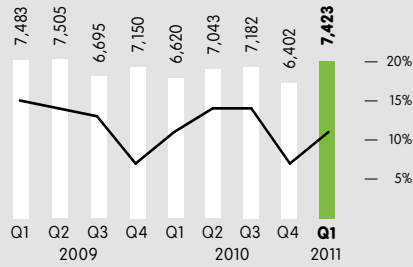


# SIZIGI

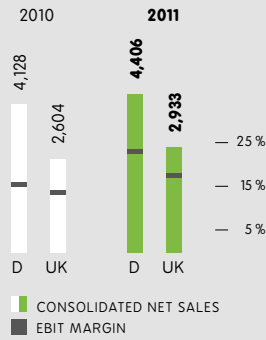


# KEY FIGURES OF SYZYG AG

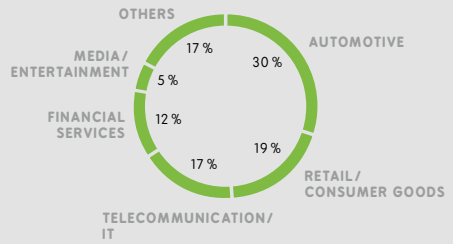
## NET SALES AND EBIT MARGIN IN EUR'000



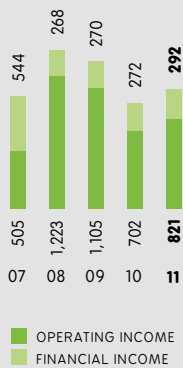
## NET SALES AND EBIT MARGIN BY REGION IN EUR'000



