ANNUAL REPORT 2007

syzygy

CREATING THE NEXT

ADVERTISING HAS CHANGED

KEY FIGURES

FIG. 1, PAGE 29
NET SALES
IN KEUR

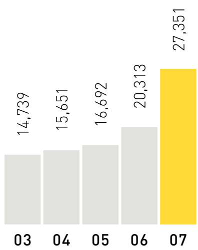


FIG. 2, PAGE 30
EBIT
IN KEUR

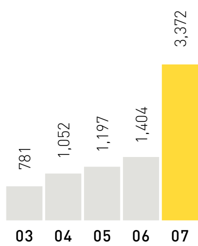


FIG. 3, PAGE 30
EBIT MARGIN
IN %

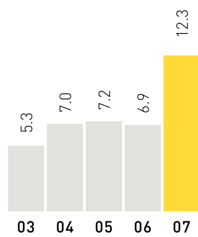


FIG. 7, PAGE 29
NET SALES AND EBIT MARGIN BY REGION

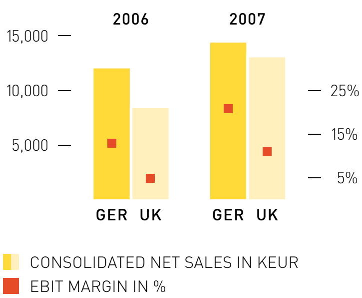


FIG. 8, PAGE 31
BALANCE SHEET STRUCTURE

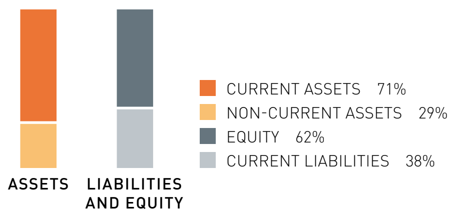


FIG. 11, PAGE 31
DEVELOPMENT OF OPERATING CASH FLOW
IN KEUR

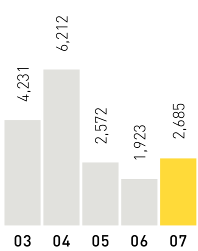


FIG. 12, PAGE 31
RATIO OF OPERATING INCOME TO FINANCIAL INCOME
IN KEUR

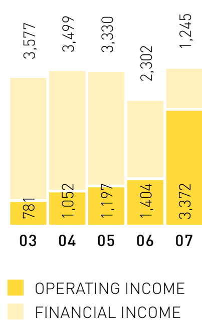


FIG. 4, PAGE 30

FINANCIAL INCOME

IN KEUR

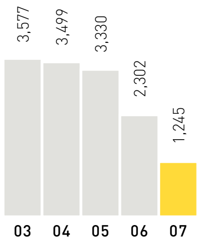


FIG. 5, PAGE 31

NET INCOME

IN KEUR

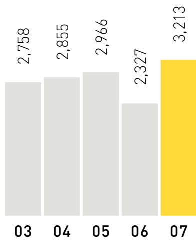


FIG. 6, PAGE 31

EARNINGS PER SHARE

IN EUR

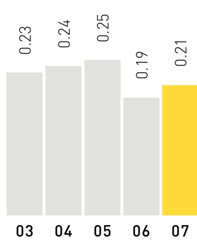


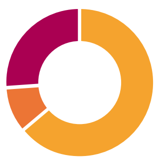
FIG. 9, PAGE 22

SHAREHOLDER STRUCTURE

- WPP 24.8%
- MARCO SEILER 5.2%
- FREEFLOAT 70%

FIG. 10, PAGE 31

PORTFOLIO STRUCTURE OF CASH AND MARKETABLE SECURITIES



- CORPORATE BONDS 64%
- FIXED-TERM DEPOSITS 10%
- BEARER BONDS 26%

FIG. 13, PAGE 30

SALES ALLOCATION BY VERTICAL MARKET

- AUTOMOBILE 40%
- TELECOMMUNICATIONS / IT 16%
- FINANCIAL SERVICES 14%
- RETAIL 8%
- OTHERS 22%

FIG. 14, PAGE 32

EMPLOYEES BY FUNCTION

- TECHNOLOGY 20%
- DESIGN 15%
- PROJECT MANAGEMENT 21%
- STRATEGY / CONSULTING 11%
- ONLINE MARKETING 21%
- ADMINISTRATION 12%

BOARD MEMBERS´ STATEMENT

DEAR SHAREHOLDERS,

We are very pleased to be able to report on a very positive financial year; by far the most successful in our history. The financial targets set were clearly exceeded, and the figures achieved for sales and operating income are well above our expectations.

FINANCIAL RESULTS

Consolidated sales increased by 35 per cent to EUR 27.4 million. We had promised the market a doubling of operating income. In fact, we increased the operating income (EBIT) year-on-year by around 140 per cent to over EUR 3.4 million. This equates to an EBIT margin of 12.3 per cent. The Syzygy Group was thus able to report a double-digit operating margin for the first time in its history.

At EUR 1.2 million, financial income was less than in the previous year (EUR 2.3 million). This de-crease is related to a special distribution of funds in the amount of EUR 18 million to our share-holders in February of 2007. However, the Syzygy Group generated a total net income of over EUR 3.2 million after taxes (previous year: EUR 2.3 million), since the operating income now dominates this figure. Following a deduction of minority interests, earnings per share amounted to EUR 0.21, thereby exceeding last year's result of EUR 0.19.

BUSINESS SEGMENTS AND AREAS

The British operating unit in London generated a double-digit organic growth of over 20 per cent in the Web Design business area, meeting the Syzygy Group's earnings targets. We are very satisfied with this result.

In the Online Marketing business area, the Syzygy Group achieved two outstanding new client wins with Sky and Littlewoods, which will materialise in the 2008 financial year.

In Germany, the Syzygy Group distinguished itself during the reporting year primarily with the great vitality of the new Online Marketing business area, which boosted profits. Net sales in Germany grew by 19 per cent. The contribution of these operating units to the results is still above average within the Group.

The extension of a branch in Hamburg for the Web Design business area was another important step in securing additional growth in the future.

DEVELOPMENT OF CREATIVE COMPETENCE

The two acquisitions at the end of 2006 and at the beginning of 2007 have developed our Online Marketing business area with a very positive effect on our overall development. We have thus implemented the growth strategy, which we presented at the 2005 Annual General Meeting.

Another important component of our strategy is the development of our creative competence, which we announced at the 2007 Annual General Meeting. With the acquisition of the British design studio Hi-ReS! in January 2008 and the development of additional competences in the existing Group companies we are executing strategy.

The Hi-ReS! team already received highly awarded recognition for their conception and realisation of demanding interactive projects. The agency won two Golden Cyber Lions consecutively at the festivals in Cannes – one of our industry's most important awards. This reinforces the outstanding creative talent which Hi-ReS! brings to the Syzygy Group.

OUTLOOK

The focus of our strategy for the current financial year is to capitalise on our newly acquired creative competences and the marketing of our integrated service offer of Web Design and Online Marketing.

