements and combined management report in accordance with the IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Article 315a para. 1 HGB are the responsibility of the parent company's Management Board. Our responsibility is to express an opinion on the consolidated financial statements and on the combined group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Article 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – 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 accordance with the applicable financial reporting framework and in the combined 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 combined group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined 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 IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to Article 315 a para. 1 HGB 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 combined 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, 16 November 2015

Ebner Stolz GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Thomas Götze	Florian Riedl
Wirtschaftsprüfer	Wirtschaftsprüfer

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements of the SinnerSchrader Group give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, 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, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hamburg, 16 November 2015

The Management Board

Matthias Schrader Thomas Dyckhoff

03

034–077
080–133
136–157
160–161

BALANCE SHEETS

AS AT 31 AUGUST 2015

Assets in €	31.08.2015	31.08.2014
Fixed assets		
Intangible assets:		
Concessions, industrial property rights and similar rights, and assets, as well as licences in such rights and assets	142,386	146,760
Tangible assets:		
Other equipment, plant, and office equipment	653,728	669,661
Leasehold improvements	43,920	65,205
Total tangible assets	**697,648**	**734,866**
Financial assets:		
Shares in affiliated companies	28,589,850	27,713,487
Receivables from affiliated companies > 1 year	361,121	—
Total financial assets	28,950,971	27,713,487
Total fixed assets	**29,791,005**	**28,595,113**
Current assets		
Receivables and other assets:		
Trade receivables	1,253	1,547
Receivables from affiliated companies	5,469,746	3,376,274
Other assets	72,094	228,964
Total receivables and other assets	5,543,093	3,606,785
Cash on hand and in banks	1,285,954	1,800,861
Total current assets	**6,829,047**	**5,407,646**
Prepaid expenses	99,056	97,680
Total assets	**36,719,108**	**34,100,439**

Liabilities and shareholders' equity in €	31.08.2015	31.08.2014
Total shareholders' equity		
Subscribed capital (conditional capital: € 1,150,000; previous year: € 1,150,000)	11,542,764	11,542,764
Treasury stock	–59,239	–306,906
Issued share capital	11,483,525	11,235,858
Capital surplus	2,931,614	2,690,465
Reserves:		
Other reserves	17,656,472	15,758,120
Retained earnings/accumulated deficit	2,105,387	1,772,406
Total shareholders' equity	**34,176,998**	**31,456,849**
Accruals		
Accrued taxes	1,545,529	532,121
Other accrued liabilities	527,540	952,696
Total accrued liabilities	**2,073,069**	**1,484,817**
Liabilities		
Trade payables	79,604	178,870
thereof with a remaining term up to one year: € 79,604 (previous year: € 178,870)		
Liabilities to affiliated companies	66,185	197,995
thereof with a remaining term up to one year: € 66,185 (previous year: € 197,995)		
Other liabilities	278,472	665,207
thereof with a remaining term up to one year: € 278,472 (previous year: € 665,207)		
thereof taxes: € 277,715 (previous year: € 665,207)		
Total liabilities	**424,261**	**1,042,072**
Prepaid expenses	8,000	—
Deferred taxes	36,780	116,701
Total liabilities and shareholders' equity	**36,719,108**	**34,100,439**

STATEMENTS OF OPERATIONS

FOR THE 2014/2015 FINANCIAL YEAR

in €	2014/2015	2013/2014
Revenues	4,880,899	4,429,771
Other operating income	329,424	42,260
Material expenses:		
Expenses for purchased services	—	–3,680
Total material expenses	**—**	**–3,680**
Personnel expenses:		
Wages and salaries	–2,309,855	–2,317,361
Social security	–405,998	–396,206
Total personnel expenses	**–2,715,853**	**–2,713,567**
Depreciation of intangible assets, property, and equipment	–228,555	–186,885
Other operating expenses	–3,152,905	–2,735,930
Income from participations	—	800,000
thereof from affiliated companies: € 0 (previous year: € 800,000)		
Income from profit/loss transfer agreement	5,813,026	4,738,369
Other interest and similar income	2,607	26,406
thereof from affiliated companies: € 242 (previous year: € 12,668)		
Writedowns on investments	—	–3,480,000
Interest and similar expenses	–41,459	–51,533
thereof from affiliated companies: € 38,058 (previous year: € 43,508)		
Income from ordinary activities	**4,887,184**	**865,211**

in €	2014/2015	2013/2014
Income tax	–1,524,126	–1,092,061
thereof deferred taxes: € –79,921 (previous year: € –77,234)		
Other taxes	–490	–744
Net income	**3,362,568**	**–227,594**
Profit brought forward from previous year	1,772,406	—
Dividend 2013/2014	–1,348,303	—
Profit/loss brought forward from previous year	424,103	—
Withdrawal from revenue reserves:		
– from other revenue reserves	—	2,000,000
Additions to revenue reserves:		
– to other revenue reserves	–1,681,284	—
Net income	**2,105,387**	**1,772,406**

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") as well as the additional provisions of the Statutes.