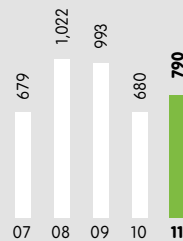
## SALES ALLOCATION BY VERTICAL MARKETS



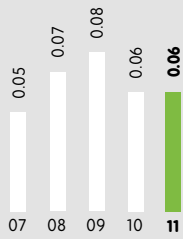
## RATIO OF OPERATING INCOME TO FINANCIAL INCOME IN EUR'000



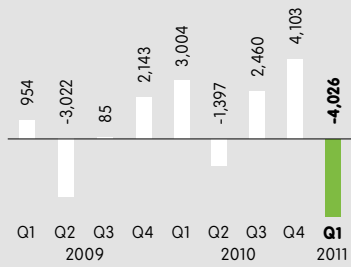
## NET INCOME IN EUR'000



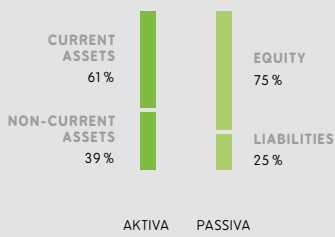
**EARNINGS PER SHARE**  
IN EUR



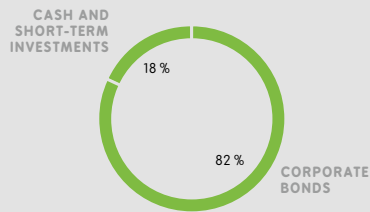
**DEVELOPMENT OF OPERATING CASH FLOWS**  
IN EUR'000



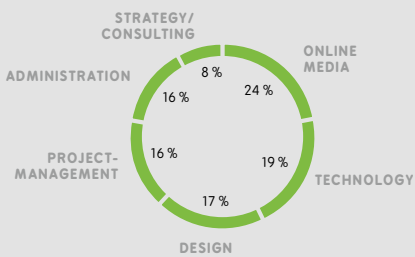
**BALANCE SHEET STRUCTURE**



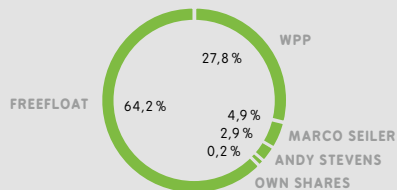
**PORTFOLIO STRUCTURE OF CASH AND MARKETABLE SECURITIES**



**EMPLOYEES BY FUNCTION**



**SHAREHOLDER STRUCTURE**



1	/	BUSINESS DEVELOPMENT AND MANAGEMENT REPORT
1	/	BUSINESS ACTIVITIES AND STRUCTURE OF THE GROUP
1	/	ECONOMIC ENVIRONMENT
2	/	ONLINE ADVERTISING MARKET
2	/	SALES
3	/	OPERATING INCOME (EBIT) AND EBIT MARGIN
3	/	SEGMENT REPORTING
3	/	OPERATING EXPENSES AND DEPRECIATION
4	/	LIQUID FUNDS AND SECURITIES/FINANCIAL INCOME
4	/	NET INCOME, INCOME TAXES, EARNINGS PER SHARE
4	/	OPERATING CASH FLOW
4	/	NET ASSETS AND BALANCE SHEET POSITION
5	/	EMPLOYEES
5	/	GENERAL ECONOMIC DEVELOPMENT
6	/	ONLINE ADVERTISING MARKET
6	/	PERFORMANCE OF THE SYZYGY GROUP
7	/	CONSOLIDATED BALANCE SHEET
8	/	CONSOLIDATED STATEMENT OF INCOME AND ACCUMULATED EARNINGS
9	/	CONSOLIDATED STATEMENT OF CASH FLOWS
10	/	STATEMENT OF CHANGES IN EQUITY
11	/	NOTES TO THE CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS
15	/	FINANCIAL CALENDAR AND CONTACT

## BUSINESS DEVELOPMENT AND MANAGEMENT REPORT

	Q1-2011	Q1-2010	DIFF.
	EUR'000	EUR'000	%
Gross sales	18,903	21,337	-11%
Net sales	7,423	6,620	12%
EBITDA	980	901	9%
EBITDA margin	13%	14%	-1pp
EBIT	821	702	17%
EBIT margin	11%	11%	–
Financial income	292	272	7%
Net income	790	680	16%
Earnings per share (EUR)	0.06	0.06	0%
Employees (as per March 31)	259	249	4%
Liquid assets	19,622	23,660	-17%
Operating cash flow	-4,026	3,004	-234%

### BUSINESS ACTIVITIES AND STRUCTURE OF THE GROUP

Syzygy is an agency group for interactive marketing with branches in Frankfurt, Hamburg and London. With approximately 280 employees, the Group's six operating units provide large European companies with services in the area of interactive marketing. Syzygy Deutschland GmbH and Syzygy UK Ltd. develop websites, campaigns, programmes and platforms (design & build); unquedigital 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-ReS! 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 company Hi-ReS! New York Inc commenced business operations in March 2011, primarily servicing clients in the US market.

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

### ECONOMIC ENVIRONMENT

The first quarter of 2011 saw widespread consolidation of the economic upturn in Europe, although performance in the individual countries remained mixed.

The rise in various economic indicators bore witness to generally strong order books and positive business sentiment regarding the months ahead. The eurozone service sector in particular experienced a dynamic recovery and recorded its highest rise since 2007, according to the MarkIT Institute.

Germany's gross domestic product (GDP) increased by 0.9 per cent in the period under review compared to the previous quarter, according to estimates by the German Institute for Economic Research (DIW).

The economic situation also eased slightly in the UK. Having said that, GDP growth of 0.7 per cent must be seen against the backdrop of a very weak previous quarter in which the UK economy suffered a further setback to its already slow recovery. The upturn in the UK must therefore still be considered moderate.

#### **ONLINE ADVERTISING MARKET**

The advertising sector recovered in parallel with the general economy in 2010. Although the figures vary depending on the way data is collected, the various statistics do indicate a clear trend: the paradigm shift in advertising is continuing. Digital channels are attracting increasingly large shares of budgets and, slowly but surely, making life difficult for newspapers and magazines in particular.

By 2013, the Internet is expected to account for more global ad spending than newspapers, according to the latest estimate by media agency ZenithOptimedia, which sees online spend reaching USD 94.5 billion. Even TV will find it increasingly difficult to hold its ground against the Internet. What happened in the UK in 2009 is set to hit German TV in two years, namely being ousted as advertising leader by the Web. This forecast is backed up by above-average growth rates in Internet marketing, as evidenced by the Nielsen advertising statistics and other sources. According to these figures, conventional online banner advertising in Germany increased by almost 36 per cent in the first quarter of 2011.

The German Online Marketing Group (OVK, part of the German Association for the Digital Economy), which extrapolates the Nielsen statistics to 100 per cent and adds affiliate and search engine marketing, expects total growth of 16 per cent for 2011.

