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Annual Financial Statements
of SinnerSchrader AG

Balance Sheet of SinnerSchrader AG
as of 31 August 2006 and 31 August 2005

Assets in €	31.08.2006	31.08.2005
Fixed assets		
Intangible assets:		
Concessions, industrial property rights and similar rights and assets, as well as licences in such rights and assets	84,878	78,061
Tangible assets:		
Other equipment, plant and office equipment	286,890	298,898
Leasehold improvements	301,817	252,854
Total tangible assets	588,707	551,752
Financial assets:		
Shares in affiliated companies	14,000,000	11,500,000
Total financial assets	14,000,000	11,500,000
Total fixed assets	14,673,585	12,129,813
Current assets		
Receivables and other assets:		
Trade receivables	20,461	—
Receivables from affiliated companies	2,037,073	1,608,675
Other assets	138,088	209,814
Total receivables and other assets	2,195,622	1,818,489
Securities:		
Treasury stock	200,933	182,572
Other securities	7,495,702	145
Total securities	7,696,635	182,717
Cash on hand and in banks	818,323	8,385,326
Total current assets	10,710,580	10,386,532
Prepaid expenses	25,077	31,266
Total assets	25,409,242	22,547,611

Liabilities and shareholders' equity in €	31.08.2006	31.08.2005
Shareholders' equity		
Subscribed capital (conditional capital: € 750,000; previous year: € 750,000)	11,542,764	11,542,764
Capital reserve	2,603,673	2,603,673
Reserves:		
Reserve for treasury stock	200,933	182,572
Other reserves	9,508,336	6,241,150
Retained earnings/accumulated deficit	793,787	531,939
Total shareholders' equity	24,649,493	21,102,098
Accruals		
Other accrued liabilities	508,159	806,066
Total accrued liabilities	508,159	806,066
Liabilities		
Trade payables	129,167	57,382
thereof with a remaining term of up to one year: € 129,167 (previous year: € 57,382)		
Other liabilities	122,423	582,065
thereof with a remaining term of up to one year: € 122,423 (previous year: € 582,065)		
thereof taxes € 119,291 (previous year: € 154,031)		
thereof relating to social security and similar obligations € 9 (previous year: € 18,056)		
Total liabilities	251,590	639,447
Total liabilities and shareholders' equity	25,409,242	22,547,611

Statement of Operations of SinnerSchrader AG
for the 2005/2006 and 2004/2005 financial years

in €	2005/2006	2004/2005
Revenues	2,389,574	2,294,843
Other operating income	2,580,643	4,739,985
Material expense:		
Expense for purchased goods	-53	—
Expense for purchased services	-90,307	-50,254
Total material expense	-90,360	-50,254
Personnel expense:		
Wages and salaries	-1,036,278	-973,716
Social security	-189,789	-162,945
Total personnel expense	-1,226,067	-1,136,661
Depreciation of intangible assets, property and equipment	-369,114	-412,313
Other operating expense	-1,565,690	-1,687,821
Income from profit/loss transfer agreement	1,637,213	1,792,061
Other interest and similar income	195,945	107,799
thereof from affiliated companies: € 6,455 (previous year: € 9,452)		
Interest and similar expense	-4,233	-20,552
thereof from affiliated companies: € 2,757 (previous year: € 1,733)		
Income from ordinary activities	3,547,911	5,627,087
Other taxes	-516	669
Net income	3,547,395	5,627,756
Profit brought forward from previous year	531,939	—
Withdrawal from reserves:		
– from other reserves	18,361	—
Additions to reserves:		
– to reserves for treasury stock	-18,361	—
– to other reserves	-3,285,547	-5,095,817
Balance sheet profit	793,787	531,939

Notes to the Annual Financial Statements of SinnerSchrader AG

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 ("Aktien-gesetz"). The Company is considered to be a large company limited by shares within the meaning of Article 267 of the German Commercial Code.