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

Intangible assets and property and equipment are reported at acquisition costs, less scheduled 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.

Financial assets are reported at 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 will be subject to interest according to the average market rate of interest corresponding to the remaining term and published by the Deutsche Bundesbank. 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 as well as the principles of acquisition cost and of realisation.

Cash on hand and credit with banks are recognised at their face value.

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. Long-term reserves with anticipated settlement dates after one year will be subject to interest according to the average market rate of interest corresponding to the remaining term and published by the Deutsche Bundesbank.

Liabilities are reported at the amount to be paid. Long-term, non-interest bearing liabilities with a remaining term of more than one year will be subject to interest according to the average market rate of interest corresponding to the remaining term and published by the Deutsche Bundesbank. 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 as well as the principles of acquisition cost and of realisation.

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 four years. Deferred taxes are balanced in the balance sheet (Article 274 para. 1 sentence 2 of the HGB). If there is a tax reduction overall (asset surplus), capitalisation pursuant to Article 274 para. 1 sentence 2 of the 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 “Income tax” item.

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 €	01.09.2014	ADDITIONS	DISPOSALS	31.08.2015
Intangible assets:				
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	755,926	77,055	—	832,981
Tangible assets:				
Other equipment, plant and office equipment	1,650,865	96,334	92,454	1,654,745
Leasehold improvements	500,401	20,286,00	16,142	504,545
Total	2,151,266	116,620	108,596	2,159,290
Financial assets:				
Shares in affiliated companies	33,271,087	876,363	—	34,147,450
Loans to affiliated companies	—	361,121	—	361,121
Total	33,271,087	1,237,484	—	34,508,571
Total acquisition costs	**36,178,279**	**1,431,159**	**108,596**	**37,500,842**

ACCUMULATED DEPRECIATION IN €	01.09.2014	ADDITIONS	DISPOSALS	31.08.2015
Intangible assets:				
Concessions, industrial property rights and similar rights and assets,	609,166	81,429	—	690,595
as well as licences for such rights and assets				
Tangible assets:	981,204	107,062	87,249	1,001,017
Other equipment, plant and office equipment	435,196	40,064	14,635	460,625
Leasehold improvements	1,416,400	147,126	101,884	1,461,642
Total				
Financial assets:				
Shares in affiliated companies	5,557,600	—	—	5,557,600
Loans to affiliated companies	—	—	—	—
Total	5,557,600	—	—	5,557,600
Total accumulated depreciation	**7,583,166**	**228,555**	**101,884**	**7,709,837**

NET BOOK VALUES IN €	31.08.2014			31.08.2015
Intangible assets:				
Concessions, industrial property rights and similar rights and assets,	146,760			142,386
as well as licences for such rights and assets				
Tangible assets:	669,661			653,728
Other equipment, plant and office equipment	65,205			43,920
Leasehold improvements	734,866			697,648
Total				
Financial assets:				
Shares in affiliated companies	27,713,487			28,589,850
Loans to affiliated companies	—			361,121
Total	27,713,487			28,950,971
Total net book values	**28,595,113**			**29,791,005**

The amount lent to the affiliated company SinnerSchrader Praha s.r.o. depends on the successful establishment of the subsidiary in Prague. This results in a non-permanent impairment in the amount of the loan recognised on the balance sheet date.

3.2 RECEIVABLES AND OTHER ASSETS

As at 31 August 2015 receivables and other assets amounted to € 5,543,093 (previous year: € 3,606,785); of these, receivables in the amount of € 66,166 (previous year: € 86,685) had a remaining term of more than one year. All other receivables and other assets in the amount of € 5,476,927 (previous year: € 3,520,100) had a remaining term of up to one year.

The receivables from affiliated companies in the amount of € 5,469,746 (previous year: € 3,376,274) included liabilities of € 1,990,955 (previous year: € 7,659,700) which were to be balanced as at 31 August 2015. The gross item comprises trade accounts receivable in the amount of € 1,445,274 (previous year: € 5,303,338), receivables from the transfer of profits and dividends in the amount of € 5,813,026 (previous year: 5,538,369), current loan receivables in the amount of € 200,000 (previous year: € 192,051), and other receivables in the amount of € 2,401 (previous year: interest receivables in the amount of € 2,216).

Net liabilities to affiliated companies as at the balance sheet date comprised the subsidiaries' investment of liquid funds in SinnerSchrader AG as part of central liquidity management in the amount of € 1,749,683 (previous year: € 7,125,803), accounts receivable in the amount of € 237,045 (previous year: € 2,168), other liabilities in the amount of € 3,200 and interest receivables in the amount of € 1,027 (previous year: € 762). In the previous year, net liabilities also included a short-term loan in the amount of € 530,967.

The other assets in the amount of € 72,094 as at 31 August 2015 mainly comprised a discounted reimbursement claim from corporation tax credits in the amount of € 66,166.