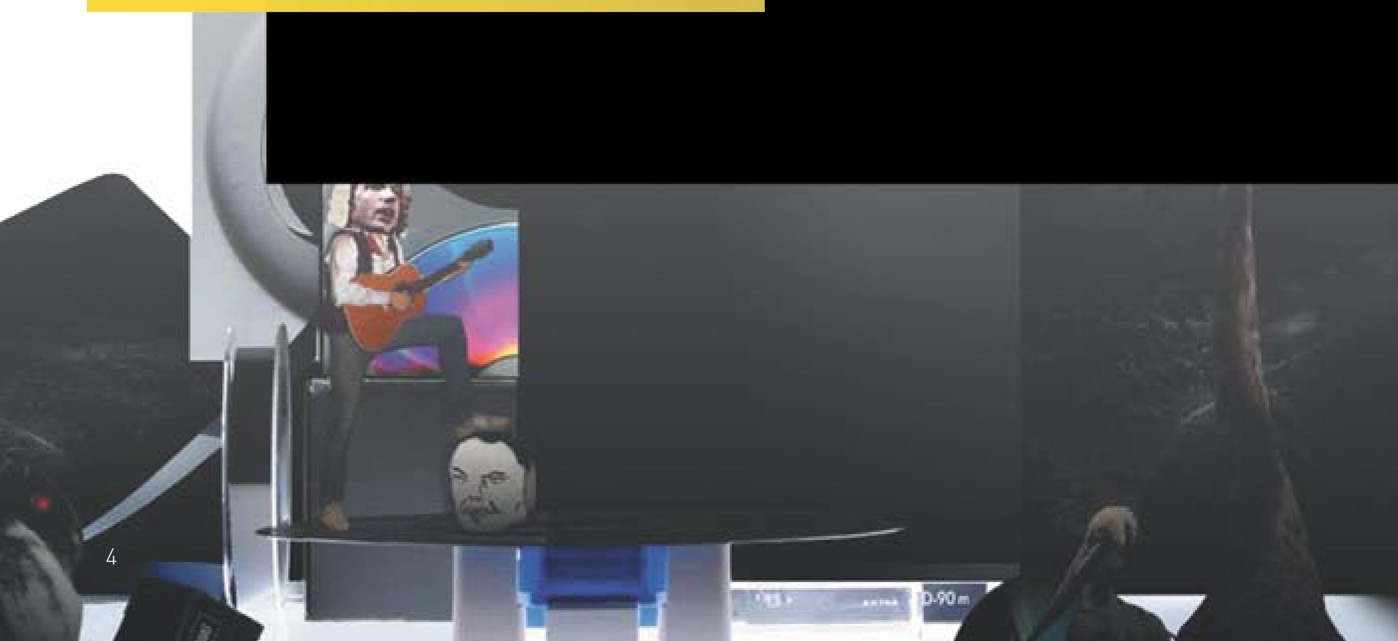
We have great confidence in the future of the Syzygy Group and expect a double-digit growth in the current financial year.

We thank our clients and you, our esteemed shareholders of Syzygy AG, for the trust you have placed in us. Our thanks go equally to our staff, who represent the Syzygy Group with passion and competence. They are shaping the digital age that is revolutionising communication and creating a new culture.

Last but not least, the Management Board thanks the members of the Supervisory Board, who promote the growth of our Group with consistency and farsightedness and with valuable advice and analysis.

The Management Board

CHANGING TIMES



Advertising has changed. The spell of the 30 sec. spot has been broken. Today, brands are built on the Internet. Consumers want to experience a brand and they value brands by their ability to entertain conversations. They don't just want to talk about brands, they actively want to take part in shaping them. Opinion leaders become ambassadors for brands. The trick is to integrate online activities in such a way that an authentic experience is created. The future belongs to those who can master this trick.