2 Accounting Principles and Standards of Valuation

The report has been compiled in euros (€).

The intangible assets and the property and equipment are reported at procurement or manufacturing costs, minus regular depreciation. Depreciation is linear, in accordance with the usage period. Low-value items with procurement costs of up to € 410 are fully depreciated in the year of acquisition. Depreciation of leasehold improvements is linear over the remaining term of the rental contract.

The financial assets are reported either at acquisition cost or at the value to be ascribed on the balance sheet date, whichever is lower.

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. Foreign currency debts are included on the balance sheet either at the original rate or at the rate applicable on the balance sheet date, whichever is lower.

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

Other accrued expenses cover all recognisable risks and uncertain liabilities. Evaluation is at a level that appears necessary according to sound business judgement.

Liabilities are posted in the amount to be repaid. Foreign currency liabilities are included on the balance sheet either at the original rate or at the rate applicable on the balance sheet date, whichever is higher.

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:

Tab. 1 Assets table				
Acquisition and manufacturing costs in €	01.09.2005	Additions	Disposals	31.08.2006
Intangible assets:				
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	269,474	41,364	—	310,838
Tangible assets:				
Other equipment, plant and office equipment	713,278	107,447	79,961	740,764
Leasehold improvements	1,084,432	307,088	1,072,525	318,995
Financial assets:				
Shares in affiliated companies	24,838,037	—	—	24,838,037
Investments	167,900	—	—	167,900
Loans to investee companies	51,129	—	—	51,129
Total	27,124,250	455,899	1,152,486	26,427,663
Accumulated depreciation in €	01.09.2005	Additions	Disposals/ write-ups	31.08.2006
Intangible assets:				
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	191,413	34,547	—	225,960
Tangible assets:				
Other equipment, plant and office equipment	414,380	82,146	42,652	453,874
Leasehold improvements	831,578	252,421	1,066,821	17,178
Financial assets:				
Shares in affiliated companies	13,338,037	—	2,500,000	10,838,037
Investments	167,900	—	—	167,900
Loans to investee companies	51,129	—	—	51,129
Total	14,994,437	369,114	3,609,473	11,754,078
Net book values in €	31.08.2005			31.08.2006
Intangible assets:				
Concessions, industrial property rights and similar rights and assets, as well as licences for such rights and assets	78,061			84,878
Tangible assets:				
Other equipment, plant and office equipment	298,898			286,890
Leasehold improvements	252,854			301,817
Financial assets:				
Shares in affiliated companies	11,500,000			14,000,000
Investments	—			—
Loans to investee companies	—			—
Total	12,129,813			14,673,585

3.2 Other Securities

As of 31 August 2006, the other securities item was largely made up of commercial papers from industrial issuers with good credit, as well as conventional shares in money market funds from renowned capital investment companies, which are reported either at acquisition cost or at a value to be ascribed on the balance sheet date, whichever is lower.

3.3 Treasury Stock

On 31 August 2006, the Company held treasury stock with a calculated face value of € 131,347. This represents 1.14 % of the share capital. The treasury stock was acquired on the stock market in the period between August 2002 and September 2003 for an average price of € 1.53 and, with regard to use, is kept for the purposes cited in the relevant resolutions of the Annual General Meetings.

The treasury stock is either entered in the balance sheet at acquisition cost or at the value to be ascribed, whichever is lower. Accordingly, the amount of treasury stock on 31 August 2006 should be posted at the original acquisition cost given a closing price of € 1.53 on this date. The previous year's devaluation to the closing price of 31 August 2005 of € 1.39 was revoked.

A reserve for the treasury stock is formed in the amount of the balance sheet item.

3.4 Accounts Receivable and Other Assets

All accounts receivable and other assets in the amount of € 2,195,622 (previous year: € 1,818,489) have a remaining term of up to one year.