In the previous year, in addition to the reimbursement claim for corporation tax credits in the amount of € 86,685, other assets mainly included receivables from members of the management of the subsidiaries from the exercising of employee options in the amount of € 119,250 and transitory items, deposits made and claims for continued payment of remuneration in the amount of € 23,029.

3.3 PREPAID EXPENSES

The prepaid expenses in the amount of € 99,056 (previous year: € 97,680) largely consist of payments relating to the year for investor relations services, insurance policies, maintenance contracts and a contingency for job advertisements.

3.4 SHAREHOLDERS' EQUITY

The development of shareholders' equity in the 2014/2015 financial year is summarised in the table below:

Table 2 Shareholders' equity

in €	31.08.2014	RE-ISSUANCE OF TREASURY STOCK	DIVIDEND 2013/2014	NET INCOME 2014/2015	31.08.2015
Subscribed capital	11,542,764	—	—	—	11,542,764
Treasury stock	–306,906	247,667	—	—	–59,239
Capital surplus	2,690,465	241,149	—	—	2,931,614
Reserves:					
Other reserves	15,758,120	217,068	—	1,681,284	17,656,472
Retained earnings	1,772,406	—	–1,348,303	1,681,284	2,105,387
Total shareholders' equity	**31,456,849**	**705,884**	**–1,348,303**	**3,362,568**	**34,176,998**

3.4.1 SUBSCRIBED CAPITAL

As at 31 August 2015, 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 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"). A total of 545,000 options were granted from the 2007 Stock Option Plan, from which options were available for allocation until 31 December 2011. Of the issued options, 158,332 options were cancelled and 150,000 options were exercised in the period up to 31 August 2014. In the 2014/2015 financial year, 91,667 options were exercised at an average exercise price of € 1.66, and 16,668 options with an average exercise price of € 1.57 expired. As at 31 August 2015, 128,333 options from the 2007 Stock Option Plan with an average exercise price of € 2.15 were thus still outstanding.

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 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 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, a relative earnings target requiring that the share price of SinnerSchrader AG must have developed better than the TecDAX has been specified for exercising the subscription rights granted to members of the Management Board. The options in the 2012 plan must have been exercised not later than seven years after their date of allocation.

In the period up to 31 August 2014, 165,000 employee options with an average exercise price of € 1.84 had been issued from the 2012 Stock Option Plan. As at 31 August 2014, 15,000 of these options were cancelled. A total 30,000 options with an average exercise price of € 3.53 were allocated in the 2014/2015 financial year. Of the options awarded in the previous years, 25,000 had to be cancelled. As at 31 August 2015, 155,000 options with an average exercise price of € 2.14 were thus outstanding.

3.4.2 TREASURY STOCK

As at 31 August 2015 the number of shares of treasury stock amounted to 59,239, with a calculated face value of € 59,239. On the basis of the 306,906 shares of treasury stock purchased at an average acquisition price of € 1.84 per share as at 31 August 2014, the number of shares of treasury stock was reduced by 247,667 shares in the 2014/2015 financial year, of which 91,667 shares of treasury stock, which had been acquired for an average price of € 1.73, were issued to employees as part of the exercising of employee options. Another 156,000 shares of treasury stock with an average acquisition price of € 1.95 per share were part of the purchase price for the takeover of Swipe GmbH. The average acquisition price for the 59,239 shares as at 31 August 2015 was thus € 1.79. The stock comprised 22,485 and 36,754 shares, respectively, which were bought back in the 2012/2013 and 2013/2014 financial years.

The stock of treasury shares as at 31 August 2015 represented 0.51 % of the share capital. The shares are held with respect to use for the purposes named in the relevant Annual General Meeting resolutions.

The difference between the original acquisition costs and the calculated face value of the 247,667 shares of treasury stock issued in the 2014/2015 financial year resulted in € 217,068 being posted to other revenue reserves. The issuing of the shares also resulted in the posting of € 241,149 to the capital reserve.

3.4.3 CAPITAL RESERVE

The capital reserve increased by € 246,605 in the 2014/2015 financial year, due to the issuing of treasury stock as part of the corporate acquisition of Swipe GmbH, since the price for SinnerSchrader shares exceeded the average acquisition price for these shares on the date of acquisition of the company. However, the capital reserve was reduced as part of the exercising of employee options in the amount of € 5,456, since the average exercise price of the shares was below their average acquisition cost price. The capital reserve rose by a total of € 241,149 in the year of the report, from € 2,690,465 on 31 August 2014 to € 2,931,614 on 31 August 2015.