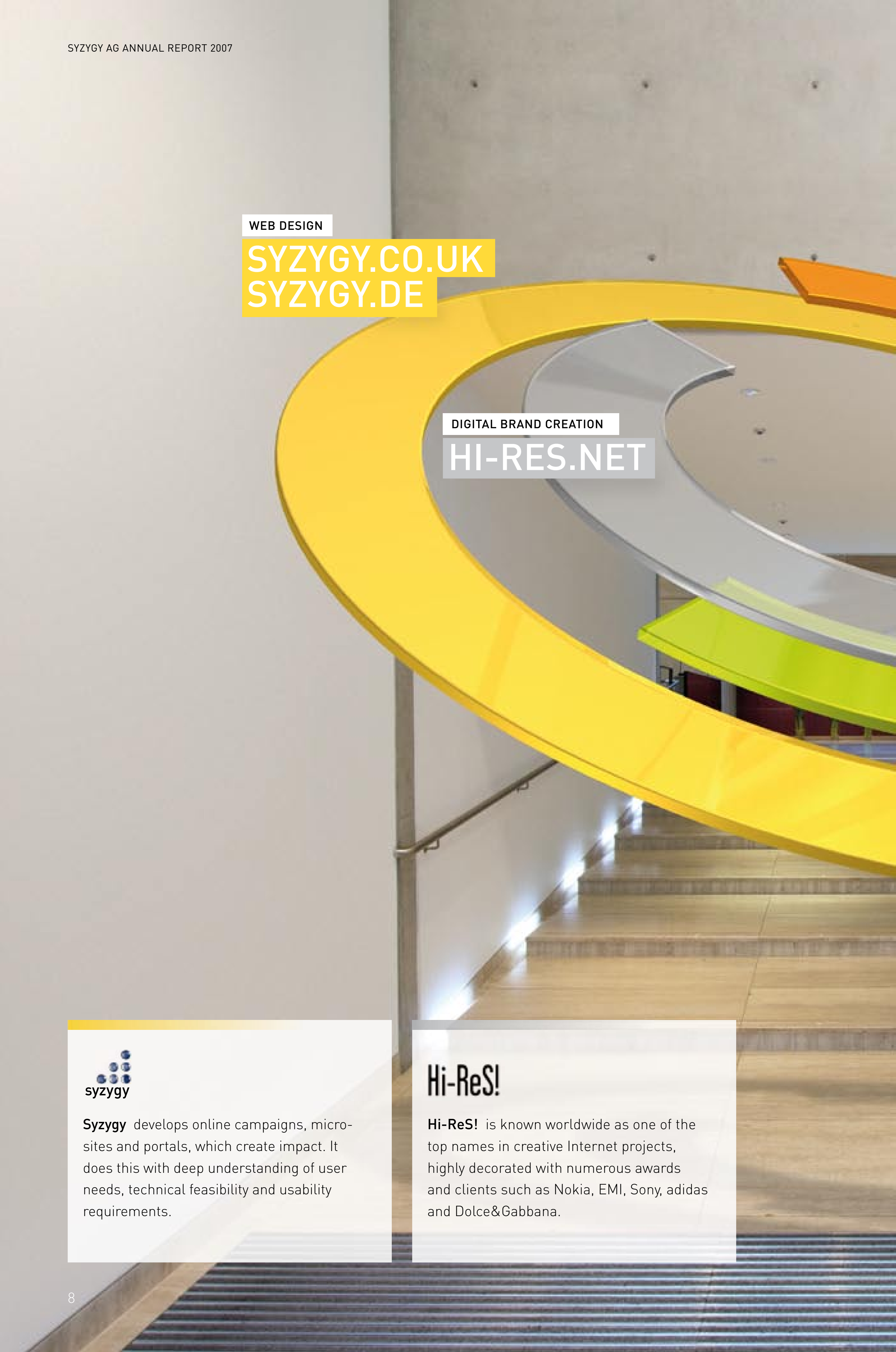
SYZYGY AGENCY GROUP

HALL
HELL

THE JOHNSON BUILDING, LONDON
PHOTOS: THOMAS FLODR

1999 SYZYGY FRANKFURT
2006 GFEH HAMBURG
2007 SYZYGY HAMBURG

1999 SYZYGY LONDON
2007 UNIQUE LONDON
2008 HI-RES! LONDON



WEB DESIGN

SYZYGY.CO.UK
SYZYGY.DE

DIGITAL BRAND CREATION

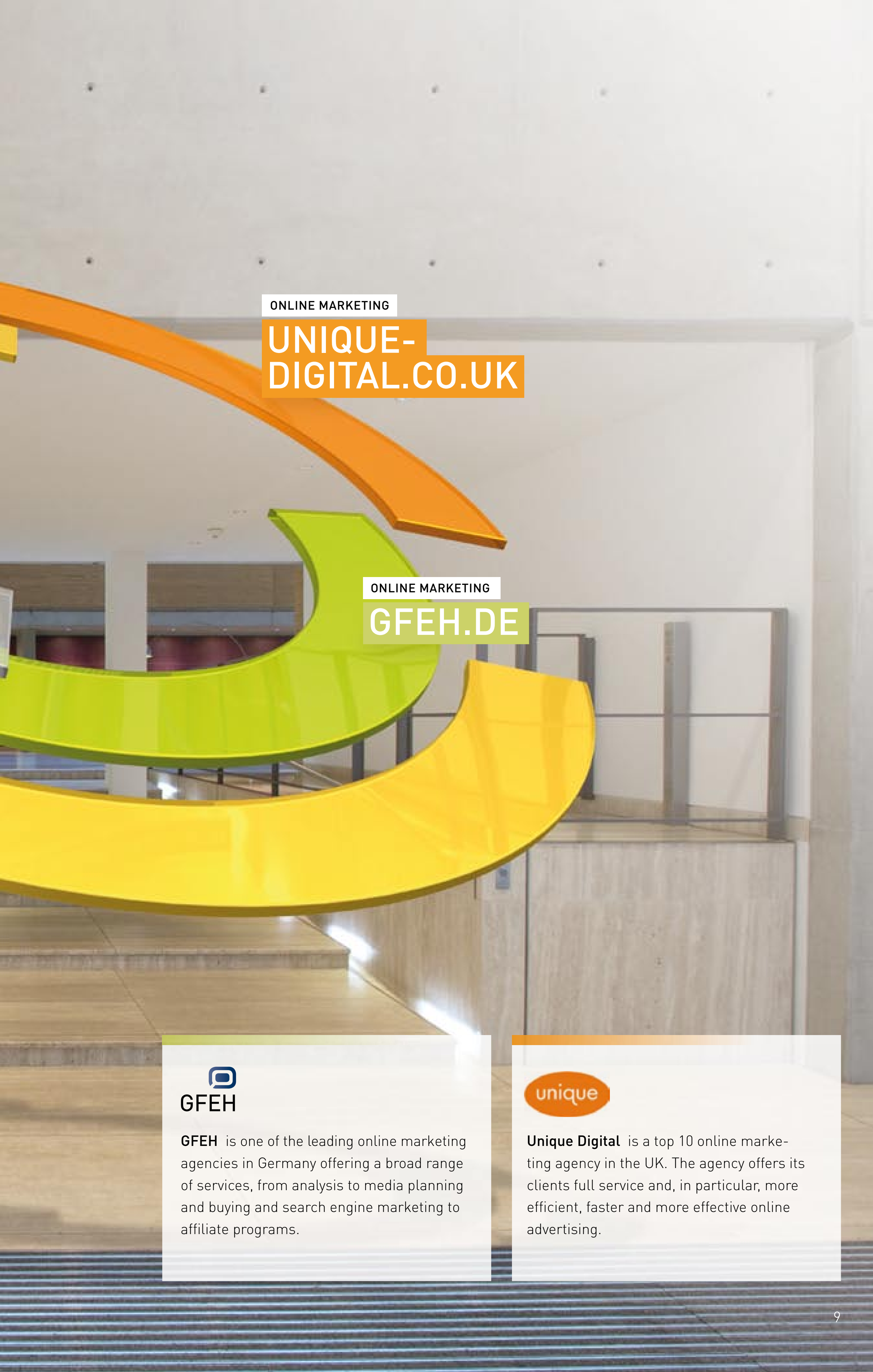
HI-RES.NET

syzygy

Syzygy develops online campaigns, microsites and portals, which create impact. It does this with deep understanding of user needs, technical feasibility and usability requirements.

Hi-ReS!

Hi-ReS! is known worldwide as one of the top names in creative Internet projects, highly decorated with numerous awards and clients such as Nokia, EMI, Sony, adidas and Dolce&Gabbana.



ONLINE MARKETING

UNIQUE-DIGITAL.CO.UK

ONLINE MARKETING

GFEH.DE

GFEH

GFEH is one of the leading online marketing agencies in Germany offering a broad range of services, from analysis to media planning and buying and search engine marketing to affiliate programs.

unique

Unique Digital is a top 10 online marketing agency in the UK. The agency offers its clients full service and, in particular, more efficient, faster and more effective online advertising.

AWARDS

ARE IMPORTANT INDICATORS OF AN AGENCY'S ABILITY TO INNOVATE

CANNES FESTIVAL: GOLD CYBER LION
LIFESWITCH – WEBSITE

CANNES FESTIVAL: GOLD CYBER LION
THE THIRD PLACE – WEBSITE

LIAA: GRAND PRIZE WINNER
THE THIRD PLACE – WEBSITE

BAFTA AWARDS: WINNER
THE MINORITY REPORT EXPERIENCE – WEBSITE

BAFTA AWARDS: FINALIST
THE LOST EXPERIENCE – REALITY GAME

CLIO AWARDS: GOLD WINNER
THE THIRD PLACE – WEBSITE

CLIO AWARDS: SILVER WINNER
THE MINORITY REPORT EXPERIENCE – WEBSITE

CLIO AWARDS: BRONZE WINNER
THE LOST EXPERIENCE – REALITY GAME

D&AD AWARDS: FINALIST
BECK – WEBSITE

NEW YORK FESTIVALS: BRONZE WORLD MEDAL
MAZDA – BANNER CAMPAIGN

ANNUAL MULTIMEDIA: SPECIAL AWARD
ROTWILD – BANNER CAMPAIGN

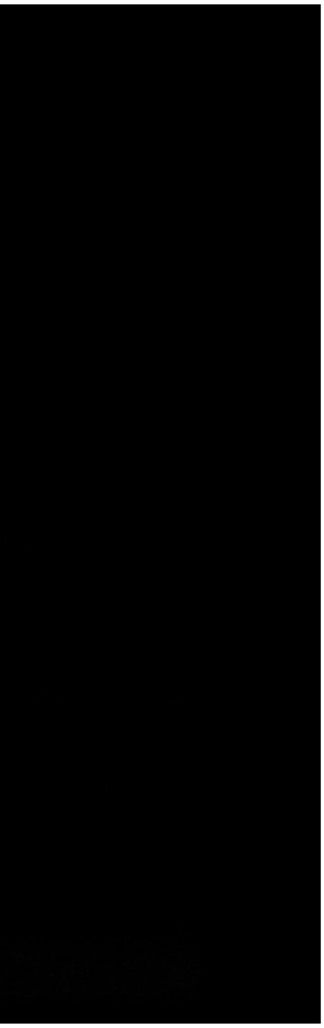
NETIMPERATIVES AWARDS: BEST USE OF EMAIL
MAZDA – EMAIL CAMPAIGN


Step3. View your Country Profile.
| Tajikistan
At the end of the Silk Route lies the mysterious Republic of Tajikistan. Step back in time to the days when the hooves of Mongol ponies echoed through the rocky valleys of this mountain refuge.
Tajikistan's landscape is alive with rushing rivers and wild, snow capped peaks. Its people are free spirited and proud, mixing Russian heritage with the delicate beauty of Islam in a unique cultural feast. For those who seek inner peace and outer solitude, Tajikistan is a savage
stimulating journey of the soul.
Full country name
Republic of Tajikistan
Area
143,100 sq km
Population
6,863,752 million
People
64.9% Tajik, 25% Uzbek, 3.5% Russian, 6.6% Other
Language
Tajik (official), Russian
LifeSwitch

SHOW CASES

SHOWCASE

DOLCE & GABBANA | WEBSITE



Haute Couture meets Haute Création: With the digital production of Dolce&Gabbana`s main collection, Hi-ReS! has laid the foundation for a long-term relationship with the exclusive fashion label.

THE INDUSTRY IS YOUNG. AND FAST-PACED

Fashion sites continually have to reinvent themselves, as new collections are presented every six months. In the case of Dolce&Gabbana, this means three collections each year. The entire industry is under enormous time pressure, which was also felt by our team; the first images of the photo shoot were available just three weeks before the release of the website.

A FEAST FOR THE EYES

The tight deadlines are not apparent in the final result. A highly aesthetic layout and subtle navigation bring the collection into the limelight. The result is a little digital masterpiece serving fashion.