Accounts receivable from affiliated companies in the amount of € 2,037,073 (previous year: € 1,608,675) are balanced against liabilities to affiliated companies in the amount of € 6,767 (previous year: € 332,336). The net position is made up of accounts receivable due to profit and loss transfer agreements (€ 1,637,213; previous year: € 1,792,061), net accounts receivable from goods and services (€ 218,274; previous year: € 39,546), net accounts receivable associated with tax integration (€ 154,349; previous year: € 109,404) as well as accounts receivable from a cash pool (€ 27,237; previous year: € 327,864).

The other assets largely comprise tax reimbursement receivables from the Tax authorities from taxes paid on revenue from investing liquid funds (€ 105,363; previous year: € 172,952).

3.5 Prepaid Expenses

The prepaid expenses in the amount of € 25,077 (previous year: € 31,266) largely consist of payments for investor relations services, maintenance contracts, contributions and insurance policies relating to the year.

3.6 Share Capital

As of 31 August 2006, the Company's share capital amounted to € 11,542,764. It is formed by 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 28 January 2004 authorised the Management Board to increase the share capital once or repeatedly by up to a total of € 5,770,000 until 15 January 2009 with the approval of the Supervisory Board by issuing individual share certificates issued in the name of the owner in return for a contribution in cash or a contribution in kind, excluding the shareholders' subscription right. The Management Board and Supervisory Board did not make use of the approved capital in the 2005/2006 financial year, meaning that the approved capital still amounted to € 5,770,000 as of 31 August 2006.

The Annual General Meeting decision of 26 October 1999 created conditional capital in the amount of € 375,000 for granting rights to subscribe to 375,000 no-par-value individual share certificates to employees and members of the management of the Company or affiliated companies ("1999 Stock Option Plan"). Options from the 1999 Stock Option Plan could be assigned until 8 November 2004. As of 31 August 2006, 127,909 options from the 1999 Stock Option Plan with an average exercise price of € 14.63 were still in circulation. In the 2005/2006 and 2004/2005 financial years, no options from the 1999 Stock Option Plan were exercised.

The Annual General Meeting decision of 12 December 2000 created conditional capital in the amount of € 375,000 for granting rights to subscribe to 375,000 no-par-value individual share certificates to employees and members of the management of the Company or affiliated companies ("2000 Stock Option Plan"). Options from the 2000 Stock Option Plan could be assigned until 10 January 2006. In the 2005/2006 financial year, 148,200 options from the 2000 Stock Option Plan were issued. As of 31 August 2006, 168,629 options from the 2000 Stock Option Plan with an average exercise price of € 2.27 were still in circulation. In the 2005/2006 financial year, no options from the 2000 Stock Option Plan were exercised. In the previous year, 19,018 options from the 2000 Stock Option Plan were exercised at an average exercise price of € 2.76.

3.7 Capital Reserve

The capital reserve remained unchanged in the 2005/2006 financial year compared to the previous year.

3.8 Reserve for Treasury Stock

In the 2005/2006 financial year, the reserve for treasury stock reached € 200,933 (previous year: 182,572). The increase in the 2005/2006 financial year by € 18,361 is due to the closing price of the SinnerSchrader share of € 1.53 per share as of 31 August 2006, which was higher than in the previous year; this necessitated a correction to the depreciation of the treasury stock to its acquisition cost, which had been undertaken in the previous year.

3.9 Other Revenue Reserves

Tab. 2 | Other reserves of SinnerSchrader AG in €

Other reserves as at 31.08.2005	6,241,150
Allocation from dissolution of reserves for treasury stock	-18,361
Allocation to other reserves acc. § 58 (2a) AktG	2,500,000
Allocation to other reserves acc. § 58 (2) AktG in conjunction with the Statutes of the Company	785,547
Other reserves as at 31.08.2006	9,508,336
thereof:	
from allocation to other reserves acc. § 58 (2a) AktG	6,000,000
from allocation to other reserves acc. § 58 (2) AktG in conjunction with the Statutes of the Company	3,508,336

Items were allocated to other revenue reserves in the amount of € 2,500,000 according to Article 58 para. 2a of the German Stock Corporation Act, since the net income for the 2005/2006 financial year increased by this amount due to the increase in value of the stake in shares in affiliated companies. By decision of the Management Board and Supervisory Board, 75% of the remaining net income, or € 785,547, was reported in the other revenue reserves according to Article 58 para. 2 of the German Stock Corporation Act in conjunction with the Statutes of the Company.