Table 3a Capital reserve in €

As at 31.08.2014	**2,690,465**
Allocation to capital reserve	241,149
As at 31.08.2015	**2,931,614**

3.4.4 OTHER REVENUE RESERVES

Table 3b Other revenue reserves in €

As at 31.08.2014	**15,758,120**
Re-issuance of treasury stock	217,068
Withdrawal from allocation to other revenue reserves acc. to Art. 58 para. 2a AktG	1,681,284
As at 31.08.2015	**17,656,472**
thereof:	
from allocation to other revenue reserves acc. to Art. 58 para. 2a AktG	13,030,658
from remaining allocation to other revenue reserves acc. to Art. 58 para. 2 AktG	4,669,501
difference between nominal value and acquisition costs of treasury stock	–43,687

In the 2014/2015 financial year, other revenue reserves increased by a total of € 1,898,352 to € 17,656,472 as at 31 August 2015.

In accordance with Article 58 para. 2 of the German Stock Corporation Act (AktG), 50 % of the annual profit for 2014/2015, or € 1,681,284, was posted to other revenue reserves. Another increase in revenue reserves resulted from the difference between the original acquisition costs and the calculated face value of the shares of treasury stock issued in the financial year.

3.5 ACCRUED EXPENSES

3.5.1 ACCRUED TAXES

Accrued taxes amounted to € 1,545,529 as at 31 August 2015 (previous year: € 532,121). This item includes reserves for the preceding financial year in the amount of € 567,143, and tax receivables resulting from tax declared for the 2012/2013 financial year, comprising corporation tax and commercial tax, offset in the amount of € 119,560 and € 126,562, respectively. As at the balance sheet date, tax accruals for the 2014/2015 financial year comprised reserves for corporation tax of € 605,606 (previous year: € 379,319) and reserves for commercial tax of € 618,903 (previous year: € 398,924).

3.5.2 OTHER ACCRUED EXPENSES

Other accrued expenses in the amount of € 527,540 (previous year: € 952,696) were mainly formed for outstanding invoices (€ 234,573), financial reporting and auditing costs (€ 66,960) and for personnel costs (€ 217,392 for holiday, fees, variable and overtime pay).

3.6 LIABILITIES

The liabilities as at 31 August 2015 in the amount of € 424,261 (previous year: € 1,042,072) all had a remaining term of less than a year. They mainly comprised trade accounts payable in the amount of € 79,604 (previous year: € 178,870), income tax and church tax levies and turnover tax liabilities that are not yet due and have been combined in other liabilities in the amount of € 277,715 (previous year: € 665,207) and liabilities to affiliated companies in the amount of € 66,185 (previous year: € 197,995).

The net liabilities to affiliated companies comprised a credit item as part of the system of internal cost allocations. Receivables from affiliated companies in the amount of € 138,665 were balanced against liabilities owed to affiliated companies in the previous financial year. The gross liability item comprised the funds ceded to SinnerSchrader AG for investment as part of central liquidity management in the Group in the amount of € 292,000 and trade accounts payable in the total amount of € 44,660. The receivables set off comprised a short-term loan receivable in the amount of € 136,915 and interest receivables in the amount of € 1,750.

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 € 276,204 (previous year: € 316,460) were used to offset deferred tax assets from the incorporated companies in the amount of € 239,424.31 (previous year: € 199,759), which mainly resulted 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 2015. 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 € 4,880,899 almost solely by providing services for subsidiary companies. Of this amount, revenue of € 50,924 was achieved with the Czech subsidiary SinnerSchrader Praha s.r.o.; the other revenues were all earned with German subsidiaries.

4.2 OTHER OPERATING INCOME

Other operating income in the amount of € 329,424 contains out-of-period income from the resolution of reserves and the write-off of liabilities barred by the statute of limitations and insurance benefits as well as income from the granting of non-cash benefits to employees and the costs passed on to lessors in the amount of € 43,398.

4.3 INCOME FROM PROFIT/LOSS TRANSFER AGREEMENT

In December 2014, SinnerSchrader AG concluded a new profit and loss transfer agreement with its full subsidiary SinnerSchrader Deutschland GmbH, which was approved by the Annual General Meeting of 21 January 2015. Income of € 5,528,770 was earned from the profit and loss transfer agreement in the 2014/2015 financial year.

The control and profit and loss transfer agreement concluded between SinnerSchrader AG and next commerce GmbH on 7 November 2011, which was approved by the Company's Annual General Meeting of 15 December 2011, remains valid after the change in the name to Commerce Plus GmbH. Income of € 284,256 was earned from the profit and loss transfer agreement in the 2014/2015 financial year.

4.4 OTHER OPERATING EXPENSES

Other operating expenses in the amount of € 3,152,905 mainly consist of office space costs, communication costs, advertising costs, representation costs legal and consulting costs, and other administrative costs.