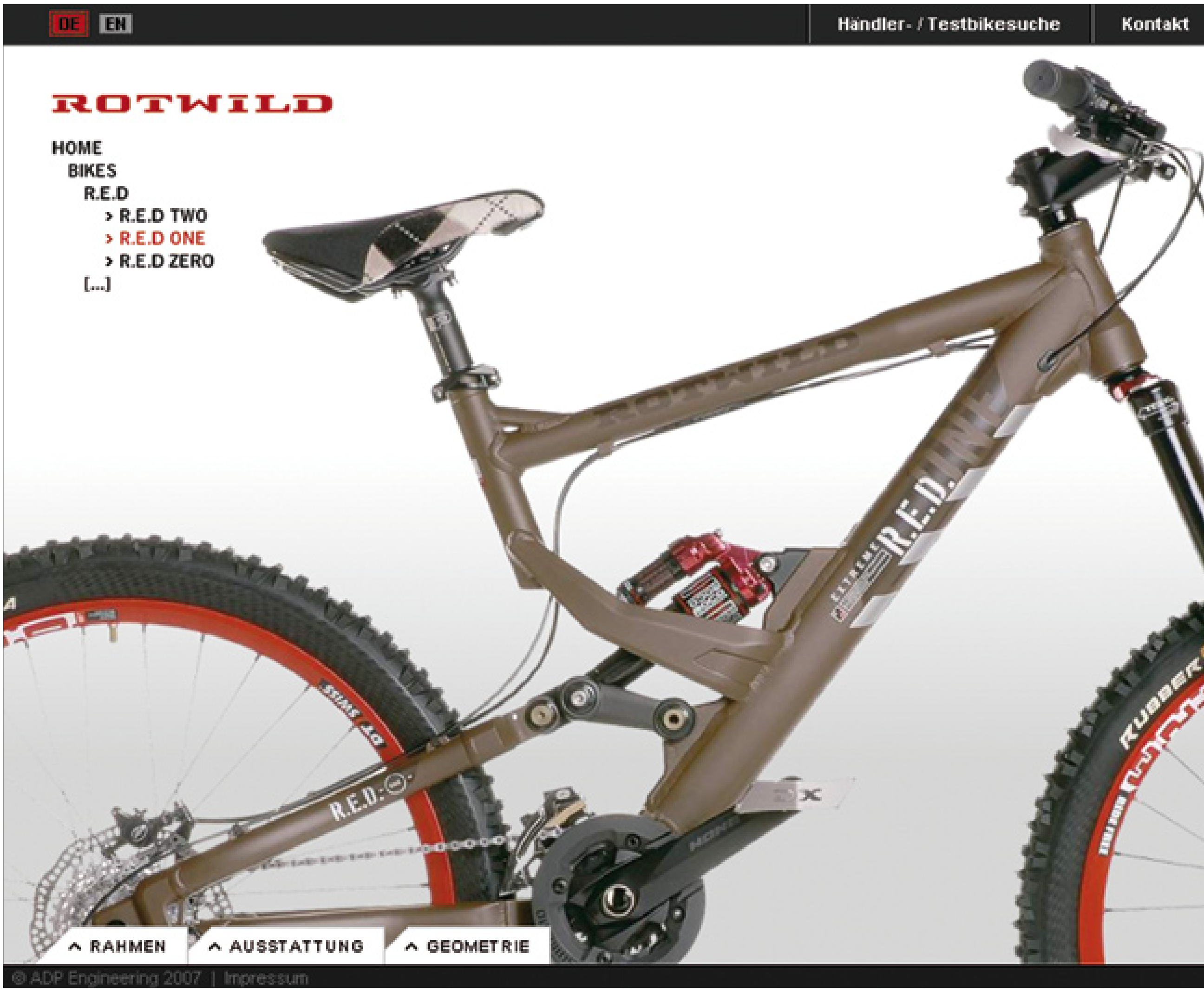
VARIETY

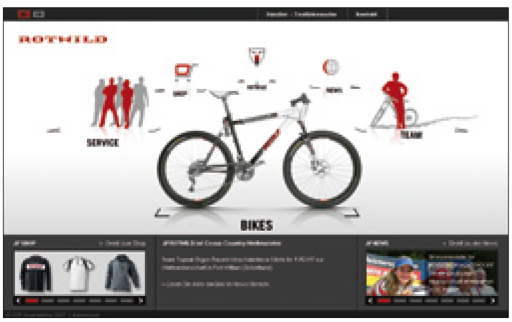
The website is initially going live in English and Italian language. Seven more languages will be added later. New projects are already being planned; the collection will be complemented by a brand portal, an online magazine and iGoogle skins.

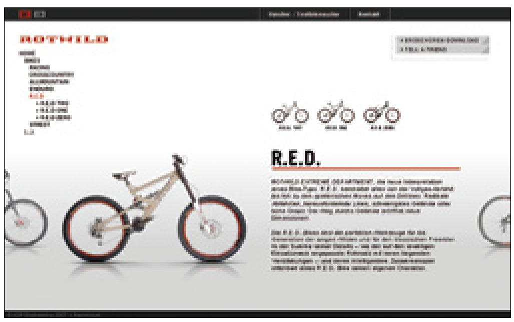
→ **HTTP://DEU.DOLCEGABBANA.IT/2009/DOLCEGABBANA/ENG/INDEX.HTML**

SHOWCASE

ROTWILD | WEBSITE







High-Tech with emotion: Rotwild is the Porsche among mountain bikes. The website presents the bikes as technically superior though highly emotional.

CARBON DREAMS

For cyclists, bikes are expressions of their personality while at the same time have their own, unmistakable character. We have seized on this feeling and have staged bikes like modern heroes. Each is an individual which can be explored more closely via an extraordinary zoom function.

INNOVATION AND PASSION

The thoroughness of Rotwild's engineers becomes tangible in the high-quality close-ups and meticulously detailed information. The website becomes an experience of its own and gives every visitor the exciting feeling of being on the trail of technical masterworks.

EXCELLENT

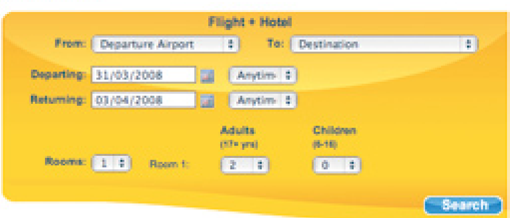
Every year, digital industry highlights are presented in the Annual Multimedia yearbook. The yearbook included the Rotwild website and the interactive banner campaign we developed, which received a special award.

→ **WWW.ROTWILD.DE**

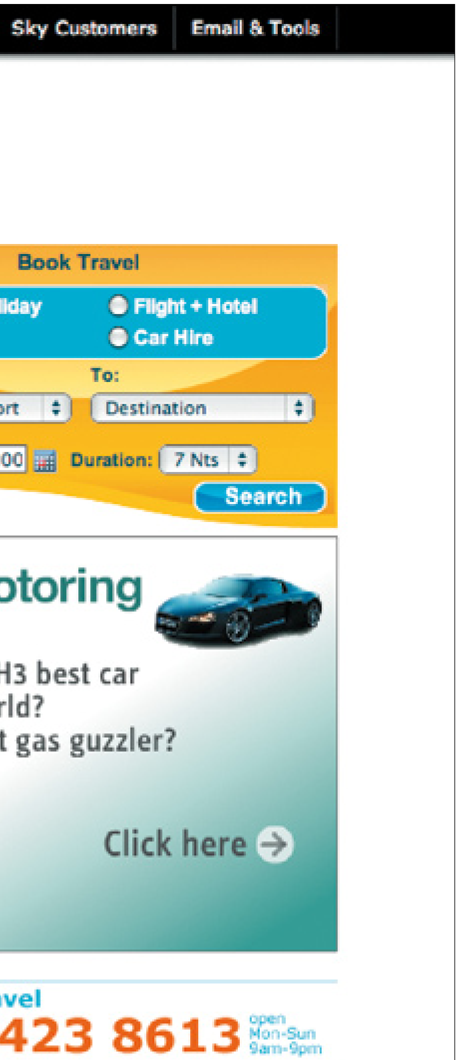
SHOWCASE

SKY travel | WEBSITE

Flight + Hotel



Destination Guide



A market with prospects: The internet is developing into a central sales channel within the tourism industry.

