

Dear Shareholders,

SinnerSchrader has returned to a course of growth and is in the black once again!

One year ago, we promised revenue growth and profitability for the 2004/2005 financial year. With this Annual Report, we are pleased to announce that we have reached our goals. The last- ing turnaround for your Company has been achieved.

Between 1 September 2004 and 31 August 2005, we made much quicker progress than we had anticipated:

- » Our business plan called for revenue growth of between 5 % and 10 % – revenues actually rose by 16 %.
- » In our operative business, we planned for a balanced EBITA and thus an improvement of € 1.4 million compared to the 2003/2004 financial year – in fact, the EBITA improved by around € 1.6 million and amounted to nearly € 0.2 million at in the 2004/2005 financial year.

This success was primarily a result of two developments:

- » The Internet finally achieved a breakthrough to become a relevant platform for the sale of goods and services and for communication between companies and brands and their customers. It has become critical for many companies to invest in the Internet as a sales and communication channel in order to secure their own position and tap new growth potential.
- » Through its work for renowned customers under the motto "interactivate your business", SinnerSchrader has established a solid basis of experience and a reputation for successful e-commerce projects which are unparalleled in Germany. After the restructuring and reorganisation of the past years, SinnerSchrader is now addressing the growing demand for interactive services on a broad front by providing differentiated services from specialized units, without losing the ability to care for customers holistically as well.

In a market which is growing again, SinnerSchrader has succeeded in acquiring numerous new customers. Around 21% of revenues in 2004/2005 were achieved through new customer relationships. The creation of the "SZ Mediathek" for the Süddeutsche Zeitung and the launch of the low-cost "simyo" brand for E-Plus on the Internet are just two examples of this achievement. SinnerSchrader continues to bank on the establishment of long-term customer relationships. Three of SinnerSchrader's five largest customers, with whom the Company achieved revenues of over € 1 million each in the 2004/2005 financial year, have been customers for over four years.

Thanks to the gradual improvement in the cost position achieved over the past years and the increase in efficiency triggered by the reorganisation, SinnerSchrader was able to return to an operative profit in the 2004/2005 financial year. The return on revenues remained low at 1.8 %, however, because it will not be possible to adjust the rental vacancy costs – which amounted to between six and seven margin points in 2004/2005 – until the current tenancy in the offices in Hamburg ends on 30 June 2006.

Companies have put the Internet back on the agenda. Unlike the situation in 1999/2000, we are convinced that this time, it will stay there. This is because customers have undergone an irreversible change by using the Internet longer, more frequently, and in a more varied way. Consumers are one step ahead of the investment behaviour of many companies. This was not the case in 1999/2000.

We can and will benefit from this. For the current 2005/2006 financial year, we plan to achieve organic revenue growth of between 10 % and 15 %, and we anticipate an EBITA of between € 0.3 and 0.5 million. With the end of rental vacancy costs and the maintenance of these growth dynamics, the operating profit should exceed the one million mark for the 2006/2007 financial year.

We anticipate that the renewed growth prospects of our segment will also make the competitive situation among interactive service providers more dynamic in the future. We therefore believe that, in order to maintain or expand our market position in Germany, we will need to make acquisitions in neighbouring areas which will complement our service portfolio.

We are well-equipped for such acquisitions thanks to a strong cash flow in the 2004/2005 financial year, which led to € 10.6 million in liquid funds and a balance sheet which remained debt-free as of 31 August 2005, even after the special dividend of € 1.82 per share in the 2004/2005 financial year. However, in light of the tasks facing us, we feel it would not make sense at this time to pay a dividend of € 0.5 million or € 0.05 per share from the Group's net income.

Hamburg, 25 November 2005

The Management Board