4.5 INTEREST INCOME AND EXPENSES

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

5 OTHER INFORMATION

5.1 CONTINGENCIES AND OTHER FINANCIAL OBLIGATIONS

The other 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 2 to 71 months. The other financial obligations concern leasing contracts for company vehicles with remaining terms of 4 to 34 months. In the years ahead, rent contracts and leasing agreements will result in other financial obligations in the total amount shown in Table 4:

Table 4 Obligations from rent and lease contracts in €

01.09.2015 – 31.08.2016	1,382,753
01.09.2016 – 31.08.2017	1,171,752
01.09.2017 – 31.08.2018	1,079,504
01.09.2018 – 31.08.2019	914,588
01.09.2019 – 31.08.2020	914,588
After 31.08.2020	838,372
Total	**6,301,557**

SinnerSchrader AG has taken over a limited joint and several guarantee for one of its subsidiaries in the amount of € 27,000 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 contingency is based can be fulfilled by the main creditor. SinnerSchrader AG therefore assesses the risk of this guarantee being used as improbable.

5.2 EMPLOYEES

On average over the 2014/2015 financial year, there were 44 (previous year: 41) employees in the Company.

5.3 MANAGEMENT BOARD

In the 2014/2015 financial year, the following people were appointed to the Management Board:

- Matthias Schrader, Chairman, appointed until 31 December 2020
  - Businessman, Hamburg, Germany
- Thomas Dyckhoff, Finance Director, appointed until 31 December 2016
  - 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 5b Compensation of the Management Board members 2014/2015 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	8,752	80,112	—	—
Thomas Dyckhoff	160,000	9,679	65,908	—	—
Total	**350,000**	**18,431**	**146,020**	**—**	**—**

The total compensation of the Management Board in the 2014/2015 financial year was € 514,451. Premiums for the D&O insurance for members of the Management Board were € 16,999, unchanged from the previous year.

Reserves accumulated in the previous year were reversed affecting net income for variable remuneration on the basis of medium-goals in the 2014/2015 financial year, since expectations for the fulfilment of conditions for payment in terms of growth in revenue and a return on net income in the three financial years from 2013/2014 to 2016/2017 were ruled out by the development in the 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
  - MBA, 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 2014/2015 financial year:

Table 6 Compensation of the Supervisory Board members 2014/2015 in €

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

In the 2014/2015 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 2015 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	5,528,770[2]	yes	01.09.14–31.08.15
Commerce Plus GmbH, Hamburg, Germany	100.00	EUR	25,000	1,490,651	284,256[2]	yes	01.09.14–31.08.15
Commerce Plus Consulting GmbH, Hamburg, Germany[3]	100.00	EUR	25,000	25,000	61,594[2]	yes	01.09.14–31.08.15
SinnerSchrader UK Ltd., London, UK[4]	100.00	GBP	100,000	−799,882	−28,334	no	01.09.14–31.08.15
SinnerSchrader Benelux BV, Rotterdam, The Netherlands[4]	100.00	EUR	18,000	−246,452	−10,217	no	01.01.14–31.12.14
NEXT AUDIENCE GmbH, Hamburg, Germany	100.00	EUR	765,400	238,902	−304,253	no	01.09.14–31.08.15
SinnerSchrader Content GmbH, Hamburg, Germany[5]	100.00	EUR	25,000	54,759	802,299[2]	yes	01.09.14–31.08.15
SinnerSchrader Mobile GmbH, Berlin, Germany	100.00	EUR	25,000	1,071,098	85,785	no	01.09.14–31.08.15
Swipe GmbH, Hamburg, Germany[6]	100.00	EUR	25,000	2,609	−184,633	no	01.01.15–31.08.15[1]
SinnerSchrader Praha s.r.o., Prague, Czech Republic	100.00	CZK	200,000	−13,868,173	−5,225,669	no	01.09.14–31.08.15

1) Abbreviated financial year
2) Before profit-transfer
3) The company is a 100 % subsidiary of the Commerce Plus GmbH.
4) The company's activities have currently been temporarily discontinued; respective shares were written off in the year the activity was discontinued. Audited financial statements of the company are not available.
5) The company is a 100 % subsidiary of the NEXT AUDIENCE GmbH.
6) The company is a 100 % subsidiary of the SinnerSchrader Mobile GmbH.

5.6 MAJOR EVENTS AFTER THE BALANCE SHEET DATE

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

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

On 10 December 2014, 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.

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

Participating interests in the Company have been notified according to Article 21 para. 1 of the German Securities Trading Act ("WpHG") and published according to Article 26 para. 1 of the German Securities Trading Act as follows:

1. Axxion S.A., Grevenmacher, Luxembourg, notified us on 10 September 2015 in accordance with Article 21 para. 1 of the German Securities Trading Act that its share of the voting rights in SinnerSchrader AG, Hamburg, Germany, exceeded the threshold of 3 % of the voting rights and had amounted to 3.29 % on this date (equivalent to 380,000 voting rights).

2. Internationale Kapitalanlagegesellschaft mbH, Düsseldorf, Germany, notified us on 9 September 2015 in accordance with Article 21 para. 1 of the German Securities Trading Act that its share of the voting rights in SinnerSchrader AG, Hamburg, Germany, exceeded the threshold of 5 % of the voting rights on 8 September 2015 and had amounted to 5.15 % on this date (equivalent to 594,758 voting rights), whereby it has a share of voting rights of 2.20 % (equivalent to 253,680 voting rights) under the terms of Article 22 para. 1 sentence 1 No. 6 of the German Securities Trading Act.