The estimates for the already very mature UK online advertising market are somewhat lower. Based on the forecasts of four major media agencies, the Internet Advertising Bureau expects an increase in online advertising sales in 2011 of 7 per cent to around GBP 4.12 billion.

#### **SALES**

The Syzygy Group reports gross and net sales in its financial reporting. The net sales figures are arrived at by deducting media costs from gross sales. Media costs are incurred in the online marketing subsidiaries as transitory items when managing client budgets.

Gross sales amounted to EUR 18.9 million in the reporting period, 11 per cent below the figure for the comparative quarter. This was due to the loss of a high-volume client in the UK online marketing business who now produces services in-house rather than purchasing them from unique.

Net sales performed very well due to strong design & build activity in Germany and the UK, rising 12 per cent to EUR 7.4 million.

In terms of sectors, Syzygy generated 30 per cent of sales with clients in the automotive industry, while the retail and consumer goods sector accounted for 19 per cent. With 17 per cent of sales, IT/telecommunications represented the third-largest sector, followed by financial services at 12 per cent. 5 per cent of sales were generated with media and entertainment companies, leaving 17 per cent outside these sectors.

At 61 per cent, the proportion of sales accounted for by the ten largest clients was the same as the previous year's level.

#### **OPERATING INCOME (EBIT) AND EBIT MARGIN**

The high net sales more than compensated for a year-on-year increase in operating expenses, resulting in operating income of kEUR 821, which is 17 per cent more than in the first quarter of 2010. The EBIT margin remained unchanged at 11 per cent.

#### **SEGMENT REPORTING**

In accordance with application of IFRS 8, Syzygy AG reports in line with the Group's management approach and thus uses geographical criteria, in this case German and international companies.

The German companies continued their highly positive performance of the previous quarters and were able to generate excellent EBIT results in particular. EBIT increased 58 per cent from kEUR 638 to EUR 1.0 million. Gross and net sales revealed solid growth, at EUR 12.6 million (+13%) and EUR 4.4 million (+7%) respectively.

The UK agencies also returned to growth for the first time since the economic crisis. Although gross sales dropped 40 per cent to EUR 6.2 million after the loss of a major client, a pick-up in design & build was able to offset this loss. As a result, net sales increased by 13 per cent to EUR 2.9 million, while operating income gained even more, rising 38 per cent to kEUR 493.

#### **OPERATING EXPENSES AND DEPRECIATION**

Operating expenses rose year-on-year by some 12 per cent to EUR 6.6 million. One factor here was the cost of developing a new corporate identity for the Syzygy Group, which is reflected in an increase in sales and marketing costs of 11 per cent to kEUR 670.

Start-up losses incurred by the new subsidiary Hi-ReSI New York Inc of around kEUR 100 also led to a rise in general administrative expenses, which totalled kEUR 980 (+19%) as at March 31.

At 32 per cent, gross margin was marginally above the prior-year figure.

Depreciation fell by a fifth to kEUR 159.

#### **LIQUID FUNDS AND SECURITIES/ FINANCIAL INCOME**

Syzygy generated financial income of kEUR 292 in the period under review, 7 per cent more than in the comparable quarter of the previous year. The annualised return on average available liquidity reserves was 5.4 per cent, with the continuing low level of short-term interest rates having an adverse effect on income.

Investment strategy remains geared towards long-term income. The average residual maturity of all securities was increased slightly to six years. Liquid funds have been invested with an eye to risk diversification, with a strong focus on investment-grade corporate bonds.

Overall, liquid funds and securities totalled EUR 19.6 million at the balance sheet date, corresponding to a decline of 17 per cent.

The portfolio comprised 18 per cent overnight and bank deposits, and 82 per cent corporate bonds.

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

After income taxes of kEUR 323 (previous year: kEUR 294), net income rose by 16 per cent to kEUR 790 (previous year: kEUR 680). The tax rate was thus 30 per cent.

Since the total number of shares was increased through a capital increase in May 2010, earnings per share remain unchanged at EUR 0.06 for the first quarter of 2011.