HIGH AIMS

According to Nielsen NetRatings, over 50 per cent of users book their trips via the Internet, and 26 per cent of those who go to a travel agent or use the telephone get information in advance online about travel destinations and offers.

It is therefore a promising market for travel companies which integrate attractive information and easy booking in one website. Syzygy UK redesigned the Sky Travel Portal and gave it a significant boost in a fiercely competitive market.

HEAVY BAGGAGE

Expedia, Cosmos Holidays, Fast Track Cruise and many other companies offer travel packages on this website. An incredible amount of information and data had to be dealt with. The content had to be easy to search and simple to maintain – while at the same time conforming to Sky Travel and its partners' design guidelines.

EXACTLY ON TARGET

The fresh layout and neat structure allow undisrupted holiday planning without the feeling of a technical database search. A search facilitates access to the numerous offers and the content can be updated quickly via a content management system. Not only customers, but also visitors to the website are extremely well satisfied with the result and user numbers rose rapidly in a very short time.

→ WWW.TRAVEL.SKY.COM

162.662.052

WEBSITES EXIST TODAY.*

THOSE WHO WANT TO BE FOUND IN THIS OCEAN WILL HAVE TO COME UP WITH SOMETHING.

* Source: http://news.netcraft.com March 2008

ONLINE MARKETING

The fine art of online marketing:
Campaigns create the greatest impact when all instruments are perfectly orchestrated

DIVISION OF LABOUR

An agency's creativity is not only reflected in innovative campaign ideas and website designs. Integrated marketing campaigns require more than ideas. Only with the right set of tools and a highly-skilled team can the vast opportunities of the Internet be used for a company's success. In GFEH and Unique Digital we have two leading online marketing agencies in our Group offering the whole range of services, from display advertising to search engine marketing. Their skills are trusted by BSkyB, comdirect, Commerzbank, Fujitsu-Siemens, Littlewoods, Plus Online, T-Mobile and many other renowned brands.

PLAYING WITH THE FIGURES

Today, there are 162.662.052 websites (March 2008). Those who want to be found in this ocean will have to come up with something. Search engines are the solution. They serve as the key mediator between a user's demand and a website's supply.

9 out of 10 Internet sessions start with a search query. In the digital age, there is no getting past search engine marketing.

Search engine marketing is a logistical masterwork. AVIS has been trusting in our Group for years: We booked two million search terms in 18 countries and 15 languages. Each individual term is tracked in order to measure success. On the subject of success: our activities gave AVIS a 62 per cent higher click-through rate and 72 per cent more bookings against the previous year.

unique GFEH

THE STOCK

BASIC SHARE FACTS

ISIN	DE0005104806
WKN	510480
Symbol	SYZ
Reuters	SYZG.DE
Bloomberg	SYZ:GR
Stock exchange centres	Xetra, Berlin-Bremen, Düsseldorf, Frankfurt, Hamburg, Hannover, München, Stuttgart
Total number of shares	12,078,450 bearer shares without par value
Thereof own shares	25,000
Market capitalisation	mEUR 41.67 (Basis: Closing price EUR 3.45 on 12/28/2007)
Freefloat	69.8 per cent
Freefloat (market capitalisation)	mEUR 29.08
Indices that include the Syzygy share	CDAX-Gesamtindex Technology All Share Prime Software Prima All Share Prime IG IT-Services
Industry Group	IT-Services

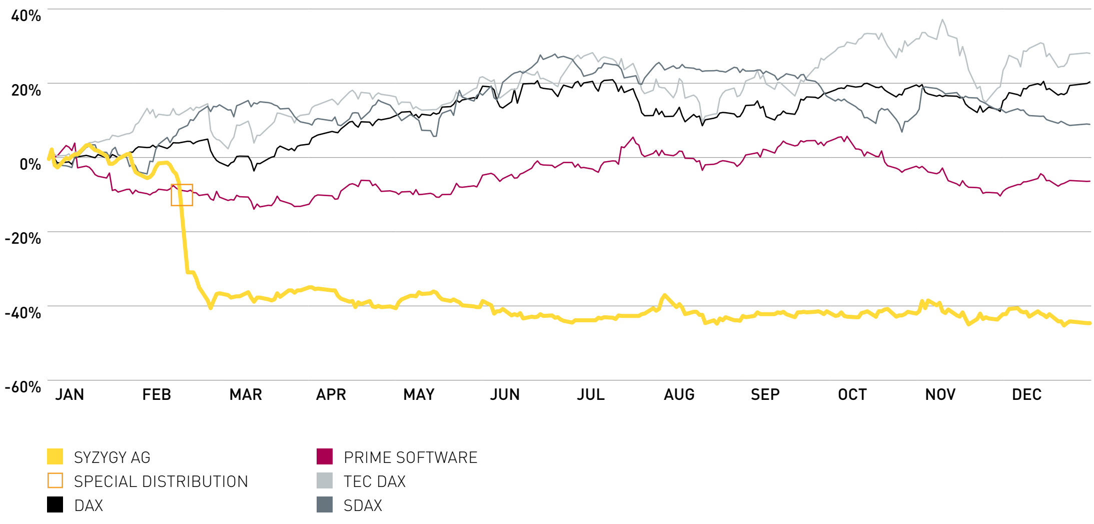
STOCK STATISTICS 2007

Ranked in TecDAX-Index as per 12/30/2007	Position 98 (market capitalisation) Position 86 (exchange transactions)
Ordinary dividend	–
Special distribution	EUR 1.50 (02/19/2007)
Average daily turnover (shares)	41,021 (thereof 22,680 XETRA)
Closing price on 01/02/2007	EUR 6.20
Closing price on 12/28/2007	EUR 3.45
Highest closing price 2007	EUR 6.44
Lowest closing price 2007	EUR 3.41

DESIGNATED SPONSOR

Commerzbank AG

Analysts	Kenneth Wood (First Berlin Equity Research GmbH) Damien Seaman (First Berlin Equity Research GmbH) Manuel Hölzle (GBC AG)



STOCK MARKET

The 2007 year on the stock exchange was turbulent, especially during the second half of the year. Although the booming global economy offered good conditions, the positive feeling was often severely muted and the US property and credit crisis led to price losses repeatedly.

This also influenced the DAX, although it frequently posted clear rises following intermittent lows. In the end, it closed the year at 8,067 points and at an increase of 21 per cent for 2007, just under its record level.

On average, the German benchmark index thus performed well in comparison to other large indices. The Dow Jones, for example, posted an increase of only 6.4 per cent, while the Nikkei had slid by 11 per cent to 15,308 points by the end of the year.

Differing trends became apparent in the German technology segment: thanks to the strong solar shares the TecDAX shone with an increase of 28 per cent for the year, while the Prime Software Index, which includes the Syzygy shares, posted a decline of 6 per cent.

There were also sharp losses in the second half of the year in the SDAX segment for small stocks: price losses in the autumn nullified the gains to a great extent.

PRICE PERFORMANCE

The price of Syzygy shares was significantly influenced by the special distribution on February 19, 2007. The annual high of EUR 6.44 was reached in January. Following the special distribution of EUR 1.50 per share, the share value fell beyond the corresponding amount to EUR 3.70.

In the subsequent months, the price moved sideways, fluctuating between EUR 3.70 and EUR 4.00.

During the second half of the year, the sideward movement continued at a lower level. Against a background of general reservation in investment in small and micro caps, the announcement of excellent business results had no sustained positive effect on the price performance of Syzygy shares, so that the price decline triggered by the capital outflow could not be offset by the end of the year. The low for the year of EUR 3.41 was reached mid-December.

Syzygy shares closed the year on the stock exchange at EUR 3.45.

