

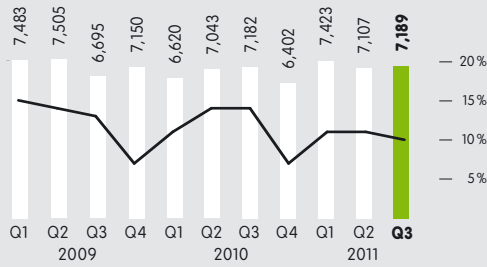
**INTERIM REPORT** AS PER SEPTEMBER 30, 2011

SIZIGI

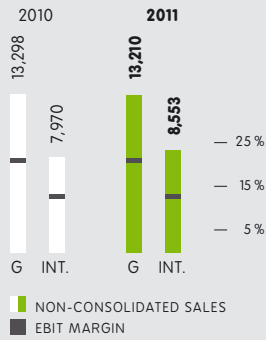


# KEY FIGURES OF SYZYGY AG

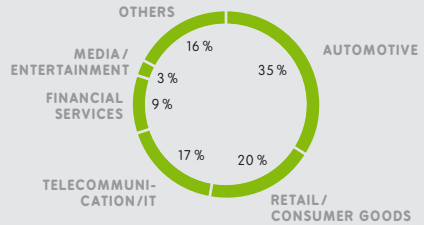
## SALES AND EBIT MARGIN IN EUR'000



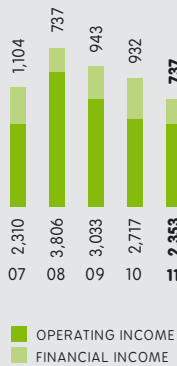
## SALES AND EBIT MARGIN BY REGION 9M IN EUR'000



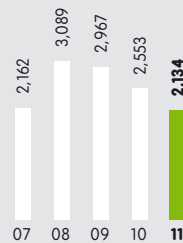
## SALES ALLOCATION BY VERTICAL MARKETS



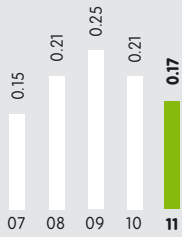
## RATIO OF OPERATING INCOME TO FINANCIAL INCOME 9M IN EUR'000



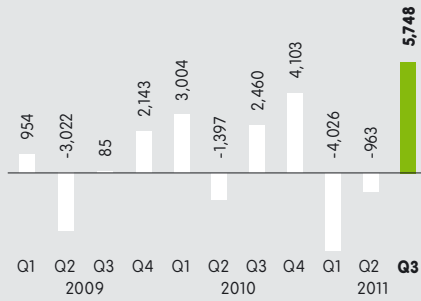
## NET INCOME 9M IN EUR'000



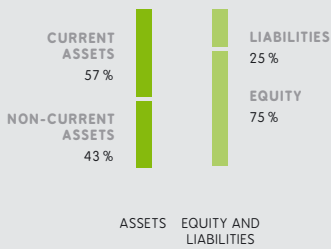
**EARNINGS PER SHARE**  
9M IN EUR



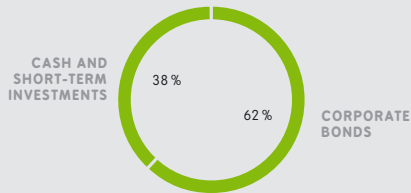
**DEVELOPMENT OF OPERATING CASH FLOW**  
IN EUR`000



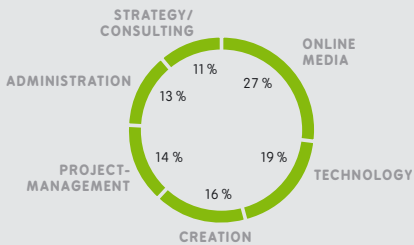
**BALANCE SHEET STRUCTURE**



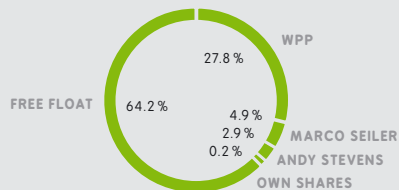
**PORTFOLIO STRUCTURE OF CASH AND MARKETABLE SECURITIES**



**EMPLOYEES BY FUNCTION**



**SHAREHOLDERS' STRUCTURE**



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## BUSINESS DEVELOPMENT AND MANAGEMENT REPORT

	3RD QUARTER			JANUARY-SEPTEMBER		
	2011	2010	DIFF.	2011	2010	DIFF.
Sales	7,189	7,182	0%	21,719	20,845	4%
EBITDA	889	1,202	-26%	2,832	3,298	-14%
EBITDA-margin	12%	17%	-5pp	13%	16%	-3pp
EBIT	721	1,009	-29%	2,353	2,717	-13%
EBIT-margin	10%	14%	-4pp	11%	13%	-2pp
Financial Income	194	360	-46%	737	932	-21%
Net income	626	963	-35%	2,134	2,553	-16%
Earnings per share (EUR)	0.05	0.08	-38%	0.17	0.21	-19%
Employees (as per September 30)	269	257	5%	269	257	5%
Liquid assets	19,014	20,055	-5%	19,014	20,055	-5%
Operating cash flow	5,748	2,460	134%	759	4,067	-81%