#### **OPERATING CASH FLOW**

Operating cash flow fell significantly in the period under review, to EUR -4.0 million. In particular, a reduction in accounts payable and in other provisions by a total of EUR 4.4 million had a negative impact. Tax provisions of kEUR 800 and a drop of kEUR 400 in advance payments received also resulted in a high cash outflow. A rise in accounts receivable of kEUR 710 had an additional negative impact on cash flow.

#### **NET ASSETS AND BALANCE SHEET POSITION**

Total assets of Syzygy AG were EUR 54.5 million at the reporting date, EUR 4.0 million or 7 per cent below the figure as at December 31, 2010.

Relevant changes on the assets side were primarily in liquid funds and securities, which fell by a total of EUR 4.3 million.

On the liabilities side, equity was strengthened by EUR 0.1 million, although at the same time liabilities and provisions were reduced disproportionately. A drop in accounts payable (EUR -3.4 million) was a principal factor in this respect.

The equity ratio improved compared with the balance sheet date, rising from 69 per cent to 75 per cent.



## EMPLOYEES

As at 31 March, the Syzygy Group employed a total of 259 people, some 4 per cent up on the prior-year period.

The three German companies Syzygy AG (19), Syzygy Deutschland GmbH (101) and unique-digital GmbH (45) employed 168 people, while the three UK agencies Syzygy UK Ltd (48), Unique Digital Marketing Ltd (29) and Hi-ReSI LondonLtd (13) accounted for a total of 87 members of staff. Four people were employed in the newly formed company Hi-ReSI New York Inc.

An average of 15 freelance employees also worked for the Group.

Annualised sales per head averaged EUR 108,000.

In terms of employees by function, the quarter under review remained very stable: at 24 per cent, online marketing comprised the largest group of employees, while 19 per cent of employees worked in technology-based roles. 17 per cent of the workforce worked in design, while project management accounted for 16 per cent. 8 per cent were responsible for strategic consulting for clients, with 16 per cent of staff employed in administration.

## GENERAL ECONOMIC DEVELOPMENT

In the eurozone, mixed economic performance can be expected to continue in 2011. The average GDP growth of 1.5 per cent forecast by the statistical service of the European Union (Eurostat) encompasses figures ranging from -3.0 per cent for Greece to +4.4 per cent for Estonia. In 2012, however, Eurostat believes that the peripheral countries will catch up again. The differences between the individual members of the monetary union will be reduced and collective growth of 1.8 per cent should be achieved.

So far, the Japan crisis is not expected to have a major impact on the European economy.

In their spring forecast, leading economic institutes expect the German economy to grow by 2.8 per cent and 2.0 per cent in 2011 and 2012 respectively. This represents a sharp upward adjustment to the 2010 autumn forecast.

Predicting a GDP-growth of 2.3 per cent, German government is somewhat more cautious but still optimistic.

Independent forecasts for UK economic performance in 2011 assume growth of 1.7 per cent on average, but fluctuate widely from 1.0 to 3.1 per cent. Uncertainties arise from the drastic budget cuts, the 2.5 per cent VAT increase and the financially dire straits of Ireland, the UK's fifth-largest export market. Eurostat believes the UK economy will grow by 2.5 per cent in 2012, while other estimates suggest 2.1 per cent on average.

## **ONLINE ADVERTISING MARKET**

The Internet has long since established itself as a major advertising channel and will continue to see above-average growth. The World Advertising Research Center (WARC), for example, predicts an increase in spending of 4.5 per cent for the global advertising market in 2011, but expects the Internet to grow by 13 per cent. ZenithOptimedia came up with similar figures of 4.0 per cent and 14 per cent respectively.

There is a similar picture in terms of countries, although forecasts for the very mature online advertising market in the UK are more modest, at 6.2 per cent (WARC) or 5.9 per cent (ZenithOptimedia). These figures for the Web nevertheless substantially exceed the 2.7 and 2.5 per cent growth that WARC and ZenithOptimedia respectively forecast for the UK advertising market as a whole.

Looking at Germany, PricewaterhouseCoopers (PwC) expects average annual growth in online advertising of 12.5 per cent up to 2014, compared to a 4.8 per cent rise in total advertising spend.

The German Online Marketing Group (OVK) believes the online advertising market will grow 16 per cent in 2011, reaching a total of EUR 6.2 billion.