DIVIDENDS

In line with the resolution of the Annual General Meeting of June 28, 2007, Syzygy did not pay out any ordinary dividend in the previous financial year. However, a special distribution of EUR 1.50 per share was paid in February 2007.

SHAREHOLDERS' STRUCTURE

As at December 31, 2007, the shareholders' structure had changed only marginally as compared to the year before. The WPP Group held 24.8 per cent of the shares, while Marco Seiler's shareholding rose slightly to 5.2 per cent (previous year: 5.1 per cent). Syzygy AG held 0.2 per cent of the shares, which left almost 70 per cent in free float.

INVESTOR RELATIONS

Syzygy AG sets great store by open dialogue with shareholders, investors, financial journalists and interested members of the public. For this reason, we took part in various events during the 2007 financial year to introduce the Company and to begin dialogue with representatives of the financial industry.

Representatives of Syzygy AG presented the Group and actively sought contact with analysts and fund managers at capital market conferences – the Technology Conference and the Equity Forum in Frankfurt as well as the Munich Capital Market Conference. The Stockday, at which Syzygy had also registered, was cancelled by the organiser at short notice.

In addition to the participation in these public forums, there were numerous personal meetings, amongst others with analysts from First Berlin Equity Research GmbH, which has been analysing our Company since October 2007 in cooperation with Commerzbank.

Börsenradio Network broadcast interviews with the Management Board of Syzygy AG on three occasions following the publication of the quarterly results.

Syzygy pursues a transparent, up-to-date and objective information policy.

All notifications of directors' dealings and threshold disclosures are summarised in the Notes to the Consolidated Financial Statements, starting on page 68.

Furthermore, the Investor Relations section of our website at www.syzygy.net offers the opportunity to find out about events relating to the capital market in German and English language. In addition to the quarterly and annual reports, the 'Annual Document' can also be found there, which includes an overview of all the information Syzygy AG published during the previous financial year.

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

The Supervisory Board continuously monitored the work of the Management Board and provided support and advice throughout the past financial year. The Management Board continuously provided the Supervisory Board with up-to-date, comprehensive information about recent developments as well as the economic and financial situation of the Group.

MEETINGS OF THE SUPERVISORY BOARD IN THE PERIOD UNDER REVIEW

A total of six meetings were held with the Management Board in the 2007 financial year. In general, all members were either present at these meetings in person or were connected by telephone. In these meetings, all the important events were discussed and necessary decisions were made. The following important topics also came up for regular discussion at these meetings: budget and business plans for the financial year, operative business development and the strategic development of the Group.

In particular, the acquisitions of the Online Marketing-Agency Unique Digital in March 2007 and of the design-studio Hi-ReS! in January 2008 were monitored very closely. Following a comprehensive analysis of these companies, the Management Board enjoyed the full support of the Management Board on this topic. The Supervisory Board is convinced that the acquisitions are an important step to enhance the further growth of the Group. With Unique Digital, Syzgy is now active on the area of Online Marketing in the UK as well.

THE STRUCTURE OF THE BOARDS

At the Annual General Meeting on June 28, 2007, the members of the Supervisory Board and Management Board were granted a discharge. There were no changes in membership of the Supervisory Board in the 2007 financial year.

CORPORATE GOVERNANCE

On December 18, 2007, the declaration of conformity concerning the German Corporate Governance Code in accordance with Article 161 of the German Stock Corporation Act was submitted together with the Management Board. This declaration is based on the current version of the Code dated June 14, 2007. With a few exceptions, Syzygy AG also continues to comply with the principles. The Supervisory Board did not consider it necessary to form committees in the reporting year as the Supervisory Board still consists of only three people.

The remuneration report which clarifies the basis for remunerating the Management Board and Supervisory Board of Syzygy AG as well as disclosing the amount and structure of the remuneration was published together with the declaration of conformity. More information on this topic is available in "Corporate Governance at Syzygy AG" and the Notes starting on page 67.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

BDO Deutsche Warentreuhand AG, Frankfurt, audited the annual financial statements, the consolidated financial statements and the management report of Syzygy AG for the 2007 financial year, and granted an unrestricted auditor's certificate to both the annual financial statements and the consolidated financial statement. These documents were then discussed and checked by the Supervisory Board and no objections were raised. The annual financial statements have thus been endorsed.

The Supervisory Board thanks the members of the Management Board and all employees for their engagement. We look forward to continue working together successfully and wish you every success for the current financial year.

Michael Mädel
Chairman of the Supervisory Board

CORPORATE GOVERNANCE AT SYZYGY AG

Corporate governance entails responsible management and supervision of publicly listed stock corporations, close and trusting cooperation between the Management Board and Supervisory Board, and due consideration of shareholders' interests through transparent and prompt communication.

The Transparency and Disclosure Law, coming into force on July 26, 2002, supplemented the German Stock Corporation Act (AktG) with Article 161. Thus, the Management and Supervisory Boards of listed companies are required to submit an annual declaration of conformity concerning the German Corporate Governance Code. The Code presents recommendations ("shall") as well as suggestions ("should", "can") aiming to increase corporate transparency.

The code was amended again on June 14, 2007. The current version serves as the basis for the 2007 declaration of conformity.

Already in the past, Syzygy AG publicly avowed its willingness to abide by nationally and internationally accredited standards of fair and responsible corporate governance. In its first declaration in 2002, Syzygy AG officially recognised the principles, as they are stipulated in the German Corporate Governance Code (GCGC).

With a few exceptions, Syzygy AG continues to comply with the required principles.

REMUNERATION REPORT

The remuneration report is a major element of the Corporate Governance Report. It clarifies the principles behind remuneration of the Management Board and Supervisory Board of Syzygy AG. Furthermore, it discloses the total remuneration as well as its structure.

The remuneration system for the Management Board is specified by the Syzygy AG Supervisory Board. The overall remuneration package comprises:

- non performance-related remuneration
- performance-based remuneration
- remuneration with long-term incentive components
- other benefits.

The non performance-related remuneration is paid each month as a basic salary. The performance-based remuneration is paid in the form of a share in profits at the end of each quarter on the basis of budget specifications laid down by the Supervisory Board.

Remuneration of the Supervisory Board is regulated in Article 6 (8) of the Syzygy AG Articles of Association and dates from a resolution of the Annual General Meeting dated June 4, 2003. In addition to being reimbursed his expenses, each member of the Supervisory Board receives remuneration consisting of a fixed and a variable component. The level of the variable element varies depending on the performance of the Syzygy share. The members of the Supervisory Board do not receive any share options or other share-based remuneration.

Additional information about remuneration of the executive bodies can be found in the notes starting on page 67. The annual declarations of conformity, remuneration reports and relevant basic information are permanently available on the website at www.syzygy.net under Investor Relations.

GERMAN CORPORATE GOVERNANCE DECLARATION 2007

Pursuant to Art. 161 of the German Stock Corporation Act (AktG), the Management and Supervisory Boards of Syzygy AG hereby declare:

I. The recommendations of the German Corporate Governance Code (GCGC) (published by the Federal Ministry of detailing the recommendations of the government commission "German Corporate Governance Code" as amended on June 14, 2007) are and will not be complied with in the following cases:

(1) The recommendation of setting a limitation ("cap") for long-term incentive schemes for remuneration of the Management Board regarding extraordinary and unforeseen developments (section 4.2.3 GCGC) is not conformed to, since in issuing options the option programme of Syzygy AG is guided by market prices. The number of options conferred is set and approved by the Supervisory Board on an annual basis. Furthermore, existing option programmes cannot be adjusted retrospectively.

(2) The recommendations concerning the Supervisory Board establishing committees with sufficient expertise (section 5.3.1 GCGC), an audit committee (Section 5.3.2 GCGC) as well a nominating committee (Section 5.3.3 GCGC) were not applied, since the Supervisory Board consists of only three members.