3.10 Accrued Expenses

The other accrued expenses in the amount of € 508,159 (previous year: € 808,066) have been formed for outstanding invoices, litigation risks, reporting and auditing expenses as well as personnel expenses, especially for holiday and overtime claims and bonuses.

3.11 Liabilities

All liabilities in the amount of € 251,590 (previous year: € 639,447) have a remaining term of up to one year. The amount is made up of liabilities from accounts receivable, turnover tax liabilities to the German turnover tax authorities as well as income tax and church tax levies that are not yet due.

4 Explanations of Statement of Operations Items

4.1 Revenue

Revenues in the amount of € 2,389,574 come from the management and administrative services provided by the Company for the consolidated affiliated companies and from charging for the costs of the centrally administered infrastructure in the consolidated Group.

4.2 Other Operating Income

The other operating income in the amount of € 2,580,643 largely comprises income from the increase in value according to Article 280 of the German Commercial Code of the shares of the 100% subsidiary SinnerSchrader Deutschland GmbH (€ 2,500,000). Furthermore, the other operating income includes income from the increase in value of the treasury stock, the sale of other securities, from insurance compensation, from the resolution of accrued expenses and from paying benefits with cash value to employees.

4.3 Income from the Transfer of Profits

In December 2003, the Company and its 100% subsidiary SinnerSchrader Deutschland GmbH concluded a profit transfer agreement with effect from 1 September 2003, which the Annual General Meeting agreed to on 28 January 2004. Income of € 1,637,213 was earned from the profit transfer agreement in the 2005/2006 financial year.

4.4 Interest Income and Expenses

The interest income comes from investing the Company's liquid funds. Interest expenditure mainly arose within the context of the central liquidity management that the Company carries out for its German subsidiaries.

4.5 Other Operating Expenses

The other operating expenses in the amount of € 1,565,690 mainly consist of costs for office space, communication costs, advertising costs and legal and consulting costs.

The other operating expenses include expenditure for fees in the amount of € 39,887 for the auditors, of which € 22,760 was for the annual audit, € 16,912 for other certification and evaluation services and € 215 for other services. Furthermore, the Company was invoiced € 35,808 for reporting fees, which were subsequently charged to the subsidiaries.

5 Other Information

5.1 Other Financial Liabilities

Tab. 3 | Obligations from rent and lease contracts in €

01.09.2006–31.08.2007	711,588
01.09.2007–31.08.2008	751,211
01.09.2008–31.08.2009	751,211
01.09.2009–31.08.2010	751,211
After 01.09.2010	1,017,009
Total	3,982,231

The financial liabilities largely concern fixed-term rental contracts for the office space in the Hamburg and Frankfurt am Main locations, which have a minimum remaining term of just under five years each.

5.2 Employees

On average for the 2005/2006 financial year, the Company had 18 employees (previous year: 16).

5.3 Management Board

In the 2005/2006 financial year, the following persons were members of the Management Board:

- » Matthias Schrader, Businessman, Chairman
- » Thomas Dyckhoff, Businessman, Finance Director

On 20 December 2005, the appointment of Mr Schrader was renewed for the period to 31 December 2010. The members of the Management Board performed their duties on a full-time basis. The remuneration of the Management Board members was made up as follows:

5.4 Supervisory Board

In the financial year, the following persons were members of the Supervisory Board:

- Dr Markus Conrad, Chairman (until 27 January 2006)
 - » Businessman, Hamburg
 - » Spokesman for the Management Board of Tchibo GmbH, Hamburg
 - » Member of the Management Board of Börsenverein des Deutschen Buchhandels e. V., Frankfurt am Main
 - » Member of the Supervisory Board of Blume 2000 New Media AG, Norderstedt

Reinhard Pöllath, Chairman (from 27 January 2006; previously Deputy Chairman)

- » Lawyer, Munich
- » Chairman of the Supervisory Board of Deutsche Woolworth GmbH & Co. OHG, Frankfurt am Main
- » Chairman of the Supervisory Board of Tchibo Holding AG, Hamburg
- » Member of the Supervisory Board of Beiersdorf AG, Hamburg
- » Member of the Supervisory Board of TA Triumph-Adler AG, Nuremberg (until 20 August 2006)
- » Member of the Supervisory Board of Tchibo GmbH, Hamburg
- » Member of the Supervisory Board of FERI Finance AG, Bad Homburg

Dieter Heyde, Deputy Chairman (from 27 January 2006)

- » Businessman, Bad Nauheim
- » Managing Partner of Salt Solutions GmbH, Würzburg

Frank Nörenberg

- » Lawyer, Hamburg
- » Managing Partner of Nörenberg, Schröder + Partner, Rechtsanwälte – Wirtschaftsprüfer – Steuerberater (Attorneys, Auditors and Tax Consultants), Hamburg
- » Deputy Chairman of the Supervisory Board of Graphit Kropfmühl AG, Hautzenberg
- » Member of the Supervisory Board of Albis Leasing AG, Hamburg
- » Member of the Advisory Council of ODS Optical Disc Service GmbH, Dassow

Tab. 4 | Remuneration of the Management Board members 2005/2006

	Fixed salary in €	Other benefits in €	Variable components in €	Stock options in number
Matthias Schrader	127,920	15,787	—	—
Thomas Dyckhoff	118,333	12,689	25,000	—
Total	246,253	28,476	25,000	—

In the 2005/2006 financial year, the total remuneration for the Management Board amounted to € 299,729.

Remuneration of the Supervisory Board members in the 2005/2006 financial year was made up as follows:

Tab. 5 | Remuneration of the Supervisory Board members 2005/2006

	Fixed salary in €	Other benefits in €	Variable components in €	Stock options in number
Dr Markus Conrad	3,266	89	1,633	—
Reinhard Pöllath	7,184	218	3,592	—
Dieter Heyde	3,551	129	1,775	—
Frank Nörenberg	4,000	218	2,000	—
Total	18,000	654	9,000	—

Another benefit for every member of the Supervisory Board is the proportionate premium for the economic loss indemnity insurance for bodies of legal persons taken out by the Company.

5.5 Participations

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

Tab. 6a | Investments of SinnerSchrader AG

Company	Share in %	Currency	Nominal capital	Share- holders' capital	Last annual result ¹⁾	Profit/loss transfer agreement	Reporting period
SinnerSchrader Deutschland GmbH, Hamburg	100.00	EUR	100,000	100,000	1,637,213	yes	01.09.05– 31.08.06
SinnerSchrader UK Ltd., London, Great Britain ²⁾	100.00	GBP	100,000	-545,448	-28,241	no	01.09.05– 31.08.06
SinnerSchrader Benelux BV, Rotterdam, Netherlands ²⁾	100.00	EUR	18,000	-177,371	-8,103	no	01.01.05– 31.12.05
LetMeShip GmbH, Hamburg ³⁾	24.94	EUR	53,250	n/a	n/a	no	n/a

¹⁾ Before profit transfer to SinnerSchrader AG

²⁾ The companies' activities were temporarily discontinued in the previous years; the respective shares were written off in the year the activity was discontinued. Audited annual financial statements of the companies are not available.

³⁾ The company filed for insolvency, current information regarding shareholders' equity and earnings is not available. The participation was completely written off.