### GENERAL

The following management report provides information on the performance of the SYZGY Group (hereinafter referred to as "SYZGY" or the "Group"). The consolidated financial statements on which the management report is based have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial year corresponds to the calendar year.

### BUSINESS ACTIVITIES AND STRUCTURE OF THE GROUP

SYZGY is an international agency group for digital marketing with branches in Bad Homburg near Frankfurt, Hamburg, London and New York. With approximately 280 employees, the Group's seven operating units provide international companies with services in the area of digital marketing. SYZGY Deutschland GmbH and SYZGY UK Ltd develop websites, online

campaigns, mobile apps and platforms (design/technical realisation); unikedigital GmbH and Unique Digital Marketing Ltd offer their clients services including media planning, search engine marketing and optimisation, as well as social media strategies. Design studio Hi-ReSI London Ltd has a worldwide reputation for developing digital experiences and is regarded as one of the top names for creative Internet projects. In addition, the newly established companies Hi-ReSI New York Inc and Hi-ReSI Hamburg GmbH commenced business operations in March and July of this year, respectively, as wholly-owned subsidiaries of SYZGY AG.

The Group has also held a 26 per cent stake in Polish design studio Ars Thanea, Warsaw, since 3 August 2011. Rather than being fully consolidated, the associated company's results will be taken into account in financial income as at 31 December 2011, using the at equity method.

The SYZGY Group's business focus is on the automotive, telecommunications/IT, retail and consumer goods, financial services and media and entertainment industries.

#### **ECONOMIC ENVIRONMENT**

The third quarter of 2011 was dominated by the European currency crisis, which held back economic performance. High prices for energy and commodities, the weakening global economy and tough austerity measures in the public sector also contributed to the adverse impact on growth, which was already subdued in the first half of the year. According to several economic institutes, the Eurozone's gross domestic product (GDP) may have risen only marginally in Q3, while the ifo Institute even considers the Eurozone to be on the verge of recession.

Although widely described as an economic powerhouse as recently as the start of the year, Germany has not been immune to the general situation. According to the autumn forecast by the four leading German economic institutes, GDP only grew 0.6 per cent in the third quarter. The German Institute for Economic Research (DIW) puts the figure somewhat lower, at 0.4 per cent.

In the UK, where the SYZGY Group generates some 40 per cent of its sales, the economy remained particularly sluggish. Provisional statements on GDP for Q3 range from "stagnation" (British Chamber of Commerce) to 0.5 per cent growth (National Institute for Economic and Social Research). There is nevertheless a consensus that the UK is still struggling to overcome the consequences of the Lehman-crisis and make real progress. Rebalancing measures to boost exports have not yet had the desired effect and sentiment among consumers and businesses is falling, with the result that no economic recovery is expected in Q4 either.

#### **ADVERTISING MARKET**

The turbulence in global financial markets and associated concerns about a double-dip recession are reflected in the advertising industry in the form of a general decline in growth rates. Despite this, there have been none of the drastic budget cuts seen in 2008. The Internet in particular still proves to be crisis-proof, with above-average growth across all countries.

According to Nielsen, German companies spent a total of around EUR 2.0 billion on conventional display advertising alone in the period from January to September, 21.3 per cent more than in the same period of the previous year. The German Online Marketing Group (OVK) forecasts that investment in online marketing will grow by 16 per cent over the full year, reaching a total of EUR 6.23 billion.

For the UK, the International Advertising Bureau (iab) reported at the start of October that online budgets rose by 13.5 per cent in the first half of the year. On the other hand, it noted that the advertising market as a whole only grew by 1.4 per cent, with the digital channel thus further increasing its share of total spend to 27 per cent.

**SALES**

Sales of the SYZGY Group totalled EUR 21.7 million as at 30 September 2011, 4 per cent above the prior-year figure. The design and technical realisation business was the main source of positive results, posting growth both in Germany and in the UK.

In terms of sectors, automotive clients accounted for 35 per cent of sales. SYZGY generated one fifth of total sales in the retail and consumer goods sector, with the telecommunications/IT sector accounting for 17 per cent. The company generated 9 per cent of its revenue from clients in the financial sector. Organisations in the media & entertainment fields made up the smallest segment, at 3 per cent. The remaining 16 per cent is attributable to companies that cannot be assigned to any of these industries.