Mobile online advertising is set to perform particularly well in both countries. Although still in its infancy, its potential and appeal will increasingly come to the fore in the years to come. In Germany, PwC anticipates average annual rates of increase around the 33 per cent mark up to 2014. In the UK, Enders Analysis regards annual growth of mobile advertising in the order of 45 per cent up to 2015 as realistic.

## **PERFORMANCE OF THE SYZYGY GROUP**

The general economic recovery, especially in Germany, combined with the trend towards moving marketing activities onto the Internet provide the Syzygy Group with excellent conditions for continued success in the years ahead.

The Syzygy Group see itself very well positioned to help leading brands face the challenges posed by an increasingly digitalised world. By establishing Hi-ReSI New York at the start of the 2011 financial year, Syzygy has taken an important step towards driving forward international expansion, tapping into new client potential in the USA and further enhancing the Company's attractiveness to highly qualified employees.

It is difficult to make precise forecasts about the future development of the Group. Having said that, major clients have announced that they plan to increase their budgets for the current financial year compared with 2010, and increased participation in agency pitches last year is having a positive impact on new business development.

Syzygy therefore expects double-digit growth of both sales and operating income in 2011 and 2012.

## CONSOLIDATED BALANCE SHEET

ASSETS	03/31/2011	03/31/2010	12/31/2010
	EUR'000	EUR'000	EUR'000
<b>Non-current assets</b>			
Goodwill	19,081	19,379	19,401
Fixed assets, net	1,620	2,060	1,750
Other assets	468	465	487
Securities	0	2,720	0
Deferred tax assets	57	68	57
<b>Total non-current assets</b>	<b>21,226</b>	<b>24,692</b>	<b>21,695</b>
<b>Current assets</b>			
Cash and cash equivalents	3,556	9,067	5,839
Marketable securities	16,066	11,873	18,042
Accounts receivable, net	11,385	12,828	10,675
Prepaid expenses and other current assets	2,241	1,473	2,215
<b>Total current assets</b>	<b>33,248</b>	<b>35,241</b>	<b>36,771</b>
<b>Total assets</b>	<b>54,474</b>	<b>59,933</b>	<b>58,466</b>
<b>EQUITY AND LIABILITIES</b>	<b>03/31/2011</b>	<b>03/31/2010</b>	<b>12/31/2010</b>
	EUR'000	EUR'000	EUR'000
<b>Equity</b>			
Common stock*	12,828	12,078	12,828
Additional paid-in capital	20,207	18,385	20,207
Own shares	-116	-116	-116
Accumulated other comprehensive income	-2,724	-2,606	-2,107
Retained earnings	10,391	9,124	9,601
<b>Total Equity</b>	<b>40,586</b>	<b>36,865</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	2,085	2,630	2,874
Accrued expenses	2,406	1,610	1,439
Customer advances	1,992	1,189	2,399
Accounts payable	5,781	9,763	9,205
Other current liabilities	1,320	6,583	1,832
<b>Total current liabilities</b>	<b>13,584</b>	<b>21,775</b>	<b>17,749</b>
<b>Total liabilities and equity</b>	<b>54,474</b>	<b>59,933</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

	Q1-2011	Q1-2010	PRIOR YR.
	EUR'000	EUR'000	in %
<b>Gross sales</b>	<b>18,903</b>	<b>21,337</b>	<b>-11%</b>
Media costs	-11,480	-14,717	-22%
<b>Net sales</b>	<b>7,423</b>	<b>6,620</b>	<b>12%</b>
Cost of revenues	-5,020	-4,583	10%
Sales and marketing expenses	-670	-606	11%
General and administrative expenses	-980	-824	19%
Other operating income/expense, net	68	95	-28%
<b>Operating profit</b>	<b>821</b>	<b>702</b>	<b>17%</b>
Financial income, net	292	272	7%
<b>Income before taxes</b>	<b>1,113</b>	<b>974</b>	<b>14%</b>
Income taxes	-323	-294	10%
<b>Net income</b>	<b>790</b>	<b>680</b>	<b>16%</b>
thereof Income share to shareholders of Syzygy AG	790	680	16%
<b>Period Net income</b>	<b>790</b>	<b>680</b>	<b>16%</b>
Currency translation adjustment	-495	-15	3200%
Net unrealized gains/ losses on mark. sec.	-122	345	-135%
Other comprehensive income	-617	330	-287%
<b>Comprehensive income</b>	<b>173</b>	<b>1,010</b>	<b>-83%</b>
Earnings per share from total operations (diluted and basic in EUR)	0.06	0.06	0%