3. CLEF Holding AG, Beckenried, Switzerland, notified us on 5 November 2014 in accordance with Article 21 para. 1 of the German Securities Trading Act that its share of the voting rights in SinnerSchrader AG, Hamburg, Germany, exceeded the threshold of 3 % of the voting rights on 28 October 2014 and had amounted to 4.43 % on this date (equivalent to 511,415 voting rights), whereby it has a share of voting rights of 1.31 % (equivalent to 151,415 voting rights) under the terms of Article 22 para. 1 sentence 1 No. 1 of the German Securities Trading Act.

4. CLEF Trading AG, Beckenried, Switzerland, notified us on 5 November 2014 in accordance with Article 21 para. 1 of the German Securities Trading Act that its share of the voting rights in SinnerSchrader AG, Hamburg, Germany, fell below the threshold of 3 % of the voting rights on 27 October 2014 and had amounted to 1.31 % on this date (equivalent to 151,415 voting rights).

5. SinnerSchrader AG, Völckersstraße 38, 22765 Hamburg, Germany, notified on 26 September 2014 in accordance with Article 26 para. 1 sentence 2 of the German Securities Trading Act that its share of treasury stock fell below the threshold of 3 % of the voting rights and had amounted to 2.8754 % on this date (equivalent to 331,906 voting rights).

6. Mr Alexander Spohr, Germany, notified us on 2 December 2013 pursuant to Article 21 para. 1 of the German Securities Trading Act that his share of the voting rights in SinnerSchrader AG, Hamburg, Germany, fell below the thresholds of 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % of the voting rights on 28 November 2013 and had amounted to 0.1487 % on this date (equivalent to 17,165 voting rights).

7. Debby Vermögensverwaltung GmbH, Munich, Germany, notified us on 11 December 2008 pursuant to Article 21 para. 1 of the German 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 German 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 German 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 German Securities Trading Act and a share of voting rights of 44.1518 % under the terms of Article 22 para. 2 of the German 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 German Securities Trading Act and a share of voting rights of 48.474 % under the terms of Article 22 para. 2 of the German 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 German Securities Trading Act and a share of voting rights of 44.1518 % under the terms of Article 22 para. 2 of the German 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 German Securities Trading Act and a share of voting rights of 48.474 % under the terms of Article 22 para. 2 of the German Securities Trading Act.

8. 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 German 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 German 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 German 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 German 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 German 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 German 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 German 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 German 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 German 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 German 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 German Securities Trading Act: Matthias Schrader, Oliver Sinner, and Debby Vermögensverwaltung GmbH.

9. Mr Holger Blank, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the German Securities Trading Act and in conjunction with Article 22 of the German 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 German Securities Trading Act.

10. Mr Bernward Beuleke, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the German Securities Trading Act and in conjunction with Article 22 of the German 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 German Securities Trading Act.

11. Mr Dirk Lehmann, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the German Securities Trading Act and in conjunction with Article 22 of the German 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 German Securities Trading Act.

12. Ms Marion Sinner, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the German Securities Trading Act and in conjunction with Article 22 of the German 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 German Securities Trading Act.

13. Ms Jessica Schmidt, Germany, notified us on 19 January 2005, amended on 4 February 2005, pursuant to Article 21 para. 1 of the German Securities Trading Act and in conjunction with Article 22 of the German 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 German Securities Trading Act.

14. Dr Markus Conrad, Germany, notified us on 20 January 2005, pursuant to Article 21 para. 1 of the German Securities Trading Act and in conjunction with Article 22 of the German 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 German Securities Trading Act.

15. Mr Gerd Stahl, Germany, notified us on 4 July 2003, amended on 10 July 2003, pursuant to Article 21 para. 1 of the German Securities Trading Act in conjunction with Article 22 of the German 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 German 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 German Securities Trading Act.

    b. 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 German 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 German Securities Trading Act.

5.9 FEE FOR THE STATUTORY AUDIT

The Annual General Meeting on 21 January 2015 elected Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Hamburg, Germany, as the auditor for the 2014/2015 financial year. With respect to the fees, we refer to the Consolidated Financial Statements of SinnerSchrader AG for the 2014/2015 financial year in accordance with Article 285 sentence 1 indent 17 of the German Commercial Code.