**OPERATING EXPENSES AND DEPRECIATION**

Operating expenses for the 9-month period totalled EUR 19.4 million, corresponding to a rise of 7 per cent. The start-up costs for Hi-ReSI New York were a major factor here, as well as M&A expenses in relation to the stake taken in Ars Thanea, which were allocated to general administrative expenses. The rise in operating expenses was also partly due to higher sales and marketing spend, including development of a new corporate design and sponsoring activity.

The cost of sales increased in line with sales by 4 per cent, to EUR 14.7 million. Gross margin was thus unchanged at 32 per cent.

**OPERATING INCOME, EBIT MARGIN**

The rise in operating expenses, which slightly exceeded the increase in sales, led to a fall in operating income. The SYZGY Group generated EBIT of kEUR 721 in the third quarter, resulting in a figure of EUR 2.4 million (-13%) for the period from January to September. The EBIT margin remained a healthy 11 per cent.

**LIQUID FUNDS AND SECURITIES, FINANCIAL INCOME**

Liquid funds and securities amounted to EUR 19.0 million as at 30 September, around one fifth below the level at the end of 2010. The portfolio was negatively affected by dividends and earn-out payments in particular. Operating cash flow had a positive impact, improving significantly in the third quarter and amounting to kEUR 759 in the 9-month period.

Although financial income of kEUR 737 for the reporting period failed to reach the previous year's level (-21%), it still represents a high return of 5.0 per cent p.a. The principal reason for the weaker result was the lower average level of liquidity holdings.

Due to the challenging situation in the financial markets, short-term liquidity holdings were increased substantially, while no new positions were taken in long-term investments. As at 30 September, investments thus comprised 62 per cent corporate bonds and 38 per cent overnight deposits, with an average residual maturity of 5.9 years.

**NET INCOME, INCOME TAXES,  
EARNINGS PER SHARE**

After income taxes of around EUR 1.0 million, net income was EUR 2.1 million (-16%). The tax rate was 31 per cent.

With 12,803,450 shares qualifying for a dividend, this corresponds to earnings per share of EUR 0.17 (-19%)

**SEGMENT REPORTING**

In accordance with application of IFRS 8, the SYZGY Group reports in line with the Group's management approach and thus uses geographical criteria, making a distinction between German and international companies.

Sales at the three German companies SYZGY Deutschland, unquedigital Hamburg and Hi-ReSI Hamburg remained almost constant compared to the previous year, at EUR 13.2 million. The international agencies were able to boost their revenue by 7 per cent to EUR 8.6 million, primarily due to higher income in the design & build business. Hi-ReSI New York also contributed to this growth. It reached break-even point in July for the first time, following a start-up phase lasting several months.

Operating income was up on the prior-year period in both segments. The German EBIT of EUR 3.0 million corresponds to growth of 2.5 per cent, while the international companies posted a rise to kEUR 1,095. Profitability was satisfactory, with margins of 22 per cent in Germany and 13 per cent in the international segment.

**OPERATING CASH FLOW**

Due to very strong operating cash flow in the third quarter (EUR 5.7 million), the result as at the balance sheet date was again very positive at kEUR 759. Cash flow was EUR -5.0 million at the half-year mark.

Besides net income, the reduction in accounts receivable in online marketing contributed to the strong result, falling by EUR 4.2 million in Q3 to EUR 8.5 million.

Cash outflows resulted from the settlement of tax liabilities totalling EUR 1.7 million in the 9-month period. This amount includes both payments in arrears for 2009 and payments on account for 2011.

**INVESTMENTS, RESEARCH AND DEVELOPMENT**

SYZGY has invested kEUR 686 in intangible assets and fixed assets since the start of the financial year. Purchases primarily involved software and hardware, as well as other equipment for the Group's employees.

Expenses were also incurred in the first half of the year for development of the innovative GOAB TV concept, in which SYZGY intelligently combines conventional television with Web functionality. GOAB has met with a huge response worldwide and attracted the attention of big-name companies across a range of industries. The implementation of individual elements is currently at the planning stage.



**NET ASSETS AND BALANCE SHEET POSITION**

Total assets of SYZGY AG fell by 12 per cent to EUR 51.7 million in the period under review.

There were substantial changes in non-current assets under "other assets", which since July include the 26 per cent stake in Ars Thanea.

Liquid funds and securities rose significantly again due to strong operating cash flow in the third quarter. They amounted to EUR 19.0 million at the reporting date, i.e. EUR 3.7 million or 24 per cent more than at 30 June 2011.