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

	03/31/2011	03/31/2010	12/31/2010
	EUR'000	EUR'000	EUR'000
Period Net income	790	680	3,796
Adjustments to reconcile income from continuing operations to net cash provided by operating activities			
- Writedown of marketable securities	0	0	237
- Depreciation on fixed assets	159	199	773
- Profit and loss on sale of securities	-74	0	-301
- Other non-cash income and expenses	0	0	-1,178
Changes in operating assets and liabilities:			
- Accounts receivable and other assets	-736	4,917	7,416
- Customer advances	-407	-532	678
- Accounts payable and other liabilities	-2,969	-2,345	-3,579
- Tax accruals and payables, deferred taxes	-789	85	328
<b>Cash flows provided by operating activities</b>	<b>-4,026</b>	<b>3,004</b>	<b>8,170</b>
Proceeds from sale of fixed assets	0	30	158
Changes in other non-current assets	19	-145	-26
Investments in fixed assets	-29	-107	0
Purchases of marketable securities	-2,497	-2,662	-19,117
Proceeds from sale of marketable securities	4,547	3,000	16,275
Acquisition of consolidated companies	0	0	-2,802
<b>Cash flows used in investing activities</b>	<b>2,040</b>	<b>116</b>	<b>-5,512</b>
Dividend	0	0	-2,561
<b>Cash flows from financing activities</b>	<b>0</b>	<b>0</b>	<b>-2,561</b>
<b>Total</b>	<b>-1,986</b>	<b>3,120</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>Changes from consolidation</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Exchange rate differences</b>	<b>-297</b>	<b>200</b>	<b>-5</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3,556</b>	<b>9,067</b>	<b>5,839</b>

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

## STATEMENT OF CHANGES IN EQUITY

EUR'000	NUMBER OF SHARES (IN '000)	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	OWN SHARES	ACCUM. OTHER COMPRE- HENSIVE INCOME			MINORITY INTEREST	TOTAL EQUITY
					RETAINED EARNINGS	FOREIGN EXCHANGE CURRENCY	UNREALISED GAINS AND LOSSES		
<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>0</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>0</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>0</b>	<b>40,413</b>
Comprehensive income					790	-495	-122		173
Dividend									0
<b>March 31, 2011</b>	<b>12,828</b>	<b>12,828</b>	<b>20,207</b>	<b>-116</b>	<b>10,391</b>	<b>-2,562</b>	<b>-162</b>	<b>0</b>	<b>40,586</b>

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

## NOTES TO THE CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS AS AT MARCH 31, 2011

### ACCOUNTING PRINCIPLES

In accordance with §37 y WpHG i.c.w. §37 w (2) WpHG, the consolidated financial statements of Syzygy AG for the first three months of 2011 comprise the interim consolidated financial statements and an interim management report. The unaudited consolidated financial statements of Syzygy AG 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 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 statement of income and accumulated earnings 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. The interim financial statements have not been audited according § 37 w (5) WpHG.

### BUSINESS ACTIVITY OF THE SYZYGY GROUP

Syzygy is an international agency group for interactive marketing. The six operating companies in the Syzygy Group with offices in Germany, UK and the United States offer large European 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 its clients to use the Internet 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 March 31, 2011, the following subsidiaries were included in the consolidated financial statements of Syzygy AG and fully consolidated:

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

Information on general consolidation principles is provided in the 2010 annual report at pages 46 ff.

## **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.

Germany comprises Syzygy Deutschland GmbH and unquedigital GmbH. The international segment consists of Syzygy UK Ltd, Unique Digital UK Marketing Ltd, Hi-ReSI London Ltd, Hi-ReSI New York Inc and Mediopoly Ltd. 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 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 in the same segment.