5.10 ADDITIONAL INFORMATION

5.10.1 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 2015 and any changes in the 2014/2015 financial year:

Table 18 Shares and options of the Board members in number

SHARES	31.08.2014	ADDITIONS	DISPOSALS	31.08.2015	
Management Board:					
Matthias Schrader	2,576,289	—	—	2,576,289	
Thomas Dyckhoff	74,950	75,000	40,000	109,950	
Total shares of the Management Board	**2,651,239**	**75,000**	**40,000**	**2,686,239**	
Supervisory Board:					
Dieter Heyde	—	—	—	—	
Prof. Cyrus D. Khazaeli	—	—	—	—	
Philip W. Seitz	—	—	—	—	
Total shares of the Supervisory Board	**—**	**—**	**—**	**—**	
Total shares of the Board members	**2,651,239**	**75,000**	**40,000**	**2,686,239**	

OPTIONS	31.08.2014	ADDITIONS	DISPOSALS	31.08.2015	CURRENT VALUE OF EACH SUBSCRIPTION RIGHT ON THE DATE OF GRANTING
Management Board:					
Matthias Schrader	—	—	—	—	
Thomas Dyckhoff	120,000	—	75,000	45,000	€ 0.48
Total shares of the Management Board	**120,000**	**—**	**75,000**	**45,000**	
Supervisory Board:					
Dieter Heyde	—	—	—	—	
Prof. Cyrus D. Khazaeli	—	—	—	—	
Philip W. Seitz	—	—	—	—	
Total shares of the Supervisory Board	**—**	**—**	**—**	**—**	
Total shares of the Board members	**120,000**	**—**	**75,000**	**45,000**	

Hamburg, 16 November 2015

The Management Board

Matthias Schrader Thomas Dyckhoff

AUDITOR'S REPORT

We have audited the financial statements prepared by SinnerSchrader Aktiengesellschaft, Hamburg, comprising the statements of financial position and income as well as the notes to the financial statements, together with the management report, which is combined with the Group management report of SinnerSchrader Aktiengesellschaft, for the financial year from 1 September 2014 to 31 August 2015. The preparation of the financial statements and combined management report in accordance with the German commercial law are the responsibility of the company's Management Board. Our responsibility is to express an opinion on the financial statements and on the combined group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Article 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – 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 financial statements in accordance with the generally accepted accounting principles and in the combined 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 financial statements and the combined 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 financial statements and the combined 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 financial statements comply with legal regulations and give a true and fair view of the presentation of the net assets, financial position and results of operations in the financial statements in accordance with the generally accepted accounting principles. The combined management report is consistent with the 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, 16 November 2015

Ebner Stolz GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Thomas Götze Wirtschaftsprüfer

Florian Riedl Wirtschaftsprüfer

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, 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 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 AG, together with a description of the principal opportunities and risks associated with the expected development of the AG.

Hamburg, 16 November 2015

The Management Board

Matthias Schrader   Thomas Dyckhoff

04

034–077
080–133
136–157
160–161

KEY FIGURES OF THE SINNERSCHRADER GROUP, FOUR QUARTERS 2014/2015

		Q4	Q3	Q2	Q1
Gross revenues	€ 000s	14,083	12,524	11,875	13,493
Net revenues	€ 000s	13,389	11,324	10,576	12,401
EBITDA	€ 000s	2,060	1,105	101	559
EBITA	€ 000s	1,172	825	–186	272
EBIT	€ 000s	1,172	825	–186	272
Net income	€ 000s	1,110	427	–160	142
Earnings per share, fully diluted	€	0.10	0.04	–0.01	0.01
Cash flows from operating activities	€ 000s	1,643	1,374	2,974	–4,312
Employees, full-time equivalents	number	465	473	486	487

KEY FIGURES OF THE SINNERSCHRADER GROUP, FIVE YEARS

		01.09.2014 31.08.2015	01.09.2013 31.08.2014	01.09.2012 31.08.2013	01.09.2011 31.08.2012	01.09.2010 31.08.2011
Gross revenues	€ 000s	51,975	51,355	41,263	41,664	36,714
Net revenues	€ 000s	47,690	48,601	36,401	35,984	30,909
EBITDA	€ 000s	3,826	3,858	1,430	2,297	3,193
EBITA	€ 000s	2,083	3,064	681	1,627	2,612
Relation of the EBITA to net revenues (Operating margin)	%	4.4	6.3	1.9	4.5	8.5
EBIT	€ 000s	2,083	2,982	413	649	2,054
Net income	€ 000s	1,518	1,843	1	157	1,278
Earnings per share, fully diluted	€	0.13	0.16	0.00	0.01	0.11
Cash flows from operating activities	€ 000s	1,679	1,517	2,439	2,094	450
Employees, full-time equivalents	number	478	444	406	388	335

		31.08.2015	31.08.2014	31.08.2013	31.08.2012	31.08.2011
Liquid funds and securities	€ 000s	5,559	5,833	5,949	5,197	5,743
Shareholders' equity	€ 000s	14,959	14,075	12,047	12,133	13,203
Balance sheet total	€ 000s	27,730	28,551	22,997	21,325	22,247
Shareholders' equity rate	%	53.9	49.3	52.4	56.9	59.3
Employees, end of period	number	506	521	451	420	400

EVENTS & CONTACT INFORMATION

Financial Calendar 2015/2016

1st Quarterly Report 2015/2016 (September 2015–November 2015)	14 January 2016
Annual General Meeting 2014/2015	21 January 2016
2nd Quarterly Report 2015/2016 (December 2015–February 2016)	14 April 2016
3rd Quarterly Report 2015/2016 (March 2016–May 2016)	15 July 2016
Announcement of preliminary figures for the 2015/2016 financial year	October 2016
Annual Report 2015/2016	November 2016
Annual General Meeting 2015/2016	January 2017

Our previous reports are available online and for download on our website www.sinnerschrader.ag.