Tab. 6b | Investments of SinnerSchrader Deutschland GmbH

Company	Share in %	Currency	Nominal capital	Share- holders' capital	Last annual result ¹⁾	Profit/loss transfer agreement	Reporting period
SinnerSchrader Neue Informatik GmbH, Hamburg	100.00	EUR	25,000	631,419	591,865	yes	01.09.05– 31.08.06
SinnerSchrader Studios GmbH, Hamburg	100.00	EUR	25,000	341,030	84,513	yes	01.09.05– 31.08.06
SinnerSchrader Studios Frankfurt GmbH, Frankfurt am Main	100.00	EUR	25,000	125,932	168,375	yes	01.09.05– 31.08.06

¹⁾ Before profit transfer to SinnerSchrader Deutschland GmbH

5.6 Declaration of Compliance Under Article 161 of the German Stock Corporation Act

On 21 November 2005, the Management Board and Supervisory Board submitted the Declaration of Compliance with the Corporate Governance Code required by Article 161 of the German Stock Corporation Act and made it permanently accessible to the shareholders on the Company's website.

5.7 Information According to Article 160 Para. 1 No. 8 of the German Stock Corporation Act

The Company has published the following notifications about major participations in an authorised journal of stock exchange announcements as required under Article 25 para. 1 of the Securities Trading Act:

- » Mr Holger Blank, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1231 %, whereby he has a share of voting rights of 49.1223 % under the terms of Article 22 para. 2 of the Securities Trading Act.
 - » Mr Bernward Beuleke, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.2256 %, whereby he has a share of voting rights of 49.0718 % under the terms of Article 22 para. 2 of the Securities Trading Act.
 - » Mr Dirk Lehmann, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1322 %, whereby he has a share of voting rights of 49.0718 % under the terms of Article 22 para. 2 of the Securities Trading Act.
 - » Ms Marion Sinner, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that her share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1231 %, whereby she has a share of voting rights of 49.0365 % under the terms of Article 22 para. 2 of the Securities Trading Act.
 - » Mr Torsten Kautz, Germany, notified us on 19 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1231 %, whereby he has a share of voting rights of 49.0950 % under the terms of Article 22 para. 2 of the Securities Trading Act.
 - » Ms Jessica Schmidt, Germany, notified us on 19 January 2005, amended on 4 February 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that her share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1244 %, whereby she has a share of voting rights of 48.9065 % under the terms of Article 22 para. 2 of the Securities Trading Act.
 - » Dr Markus Conrad, Germany, notified us on 20 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act and in conjunction with Article 22 of the Securities Trading Act, that he received notification on 17 January 2005 to the effect that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 due to sales in the syndicate and now amounts to 49.1231 %, whereby he has a share of voting rights of 48.0185 % under the terms of Article 22 para. 2 of the Securities Trading Act.
- Debby Vermögensverwaltung GmbH, Germany, acting on its own behalf and on behalf of the persons mentioned under letters b to e, notified us on 20 January 2005, pursuant to Article 21 para. 1 of the Securities Trading Act, of the following:
- a. Debby Vermögensverwaltung GmbH, Germany, received notification on 20 January 2005 that its share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 due to sales in the syndicate and now amounts to 49.1231 %, whereby it has a share of voting rights of 37.8823 % under the terms of Article 22 para. 2 of the Securities Trading Act.
 - b. Mr Wolfgang Herz, Germany, received notification on 17 January 2005 that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1231 %, whereby he has a share of voting rights of 4.9713 % under the terms of Article 22 para. 1 No. 2 of the Securities Trading Act and a share of voting rights of 44.1518 % under the terms of Article 22 para. 2 of the Securities Trading Act.