There was only a slight change in equity (-4%), which totalled EUR 38.6 million. Current liabilities totalling EUR 12.8 million correspond to a drop of 28 per cent, attributable chiefly to the lower level of trade payables (EUR -3.3 million). The reason for this is the relatively subdued performance of the online marketing business in comparison with the previous year, which entailed lower invoice amounts from marketers and platform operators.

At 75 per cent the equity ratio was 6 percentage points above the figure as at 31 December 2010.

**EMPLOYEES**

At the end of the period under review, 269 persons were employed in the SYZGY Group, 11 per cent more than at the end of 2010. The growth is spread equally over the German and the international companies, in which 177 and 92 people were employed, respectively. During peak periods and to supplement in-house skills, an average of ten freelancers worked for the Group.

In terms of employees by function, there were only slight changes compared to the previous year: the percentage of employees in online marketing rose to 27 per cent (+3 pp), while the proportion working in strategy consulting was also up on the previous year, at 11 per cent. Technology-related roles saw a slight decline in percentage terms (19%), while the figures for design (16%), project management (14%) and administration (13%) remained largely constant.

Based on the average number of persons employed in the Group and including freelancers, annualised sales per head were kEUR 105 in the period under review.

## OUTLOOK

The state of the economy and expectations for future growth are the main factors that determine companies' willingness to invest in advertising and marketing campaigns.

Although forecasts of any kind by their very nature involve a number of uncertainties, this is currently particularly true of statements about the economy. The downturn in the global economy, muted recovery of the US economy and especially the as yet unresolved Euro crisis are all factors that impair the validity and reliability of forecasts. In the case of Eurozone countries in particular, estimates are based on the assumption that politicians will find a viable way out of the debt crisis, thereby boosting confidence in the European single currency. It nevertheless remains to be seen whether or when this happens, or whether the financial difficulties of some Euro member countries become a permanent crisis.

Various indices, such as the Markit Composite Index, the ifo Business Climate Index and ZEW economic expectations, certainly indicate a lack of corporate confidence in future economic performance. Their levels fell in September, both for the Eurozone as a whole and for Germany and the UK, plunging to new lows in some cases.

According to the autumn forecast by the four leading German economic institutes, macroeconomic production in the Eurozone will fall in the fourth quarter of 2011 and stagnate at the start of next year. Eurozone GDP is expected to grow by 1.5% over the whole of 2011, while in 2012 it will increase by just 0.4%. This figure means that the institutes have made a significant downward correction to their spring estimate of 1.6 per cent.

The autumn report also forecasts similar performance for the German economy – decline in Q4, stagnation in Q1 2012. Although the economy is predicted to pick up in the second quarter of 2012, here again the growth forecast for 2012 is very much lower than even a few months ago. Instead of the 2.0 per cent forecast in their last report, the institutes now only expect 0.9 per cent growth.

The German Institute for Economic Research (DIW Berlin) came up with figures that are only slightly different: growth of 2.8% for 2011 and 1.0% for 2012.

In the UK, no positive stimulus is expected in the short to medium term in view of the general conditions.

Increasing scepticism about the economy is apparent in the overview of more than 20 forecasts by independent companies and organisations published by the British Treasury. Although estimates averaging 1.2 per cent for 2011 and 1.8 per cent for 2012 lie above the European average, these figures are the result of steady downward adjustment. Statements about the future of the economy were significantly more positive as recently as the middle of the year.

This situation sees the SYZGY Group confronted with two conflicting trends: a significant slackening of the economy on the one hand and rising online budgets on the other.

At global level, ZenithOptimedia forecasts Web advertising growth of 14.6 per cent each year up to 2013. This means that in just two years from now the Internet would be attracting more spend than newspapers, and would take second place behind TV in the ranking of the most popular advertising channels.

The media agency expects an increase of 13.2 per cent in 2011 for the German online advertising market, which is already relatively mature in comparison with other countries. The German Online Marketing Group (OVK) forecasts somewhat higher growth of 16 per cent, to reach a total of EUR 6.23 billion. eMarketer considers an 18 per cent increase in German online budgets to be realistic for 2012.

According to ZenithOptimedia, UK advertisers will spend about 8.1 per cent more on online marketing in the current year and increase their budgets by a further 10.4 per cent in 2012.

#### **FORECAST**

SYZGY expects moderate sales growth in the current financial year. Investment in international companies, the development of a new brand identity and expansion of the portfolio of services offered by the SYZGY Group will all affect results in 2011, with the consequence that net income will be lower than 2010. For 2012, SYZGY is budgeting for significantly double-digit growth in sales and EBIT.