Contact

SinnerSchrader AG, Investor Relations

Völckersstraße 38, 22765 Hamburg, Germany

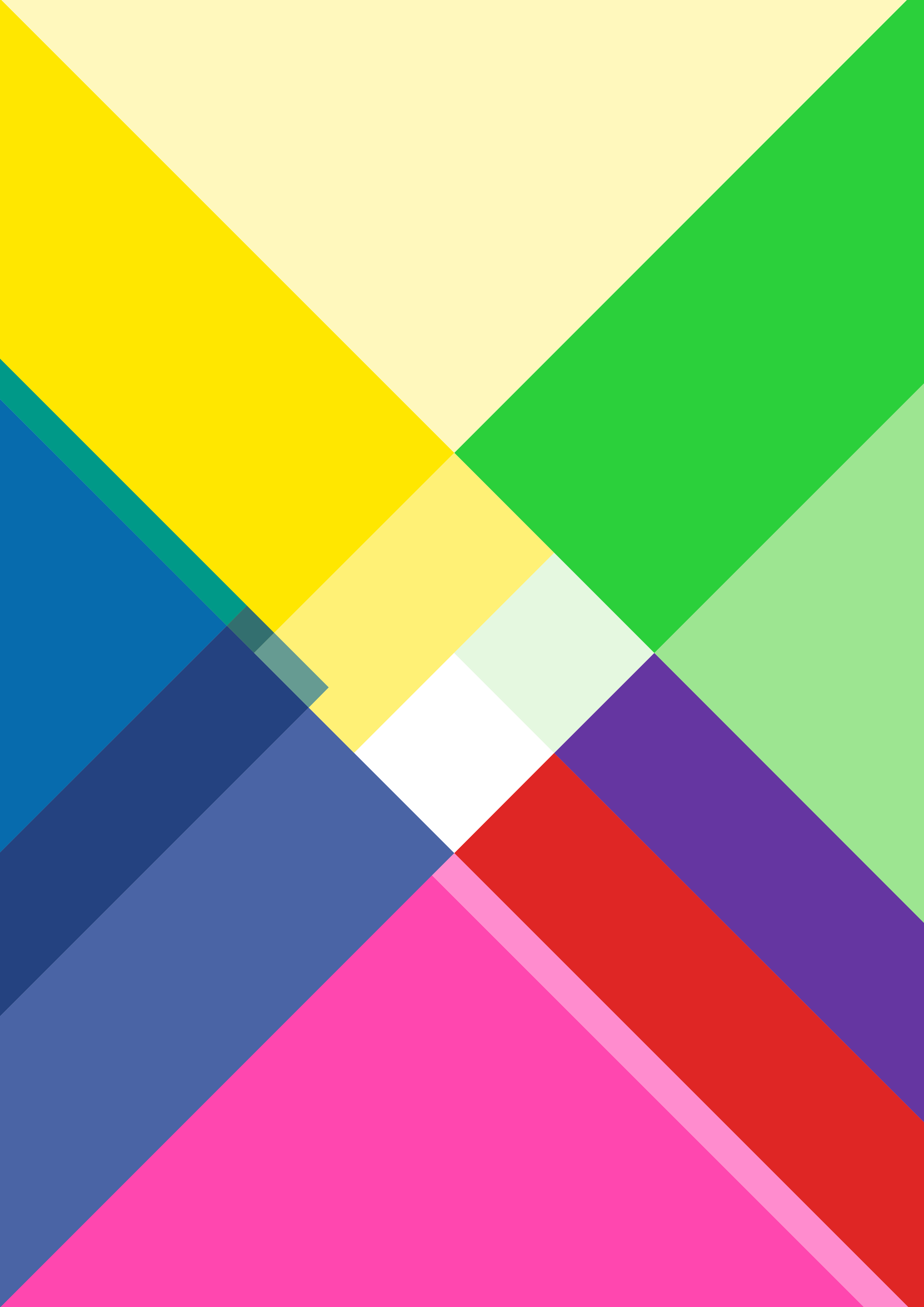
T. +49. 40. 39 88 55-0, F. +49. 40. 39 88 55-55

www.sinnerschrader.com, ir@sinnerschrader.com

Editorial Information

Published by	SinnerSchrader Aktiengesellschaft, Hamburg, Germany
Concept and Design	ringzwei, Hamburg, Germany

Date of publication: 24 November 2015



SINNERSCHRADER
AKTIENGESELLSCHAFT

VÖLCKERSSTRASSE 38
22765 HAMBURG
GERMANY

WWW.SINNERSCHRADER.COM