- c. Ms Agneta Peleback-Herz, Germany, received notification on 17 January 2005 that her share of voting rights in Sinner Schrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1231 %, whereby she has a share of voting rights of 0.6491 % under the terms of Article 22 para. 1 No. 2 of the Securities Trading Act and a share of voting rights of 48.474 % under the terms of Article 22 para. 2 of the Securities Trading Act.
- d. Mr Michael Herz, Germany, received notification on 17 January 2005 that his share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1231 %, whereby he has a share of voting rights of 4.9713 % under the terms of Article 22 para. 1 No. 2 of the Securities Trading Act and a share of voting rights of 44.1518 % under the terms of Article 22 para. 2 of the Securities Trading Act.
- e. Ms Cornelia Herz, Germany, received notification on 17 January 2005 that her share of voting rights in SinnerSchrader AG fell below the threshold of 50 % as of 12 January 2005 and now amounts to 49.1231 %, whereby she has a share of voting rights of 0.6491 % under the terms of Article 22 para. 1 No. 2 of the Securities Trading Act and a share of voting rights of 48.474 % under the terms of Article 22 para. 2 of the Securities Trading Act.

Mr Gerd Stahl, Germany, notified us on 4 July 2003, amended on 10 July 2003, pursuant to Article 21 para. 1 of the Securities Trading Act in conjunction with Article 22 of the Securities Trading Act, in accordance with the obligation on his part and as an agent and by proxy for the persons mentioned under letters b to c, that:

- a. As of 30 June 2003, Mr Gerd Stahl, Germany, has fallen below the threshold of 50 % of the voting rights in SinnerSchrader AG. He is now entitled to 49.95 % of the voting rights in SinnerSchrader AG pursuant to Article 21 para. 1 of the Securities Trading Act, of which 47.18 % of the voting rights are to be assigned under the terms of Article 22 para. 2 of the Securities Trading Act.
- b. As of 30 June 2003, Mr Alexander Spohr, Germany, has fallen below the threshold of 50 % of the voting rights in SinnerSchrader AG. He is now entitled to 49.95 % of the voting rights in SinnerSchrader AG pursuant to Article 21 para. 1 of the Securities Trading Act, of which 47.69 % of the voting rights are to be assigned under the terms of Article 22 para. 2 of the Securities Trading Act.

- c. As of 30 June 2003, Mr Matthias Fricke, USA, has fallen below the threshold of 50 % of the voting rights in SinnerSchrader AG. He is now entitled to 49.95 % of the voting rights in SinnerSchrader AG pursuant to Article 21 para. 1 of the Securities Trading Act, of which 47.85 % of the voting rights are to be assigned under the terms of Article 22 para. 2 of the Securities Trading Act.

Mr Thomas Dyckhoff, Germany, notified us on 7 June 2002, pursuant to Article 41 para. 2, 1st sentence of the Securities Trading Act, in accordance with the obligation on his part and as an agent and by proxy for the persons mentioned under letters b to e, that the correction to the notifications for Messrs Spohr, Fricke and Stahl resulted in the following amendments to the notifications of 8 April 2002 with respect to himself and the persons mentioned under letters b to e:

- a. Mr Thomas Dyckhoff, Germany, is entitled to 71.134 % of the voting rights in SinnerSchrader AG on 1 April 2002 pursuant to Article 41 para. 2, 1st sentence of the Securities Trading Act. Of this total, 70.701 % of the voting rights are to be assigned under the terms of Article 22 para. 2 of the Securities Trading Act.
- b. Mr Oliver Sinner, Germany, is entitled to 71.134 % of the voting rights in SinnerSchrader AG on 1 April 2002 pursuant to Article 41 para. 2, 1st sentence of the Securities Trading Act. Of this total, 50.801 % of the voting rights are to be assigned under the terms of Article 22 para. 2 of the Securities Trading Act.
- c. Mr Matthias Schrader, Germany, is entitled to 71.134 % of the voting rights in SinnerSchrader AG on 1 April 2002 pursuant to Article 41 para. 2, 1st sentence of the Securities Trading Act. Of this total, 52.614 % of the voting rights are to be assigned under the terms of Article 22 para. 2 of the Securities Trading Act.
- d. Mr Detlef Wichmann, Germany, is entitled to 71.134 % of the voting rights in SinnerSchrader AG on 1 April 2002 pursuant to Article 41 para. 2, 1st sentence of the Securities Trading Act. Of this total, 68.335 % of the voting rights are to be assigned under the terms of Article 22 para. 2 of the Securities Trading Act.
- e. Mr Sebastian Dröber, Germany, is entitled to 71.134 % of the voting rights in SinnerSchrader AG on 1 April 2002 pursuant to Article 41 para. 2, 1st sentence of the Securities Trading Act. Of this total, 68.161 % of the voting rights are to be assigned under the terms of Article 22 para. 2 of the Securities Trading Act.