## CONSOLIDATED BALANCE SHEET

ASSETS	09/30/2011	09/30/2010	12/31/2010
	EUR'000	EUR'000	EUR'000
<b>Non-current assets</b>			
Goodwill	19,295	19,436	19,401
Fixed assets, net	1,856	1,838	1,750
Other assets	1,025	482	487
Securities	0	2,730	0
Deferred tax assets	57	68	57
<b>Total non-current assets</b>	<b>22,233</b>	<b>24,554</b>	<b>21,695</b>
<b>Current assets</b>			
Cash and cash equivalents	7,224	4,982	5,839
Marketable securities	11,790	12,343	18,042
Accounts receivable, net	8,492	11,867	10,675
Prepaid expenses and other current assets	1,958	1,593	2,215
<b>Total current assets</b>	<b>29,464</b>	<b>30,785</b>	<b>36,771</b>
<b>Total assets</b>	<b>51,697</b>	<b>55,339</b>	<b>58,466</b>

EQUITY AND LIABILITIES	09/30/2011	09/30/2010	12/31/2010
	EUR'000	EUR'000	EUR'000
<b>Equity</b>			
Common stock*	12,828	12,828	12,828
Additional paid-in capital	20,207	20,207	20,207
Own shares	-116	-116	-116
Accumulated other comprehensive income	-3,472	-1,811	-2,107
Retained earnings	9,174	8,436	9,601
<b>Total Equity</b>	<b>38,621</b>	<b>39,544</b>	<b>40,413</b>
<b>Non-current liabilities</b>			
Long term liability	249	1,226	249
Deferred tax liabilities	55	67	55
<b>Total non-current liabilities</b>	<b>304</b>	<b>1,293</b>	<b>304</b>
<b>Current liabilities</b>			
Tax accruals and liabilities	1,160	2,897	2,874
Accrued expenses	2,230	1,552	1,439
Customer advances	2,411	2,136	2,399
Accounts payable	5,871	7,490	9,205
Other current liabilities	1,100	427	1,832
<b>Total current liabilities</b>	<b>12,772</b>	<b>14,502</b>	<b>17,749</b>
<b>Total liabilities and equity</b>	<b>51,697</b>	<b>55,339</b>	<b>58,466</b>

\* Contingent Capital EUR'000 1,200 (Prior year: EUR'000 1,200). The accompanying notes are an integral part of the consolidated financial statements.

## CONSOLIDATED STATEMENT OF INCOME AND ACCUMULATED EARN

	3. QUARTER			JANUARY - SEPTEMBER		
	2011	2010	DIFF.	2011	2010	DIFF.
	EUR'000	EUR'000		EUR'000	EUR'000	
<b>Sales</b>	<b>7,189</b>	<b>7,182</b>	<b>0%</b>	<b>21,719</b>	<b>20,845</b>	<b>4%</b>
Cost of revenues	-4,848	-4,797	1%	-14,667	-14,143	4%
Sales and marketing expenses	-740	-517	43%	-2,024	-1,636	24%
General and administrative expenses	-945	-838	13%	-2,865	-2,477	16%
Other operating income/expense, net	65	-21	–	190	128	48%
<b>Operating profit</b>	<b>721</b>	<b>1,009</b>	<b>-29%</b>	<b>2,353</b>	<b>2,717</b>	<b>-13%</b>
Financial income, net	194	360	-46%	737	932	-21%
<b>Income before taxes</b>	<b>915</b>	<b>1,369</b>	<b>-33%</b>	<b>3,090</b>	<b>3,649</b>	<b>-15%</b>
Income taxes	-289	-406	-29%	-956	-1,096	-13%
<b>Net income of the period</b>	<b>626</b>	<b>963</b>	<b>-35%</b>	<b>2,134</b>	<b>2,553</b>	<b>-16%</b>
thereof Income share to shareholders of SYZYG AG	626	963	-35%	2,134	2,553	-16%
Currency translation adjustment	744	-537	–	-20	736	-103%
Net unrealized gains/ losses on mark. sec.	-1,370	335	-509%	-1,345	389	-446%
Other comprehensive income	-626	-202	-210%	-1,365	1,125	-221%
<b>Comprehensive income</b>	<b>0</b>	<b>761</b>	<b>-100%</b>	<b>769</b>	<b>3,678</b>	<b>-79%</b>
Earnings per share from total operations (diluted and basic in EUR)	0.05	0.08	-38%	0.17	0.21	-19%

The accompanying notes are an integral part of the financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