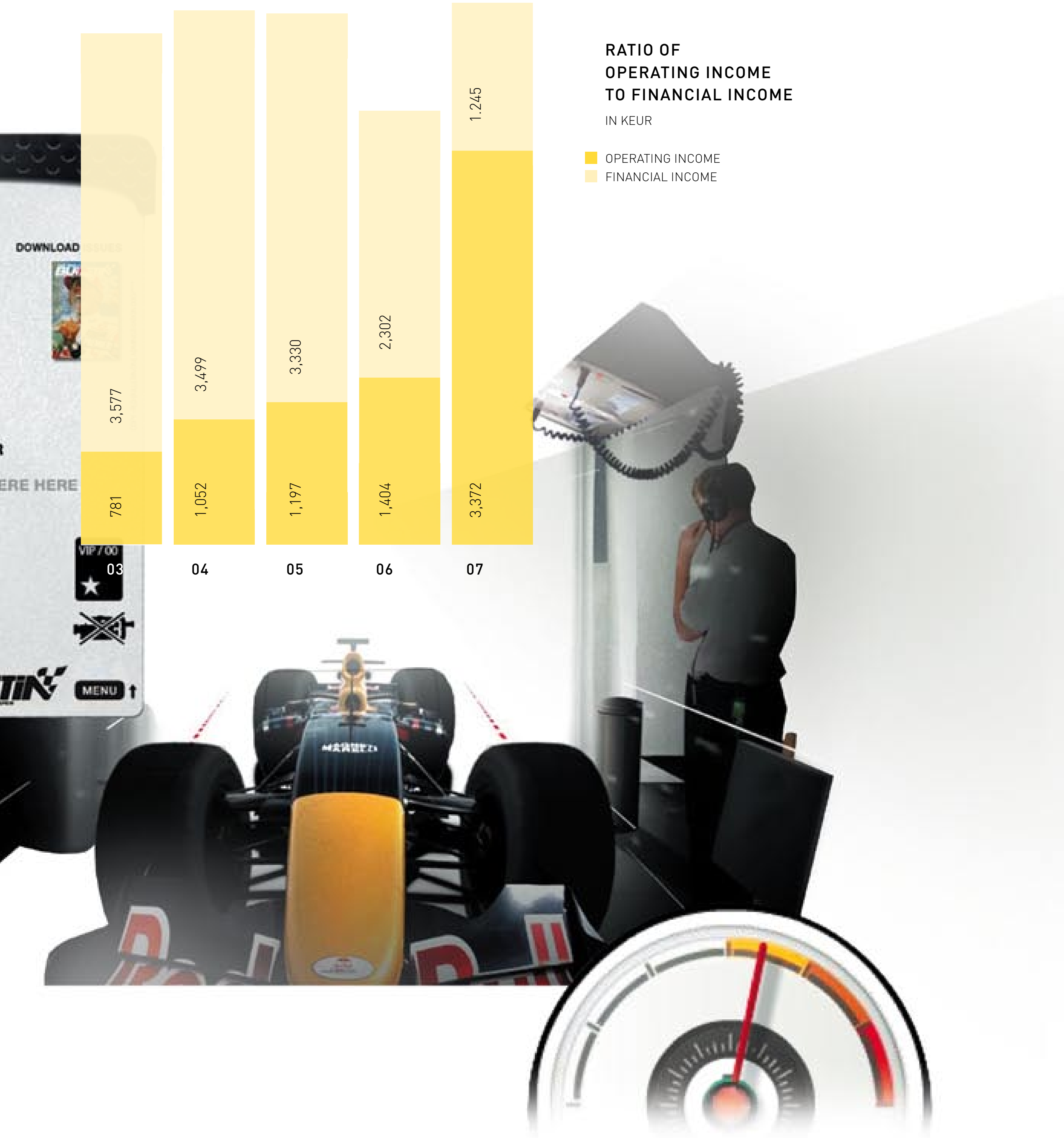
II. Except the above, Syzygy AG complies with the recommendations and suggestions of the German Corporate Governance Code, as amended on June 14, 2007.

Bad Homburg, December 18, 2007

The Management and the Supervisory Boards
Syzygy AG

RATIO OF
OPERATING INCOME
TO FINANCIAL INCOME

IN KEUR



FINANCIAL STATEMENTS 2007

For an overview of the financial figures 2007 please see the preface pages.

MANAGEMENT REPORT

GENERAL

The following management report presents the business performance of Syzygy Aktiengesellschaft (hereinafter 'Syzygy AG' or 'AG') and of the Syzygy Group (hereinafter 'Syzygy' or 'Group'). All comments relate to the Group unless otherwise expressly stated.

BUSINESS ACTIVITIES AND STRUCTURE OF THE GROUP

Syzygy is a European agency group for interactive marketing with approximately 230 employees. The Group consists of Syzygy Aktiengesellschaft and its six subsidiaries: Syzygy Deutschland GmbH, Syzygy UK Ltd, Gesellschaft für elektronischen Handel (GFEH), Unique Digital Ltd, Mediopoly Ltd and – since January 15, 2008 – the design studio Hi-ReS!

Syzygy AG acts as a management holding company while as operating entities the subsidiaries are responsible for providing consultancy and other services. With branches in Frankfurt, Hamburg and London, the subsidiaries offer large European companies an integrated spectrum of corporate Internet solutions, from strategic consulting to project planning, conception and design to technical realisation. Syzygy's range of services is complemented by search engine marketing and online media planning. Syzygy thus enables its clients to use the Internet both as a high performance communications and sales medium and as a medium to extend and improve their interaction with clients, business partners and employees. The Company's business focus is on the automotive, financial services, telecommunications and trading industries.

MARKET AND COMPETITIVE ENVIRONMENT

GENERAL ECONOMIC CONDITIONS

Despite various negative factors such as increasing energy prices, the sub-prime crisis and the strong Euro, all indicators pointed clearly towards growth in the Euro zone in 2007. The ifo economic index rose continuously during the first three quarters of the year, but suffered a significant drop by the end. However, the reserved sentiment of the past three months could not effect the development of real GDP. GDP growth exceeded the growth rate in the US for the first time since 2001 with an increase of 2.7 per cent.

Similar momentum became apparent in Germany. GDP grew by 2.5 per cent and was therefore only marginally below the ifo`s forecast of 2.6 per cent. On the expenditure side, the Value Added Tax increase and the associated antedating effect from 2006 had a negative effect on private consumption, but this decrease was offset by increases in Government spending. The ongoing strong foreign demand for German goods and services continued and an increase of 8.3 per cent in exports (in real terms) was achieved by the end of the year.
The growth of recent years continued unabated in the UK and by the end of 2007 GDP was 3.1 per cent higher than in the previous year.

ONLINE ADVERTISING MARKET

The online advertising market continued its rapid growth in both Germany and in the UK. In Germany, the Nielsen Media Research GmbH valued gross advertising sales for graphical online advertising forms at a total of EUR 1.1 billion[1]. As early as the middle of the year, the Online-Vermarkterkreis (OVK – Online Marketing Group) had to significantly raise its forecasts for 2007. According to its statements, gross advertising investment for all forms of online advertising amounted to EUR 2.9 billion. In a comparison with the previous year, this represents an increase of 51 per cent. In addition to the traditional advertisement formats such as banners and skyscrapers, OVK has also taken the investment in search engine marketing and affiliate networks into account.[2]

The online advertising market's momentum also exceeded expectations in the UK. According to a joint study by the Internet Advertising Bureau (IAB) and the consulting company PricewaterhouseCoopers (PwC), in the first half of 2007 expenditure rose by over 41 per cent to GBP 1.33 billion. Internet advertising's share of the whole of the British advertising market is now at 14.7 per cent[3], while in the previous year it was just 13.5 per cent.

Syzygy has consistently capitalised on the opportunities these positive conditions offered and has generated both organic and inorganic growth. The Group again significantly strengthened its foothold in online marketing by adding Unique Digital to the Group in March 2007.

DEVELOPMENT AND STATUS OF THE GROUP

SALES GROWTH

During the 2007 financial year, Syzygy's gross sales totalled mEUR 58.6. Net sales amounted to mEUR 27.4, which is equivalent to mEUR 7.0 or 35 per cent more than in the previous year. The regional sales distribution became slightly more balanced during the reporting period. In 2007, 52 per cent of the Group's sales were generated by the German companies and 48 per cent by the British subsidiaries.