<b>March 31, 2011</b> <b>[EUR'000]</b>	<b>GERMANY</b>	<b>INTERNATIONAL</b>	<b>CENTRAL FUNCTIONS AND CONSOLIDATION</b>	<b>TOTAL</b>
Gross sales	12,594	6,225	84	<b>18,903</b>
Media costs	-8,188	-3,292	0	<b>-11,480</b>
Net sales	4,406	2,933	84	<b>7,423</b>
Internal sales	17	0	-17	<b>0</b>
Operating income (EBIT)	1,008	493	-680	<b>821</b>
Financial income	13	0	279	<b>292</b>
Assets	19,636	18,629	16,209	<b>54,474</b>
of which goodwill	8,841	10,240	0	<b>19,081</b>
Investments	41	15	6	<b>62</b>
Depreciations and amortisation	105	52	2	<b>159</b>
Segment liabilities	7,845	4,094	1,949	<b>13,888</b>

<b>March 31, 2010</b> <b>Regions</b> <b>[EUR'000]</b>	<b>GERMANY</b>	<b>INTERNATIONAL</b>	<b>CENTRAL FUNCTIONS AND CONSOLIDATION</b>	<b>TOTAL</b>
Gross sales	11,144	10,305	-112	<b>21,337</b>
Media costs	-7,016	-7,701	0	<b>-14,717</b>
Net sales	4,128	2,604	-112	<b>6,620</b>
Internal sales	30	0	-30	<b>0</b>
Operating income (EBIT)	638	357	-293	<b>702</b>
Financial income	9	2	261	<b>272</b>
Assets	9,485	14,460	35,988	<b>59,933</b>
of which goodwill	8,841	10,538	0	<b>19,379</b>
Investments	80	26	1	<b>107</b>
Depreciations and amortisation	136	63	2	<b>199</b>
Segment liabilities	8,415	10,303	4,350	<b>23,068</b>

## TREASURY SHARES

As at March 31, 2011, Syzygy held 25,000 treasury shares. The Company is authorised to sell or call in treasury shares or to offer treasury shares to third parties in the course of acquiring companies. Treasury shares do not entitle the Company to any dividend or voting rights. The extent of the share buyback is shown as a separate item to be deducted from equity.

## DIRECTORS' DEALINGS

Transactions in shares in their own organisation by board members of listed companies are called directors' dealings. In the period under review, no Syzygy shares were bought or sold by board members. Neither the members of the management board nor these of the supervisory board hold any options.

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

### Management Board: Shares

<b>[Number of shares]</b>	<b>MARCO SEILER</b>	<b>FRANK WOLFRAM</b>	<b>ANDREW STEVENS</b>	<b>TOTAL</b>
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 March 31, 2011	622,279	5,500	375,000	<b>1,002,779</b>

### Supervisory Board: Shares

<b>[Number of shares]</b>	<b>MICHAEL MÄDEL</b>	<b>ADRIAAN RIETVELD</b>	<b>WILFRIED BEECK</b>	<b>TOTAL</b>
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 March 31, 2011	0	10,000	120,000	<b>130,000</b>

## SHAREHOLDER STRUCTURE

As at March 31, 2011, the shareholders' structure did not change 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 shares. 0.2 per cent were held by Syzygy AG as treasury shares, so that the free float was 64.2 per cent. As at March 31, 2011, the total number of shares was 12,828,450.

Bad Homburg v. d. H., April 28, 2011

Syzygy AG

The Management Board

## FINANCIAL CALENDAR 2011

GENERAL ANNUAL MEETING, FRANKFURT	/	MAY 27
INTERIM HALF-YEAR STATEMENT 2011	/	JULY 28
SMALL CAP CONFERENCE (SCC), FRANKFURT	/	AUGUST 29-31
CAPITAL MARKET CONFERENCE (ZKK), ZURICH	/	SEPTEMBER 6
INTERIM REPORT AS PER 09/30/2011	/	OCTOBER 28
GERMAN EQUITY FORUM, FRANKFURT	/	NOVEMBER 21-23
CAPITAL MARKET CONFERENCE (MKK), MUNICH	/	DECEMBER 7-8

### **SYZYGY AG**

Investor Relations  
Im Atzelnest 3  
61352 Bad Homburg, Germany  
Phone +49 (0)6172 9488-251  
Fax +49 (0)6172 9488-272  
E-Mail [ir@syzygy.net](mailto:ir@syzygy.net)

syzygy.net