	09/30/2011	09/30/2010	12/31/2010
	EUR'000	EUR'000	EUR'000
Period net income	2,134	2,553	3,796
Adjustments to reconcile income from continuing operations to net cash provided by operating activities			
– Writedown of marketable securities	196	0	237
– Depreciation on fixed assets	479	581	773
– Profit and loss on sale of securities	-236	0	-301
– Other non-cash income and expenses	0	0	-1,178
Changes in operating assets and liabilities:			
– Accounts receivable and other assets	2,440	5,758	7,416
– Customer advances	12	415	678
– Accounts payable and other liabilities	-2,552	-5,592	-3,579
– Tax accruals and payables, deferred taxes	-1,714	352	328
<b>Cash flows provided by operating activities</b>	<b>759</b>	<b>4,067</b>	<b>8,170</b>
Proceeds from sale of fixed assets	101	54	158
Changes in other non-current assets	-538	-172	-26
Investments in fixed assets	-686	-291	0
Purchases of marketable securities	-4,986	-13,858	-19,117
Proceeds from sale of marketable securities	10,076	13,726	16,275
Acquisition of consolidated companies	-723	-5,240	-2,802
<b>Cash flows used in investing activities</b>	<b>3,244</b>	<b>-5,781</b>	<b>-5,512</b>
Capital increase	0	2,572	0
Dividend	-2,561	-2,561	-2,561
<b>Cash flows from financing activities</b>	<b>-2,561</b>	<b>11</b>	<b>-2,561</b>
<b>Total</b>	<b>1,442</b>	<b>-1,703</b>	<b>97</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>5,839</b>	<b>5,747</b>	<b>5,747</b>
<b>Exchange rate differences</b>	<b>-57</b>	<b>938</b>	<b>-5</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>7,224</b>	<b>4,982</b>	<b>5,839</b>

The accompanying notes are an integral part of the financial statements.

## STATEMENT OF CHANGES IN EQUITY

	NUMBER OF SHARES (IN '000)	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	OWN SHARES	RETAINED EARNINGS	ACCUM. OTHER COMPRE- HENSIVE INCOME		TOTAL EQUITY
						FOREIGN EXCHANGE CURRENCY	UNREALISED GAINS AND LOSSES	
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
<b>January 01, 2010</b>	<b>12,078</b>	<b>12,078</b>	<b>18,385</b>	<b>-116</b>	<b>8,444</b>	<b>-2,591</b>	<b>-345</b>	<b>35,855</b>
Comprehensive income					3,796	524	305	4,625
Dividend					-2,561			-2,561
Increase of capital	750	750	1,822					2,572
Transfer in Retained Earnings					-78			-78
<b>December 31, 2010</b>	<b>12,828</b>	<b>12,828</b>	<b>20,207</b>	<b>-116</b>	<b>9,601</b>	<b>-2,067</b>	<b>-40</b>	<b>40,413</b>
<b>January 01, 2011</b>	<b>12,828</b>	<b>12,828</b>	<b>20,207</b>	<b>-116</b>	<b>9,601</b>	<b>-2,067</b>	<b>-40</b>	<b>40,413</b>
Comprehensive income					2,134	-20	-1,345	769
Dividend					-2,561			-2,561
<b>September 30, 2011</b>	<b>12,828</b>	<b>12,828</b>	<b>20,207</b>	<b>-116</b>	<b>9,174</b>	<b>-2,087</b>	<b>-1,385</b>	<b>38,621</b>

The accompanying notes are an integral part of the financial statements.

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2011

## ACCOUNTING PRINCIPLES

In accordance with §37 y i.c.w. §37 w (2) of the German Security Trading Act (Wertpapierhandelsgesetz – WpHG), SYZYGY's 9-month-report comprises the interim consolidated financial statements of SYZYGY Group for the first nine months of 2011 and an interim management report. The unaudited consolidated financial statements of SYZYGY have been prepared in accordance with the International Financial Reporting Standards (IFRS) as they have to be applied within the European Union.

The interim financial statements have been set up considering the rules of IAS 34. Accordingly, a reduced reporting has been chosen compared to the annual report 2010. The management report has been prepared under the applicable rules of WpHG.

The interim financial statements do no longer show gross sales, only net sales ("sales"). Apart from that, the same accounting and consolidation principles were applied as described in the notes to the financial statements in the 2010 annual report. Individual items in the balance sheet and income statement are likewise presented using the same valuation principles as described and applied in the annual report 2010. These financial figures and the associated information must therefore be read in conjunction with the annual report 2010.

## BUSINESS ACTIVITY OF THE SYZYGY GROUP

SYZYGY is an international agency group for digital marketing. The operating companies with offices in Germany, the UK and the US offer large international companies a comprehensive range of services from strategic consulting to project planning, concepts, design and technical realisation. SYZYGY's services are complemented by search engine marketing and online media planning. SYZYGY thus enables their clients to use the Web both as a powerful communications and sales medium and as a tool for extending and improving their interaction with customers, business partners and employees.