6 Additional Information (Unaudited)

6.1 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 these shares held by directors of SinnerSchrader AG as of 31 August 2006 and any changes in the 2005/2006 financial year:

Tab. 7 Shares and options held by the Board members in number				
Shares	31.08.2005	Additions	Disposals	31.08.2006
Management Board members:				
Matthias Schrader	2,342,675	—	—	2,342,675
Thomas Dyckhoff	49,950	—	—	49,950
Total shares held by the Management Board members	2,392,625	—	—	2,392,625
Supervisory Board members:				
Dr Markus Conrad ¹⁾	127,500	—	127,500	—
Reinhard Pöllath	—	—	—	—
Dieter Heyde	—	—	—	—
Frank Nörenberg	1,000	—	—	1,000
Total shares held by the Supervisory Board members	128,500	—	127,500	1,000
Total shares held by the Board members	2,521,125	—	127,500	2,393,625
Options	31.08.2005	Additions	Disposals	31.08.2006
Management Board members:				
Matthias Schrader	—	—	—	—
Thomas Dyckhoff	25,000	—	—	25,000
Total shares held by the Management Board members	25,000	—	—	25,000
Supervisory Board members:				
Dr Markus Conrad	—	—	—	—
Reinhard Pöllath	—	—	—	—
Dieter Heyde	—	—	—	—
Frank Nörenberg	—	—	—	—
Total options held by the Supervisory Board members	—	—	—	—
Total options held by the Board members	25,000	—	—	25,000

¹⁾ Dr Markus Conrad left the Supervisory Board of SinnerSchrader AG as of 27 January 2006. Therefore, as of 31 August 2006, his shares and subscription rights are no longer attributed to the shares and subscription rights held by the Board members.

Hamburg, October 2006

Matthias Schrader

Thomas Dyckhoff

Auditors' Opinion

The following is the auditors' opinion on the Financial Statement and Status Report, which was combined with the Group Status Report:

We have audited the Annual Financial Statements, which is made up of the Balance Sheet, the Statement of Operations and the Notes, together with the bookkeeping system, and the Status Report, which was combined with the Group Status Report, of SinnerSchrader Aktiengesellschaft for the financial year from 1 September 2005 to 31 August 2006. The keeping of the books and records and the preparation of the Annual Financial Statements and Status Report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the Annual Financial Statements, together with the bookkeeping system, and the Status Report, based on our audit.

We conducted our audit of the Annual Financial Statements in accordance with Article 317 HGB (German Commercial Code) and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW: Institute of Public Auditors in Germany). These standards require that we plan and perform the audit so that misstatements and contraventions materially affecting the presentation of the asset, financial and income situation in the Annual Financial Statements in accordance with generally accepted accounting principles as well as in the Status Report are detected with reasonable certainty. Knowledge of the business activities and the economic and legal environment of the Company and the evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the

books and records, the Annual Financial Statements and the Status Report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the Annual Financial Statements and Status Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the Annual Financial Statements give a true and fair view of the asset, financial and income situation of the Company in accordance with generally accepted accounting principles. On the whole, the Status Report provides a suitable understanding of the Company's position and suitably presents the risks of future development.

Hamburg, 30 October 2006

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Nissen-Schmidt
Auditor

Schiersmann
Auditor