## SCOPE OF CONSOLIDATION AND PRINCIPLES

As at September 30, 2011, the following subsidiaries were included in the consolidated financial statements of SYZYGY AG and fully consolidated:

- (1) Hi-ReSI Hamburg GmbH, Germany
- (2) Hi-ReSI London Ltd, UK
- (3) Hi-ReSI New York Inc, US
- (4) Mediopoly Ltd, UK
- (5) SYZYGY Deutschland GmbH, Germany
- (6) SYZYGY UK Ltd, UK
- (7) unquedigital GmbH, Germany
- (8) Unique Digital Marketing Ltd, UK

Information on general consolidation principles is provided in the 2010 annual report from page 46f.



**ASSOCIATED COMPANIES**

On August 3, 2011, SYZYGY AG acquired 26 per cent of shares in Ars Thanea, Poland. The agency is consolidated as associated company at equity. Starting from the day of acquisition, the company's net income is attributable to the financial income of SYZYGY on a pro-rata basis. As at September 30, 2011, the acquisition had no effect on the financial income of SYZYGY.

The acquisition costs of kEUR 544 are shown in other non-current assets. The payment of the acquisition price was not made in the period under review, so that the corresponding value is shown as other current liabilities.

**COMMON STOCK**

As at September 30, 2011, common stock amounted to EUR 12,828,450 and comprised 12,828,450 no-par value bearer shares. These shares have a stated value of EUR 1.00; 25,000 of them belonged to treasury stock.

**AUTHORISED AND CONTINGENT CAPITAL**

At the Annual General Meeting on May 27, 2011, the resolution on a possible increase in common stock was renewed. Accordingly, the Management Board is authorised, subject to the approval of the Supervisory Board, to issue additional ordinary no-par value bearer shares, which may be issued until the period ending May 27, 2016. The contingent capital amounts to kEUR 6,000.

Furthermore, at the Annual General Meeting on May 29, 2009, the Management Board was authorised to issue a maximum of 1,200,000 additional shares (contingent capital) in connection with the employee stock-based compensation plan. As in the previous year, no options were granted, exercised nor existing in the first nine months of 2011.

**TREASURY STOCK**

On May 28, 2010, the Annual General Meeting authorised the Management Board to acquire a maximum of 10 per cent of the Company's outstanding shares until May 28, 2015. Treasury shares do not entitle the Company to any dividend or voting rights. The Company is authorised to resell or call in treasury shares, to offer them to employees of the Company as compensation or to third parties in the course of acquiring companies. As at September 30, 2011, SYZYGY held 25,000 own shares.

**OTHER NET INCOME**

Other comprehensive income summarised under "other net income" amounted to a loss of kEUR -1,365 (as at September 30, 2010: gain of kEUR 1,125) in the first nine months of 2011 and can be attributed mainly to unrealised losses from securities (kEUR -1,345).

**RETAINED EARNINGS**

Dividend distributions are based on the distributable equity disclosed in the annual financial statements of SYZYGY AG according to HGB (German Commercial Code). On May 27, 2011, the Annual General Meeting approved a dividend of EUR 0.20 per share, which was distributed as of May 30, 2011. Retained earnings of kEUR 8,220 were being carried forward to new account and led to a corresponding disclosure in the financial statements of SYZYGY AG according to HGB. At the end of the third quarter 2011, the consolidated financial statements of the Group show retained earnings of kEUR 9,174.

#### **OTHER CURRENT LIABILITIES**

In the first nine months of 2011, other current liabilities have been reduced to kEUR 1,100 (as at December 31, 2011: kEUR 1,832), one reason for this being the earn-out-payment of Hi-ReSI London. The whole amount was paid in cash. Moreover, other current liabilities were also diminished by changes in customers with credit balances (kEUR -464).

Due to the acquisition of the investment in Ars Thanea, other current liabilities of kEUR 544 accrued.

#### **SEGMENT REPORTING**

Application of IFRS 8 requires segment reporting in accordance with the Group's management approach. SYZYGY thus bases segment reporting on geographical criteria.

The international segment consists of SYZYGY UK Ltd, Unique Digital Marketing Ltd, Hi-ReSI London Ltd, Hi-ReSI New York Inc and Mediopoly Ltd. Germany comprises Hi-ReSI Hamburg GmbH, SYZYGY Deutschland GmbH and unquedigital GmbH. As the holding company, SYZYGY AG delivers services to the operating units and therefore needs to be considered separately. The individual segments apply the same accounting principles as the consolidated entity.

The criteria used by SYZYGY AG to assess the performance of the segments include sales and the operating income (EBIT). Transactions between segments, which are charged at market prices, were eliminated.

Segment assets are equivalent to total assets plus the goodwill attributable to the respective segment, less receivables attributable to companies in the same segment.

Segment investments comprise investments in intangible assets and fixed assets.

Segment liabilities correspond to total liabilities excluding equity and less liabilities attributable to companies of the same segment.

<b>September 30, 2011</b> <b>[EUR'000]</b>	<b>GERMANY</b>	<b>INTERNATIONAL</b>	<b>CENTRAL FUNCTIONS AND CONSOLIDATION</b>	<b>TOTAL</b>
Sales	13,210	8,553	-44	<b>21,719</b>
Internal sales	274	42	-316	<b>0</b>
Operating income (EBIT)	2,955	1,095	-1,697	<b>2,353</b>
Financial income	50	5	682	<b>737</b>
Assets	20,615	19,403	11,679	<b>51,697</b>
of which goodwill	8,841	10,454	0	<b>19,295</b>
Investments	404	180	42	<b>627</b>
Depreciations and amortisation	315	155	9	<b>479</b>
Segment liabilities	8,323	4,572	181	<b>13,076</b>

<b>September 30, 2010</b> <b>[TEUR]</b>	<b>GERMANY</b>	<b>INTERNATIONAL</b>	<b>CENTRAL FUNCTIONS AND CONSOLIDATION</b>	<b>TOTAL</b>
Sales	13,298	7,970	-423	<b>20,845</b>
Internal sales	42	58	-100	<b>0</b>
Operating income (EBIT)	2,883	735	-901	<b>2,717</b>
Financial income	45	7	880	<b>932</b>
Assets	20,274	19,020	16,045	<b>55,339</b>
of which goodwill	8,841	10,595	0	<b>19,436</b>
Investments	193	15	4	<b>212</b>
Depreciations and amortisation	402	175	5	<b>581</b>
Segment liabilities	8,085	7,056	654	<b>15,795</b>

## DIRECTORS' DEALINGS

Transactions by board members of listed companies in shares in their own organisation are called directors' dealings. In the period under review, no SYZGY shares were bought or sold by board members.

Neither the members of the Management Board nor of the Supervisory Board hold any options.

### Management Board: Shares

[Number of shares]	MARCO SEILER	FRANK WOLFRAM	ANDREW STEVENS	TOTAL
As at December 31, 2010	622,279	5,500	375,000	<b>1,002,779</b>
Purchases	0	0	0	<b>0</b>
Sales	0	0	0	<b>0</b>
As at September 30, 2011	622,279	5,500	375,000	<b>1,002,779</b>

### Supervisory Board: Shares

[Number of shares]	MICHAEL MÄDEL	ADRIAAN RIETVELD	WILFRIED BEECK	TOTAL
As at December 31, 2010	0	10,000	120,000	<b>130,000</b>
Purchases	0	0	0	<b>0</b>
Sales	0	0	0	<b>0</b>
As at September 30, 2011	0	10,000	120,000	<b>130,000</b>

## SHAREHOLDER STRUCTURE

As at September 30, 2011, the shareholders' structure had not changed as compared to December 31, 2010: The WPP Group held 27.8 per cent, Marco Seiler 4.9 per cent and Andrew Stevens 2.9 per cent of SYZGY shares. 0.2 per cent were treasury shares so that the free float amounted to 64.2 per cent.

In the period under review, three institutional investors informed us via threshold disclosures that they have crossed the legal threshold of 3 per cent. According to their last disclosure dated July 28, 2011, Share Value Stiftung, Germany, are currently holding 3.04 per cent; Wallberg Invest S.A., Luxemburg, are holding 3.04 per cent referring to their last disclosure of April 21, 2011; Capiton Value Beteiligungs-GmbH,

Current holdings of shares and transactions carried out in the period under review are disclosed in the following tables:

Germany, are holding 3.26 per cent according to their last disclosure of January 14, 2011. In accordance with the definition of the German stock exchange, these portions of shares are attributable to the free float.

As at September 30, 2011, the total number of shares was 12,828,450.

Bad Homburg v. d. H., October 28, 2011  
SYZGY AG

The Management Board

## FINANCIAL CALENDAR 2011/2012

GERMAN EQUITY FORUM, FRANKFURT	/	NOVEMBER 21, 2011
CAPITAL MARKET CONFERENCE (MKK), MUNICH	/	DECEMBER 7-8, 2011
ANNUAL REPORT 2011	/	MARCH 30, 2012
INTERIM REPORT AS PER 03/31/2012	/	APRIL 27, 2012

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