→ Fig. 1

Sales growth was particularly dynamic in the British sector with the takeover of Unique Digital, which was fully consolidated from April 1, 2007. In the UK, growth of 55 per cent to over mEUR 13.1 was generated. The German companies increased their sales by 19 per cent to mEUR 14.3.

→ Fig. 7

In terms of business areas, around 76 per cent of sales were attributable to the web design business and 24 per cent were generated in online marketing.

1 Nielsen Media Research GmbH: Gross online advertising statistics
2 Online-Vermarkterkreis im Bundesverband Digitale Wirtschaft e. V.: OVK Online-Report 2008/01
3 Internet Advertising Bureau / PricewaterhouseCoopers: Online Adspend Study.

Sales distribution by industry has further diversified as a result of the acquisitions of Unique Digital and GFEH, with the Group gaining new clients from various industries from both companies. Additionally, Syzygy Deutschland and Syzygy UK have both widened their client base by successfully establishing new business relationships. With a share of 40 per cent, the automotive industry remains strongly represented; however, this figure has fallen by 16 percentage points compared to the previous year. Financial services rose sharply by 8 percentage points and now account for 14 per cent of total sales. The contribution of IT and telecommunications fell slightly to 16 per cent. At 22 per cent, sales that are not attributed to any of these three core areas are considerably higher than the previous year's figure of 15 per cent.
→ Fig. 13

Broadening the Group´s client base has continued to reduce the dependence upon individual clients or industries. In 2007, only 60 per cent of the total sales were attributable to the Group`s ten largest clients. In 2006, this figure was 77 per cent.

OPERATING INCOME

At mEUR 3.4, the Company's operating income (EBIT) was 140 per cent higher than the previous year's value of mEUR 1.4. This meant that the Group has generated an operating profit in every quarter for five consecutive years.
→ Fig. 2

The very sharp rise in operating income demonstrates the Group's high profitability, which is also reflected in an EBIT margin of 12.3 per cent. In the comparable period of the previous year, the margin was still 6.9 per cent.
→ Fig. 3

OPERATING EXPENSES AND FIXED-ASSET DEPRECIATION

In relation to net sales, the cost of sales amounted to 69 per cent in the reporting period, and therefore was slightly below the previous year's figure. Sales and marketing expenses for acquisition of new clients rose by 21 per cent to a total of mEUR 2.2, partly as a result of participating in trade fairs and increased spend on advertising campaigns.

General administration costs rose only slightly and are now one percentage point above the previous year. Depreciation of fixed assets was around kEUR 700, 11 per cent less than in 2006.

FINANCIAL INCOME

As a result of the special distribution totalling mEUR 18.1 in February 2007 and the acquisition of Unique Digital in March 2007, the Group's cash stock in 2007 was significantly lower than in the comparable period of the previous year. Financial income was accordingly lower, and at around mEUR 1.2 it was 46 per cent below the previous year's income.
→ Fig. 4

The return on average available liquid funds during the year was 5 per cent.

The investment strategy remains conservative and geared towards long-term profitability. The liquid funds have been invested in various risk categories with a strong focus on corporate bonds at investment grade. The average residual maturity for all securities is six years.

At year-end, the investment structure consisted of 64 per cent corporate bonds, 10 per cent fixed-term deposits and 26 per cent bearer bonds.
→ Fig. 10

INCOME BEFORE TAXES

Income before taxes is calculated from operating income of mEUR 3.4 and financial income of mEUR 1.2. At mEUR 4.6, it is 25 per cent above the comparable period's value of mEUR 3.7. The decline in financial income was therefore clearly overcompensated for by the increase in the operating income, which is a further evidence of the Group's high performance.
→ Fig. 12

NET INCOME, INCOME TAXES, EARNINGS PER SHARE

After subtracting income taxes of mEUR 1.4, a net income of mEUR 3.2 remains, compared to mEUR 2.3 in 2006. Earnings per share of EUR 0.21 arise after deduction of minority interest of kEUR 639.
→ Fig. 5+6

CASH FLOW

At year-end, operating cash flow was at mEUR 2.7, equivalent to an increase of 40 per cent. The excellent net income of mEUR 3.2 had a positive influence. The increase in accounts receivable of mEUR 8.1 had a negative effect. The sharp rise in accounts receivable is a result of the takeover of the online media companies who count media sales on behalf of their clients. This was partly compensated for by more accounts payable and tax liabilities.
→ Fig. 11

BALANCE SHEET STRUCTURE

Year-end equity climbed 5 percentage points to 62 per cent, mainly the result of the special distribution of mEUR 18.1 in February 2007. The recognition of future payment obligations for acquisitions had the opposite effect due to the disclosure of higher liabilities.
→ Fig. 8

On the expenditure side of the balance sheet, the payment of the special distribution was reflected in the decline in current assets. Capital invested in securities sank from mEUR 37.7 to mEUR 16.2. Other important items include goodwill of mEUR 13.5 and accounts receivable of mEUR 12.7 due to the acquisitions made.

INVESTMENTS, RESEARCH AND DEVELOPMENT

At a total of mEUR 11.8, investments were mEUR 8.1 above the previous year's level. Investments primarily related to the additions to goodwill, software and hardware for the optimisation of the Company's internal infra-structure and expenses for providing equipment to its own employees. Due to the move into new office space in London, leaseholds and furniture have also been acquired, incurring high acquisition costs at Syzygy UK.

As Syzygy is a service provider not offering its own products, it does not in principle report expenses for research and development. The 'Usability Monitor', the series of in-house studies which for several years has examined the usability and sales orientation of German websites, is an exception.

EMPLOYEES

By the end of 2007, the total number of Syzygy's staff had increased considerably by 30 per cent to 227 as a result of both organic growth and acquisition. 11 of these staff were employed at Syzygy AG. At Syzygy Deutschland, staff numbers remained almost constant at 81. At the end of the year, Syzygy UK had 86 staff, 22 more than in the previous year, while GFEH employed 25. As a result of the acquisition of Unique Digital, the Group grew by another 24 employees. When considered by region, 117 people were employed by the German companies and 110 in the UK.

An average of 210 people was employed at Syzygy throughout the year, five of whom were trainees.

During peak periods, up to 20 freelance employees were brought in to optimise capacity utilisation. These were deployed for the most part in the design department. Taking this as a basis for calculation, sales per employee were kEUR 130, slightly higher than the previous year's level of kEUR 127.

Around a fifth of employees worked in technology-related roles (20 per cent), online marketing / media (21 per cent) and project management (22 per cent). 15 per cent of staff worked in design, 11 per cent in strategy consulting and 12 per cent in administration.

→ Fig. 14

REMUNERATION SYSTEM FOR THE COMPANY'S EXECUTIVE BODIES

The remuneration report is an important component of the Corporate Governance Report. It clarifies the principles behind remuneration of the Management Board and Supervisory Board of Syzygy AG.

REMUNERATION SYSTEM FOR THE MANAGEMENT BOARD

The remuneration system for the Management Board is determined by the Syzygy AG Supervisory Board. The overall remuneration comprises the following components:

→ non performance-related remuneration
→ performance-based remuneration
→ remuneration with long-term incentive
→ other benefits.

The non performance-related remuneration is paid each month as a basic salary. The performance-based remuneration includes two components: The first component is paid on the basis of achieving the Company's targets set in the yearly planning and decided upon by the Supervisory Board. An additional bonus is paid following the conclusion of the financial year if particularly high growth is achieved beyond the budget, coupled with high profitability.

A share-based payment was made between 2000 and 2003 by issuing share options. On September 13, 2000, the Company's shareholders approved an employee stock option plan. The respective exercise price of an option is determined by the average share price of the previous 10 days before issue of the options, plus a surcharge of 10 per cent. According to this stock option plan, each stock option may be exercised in exchange for one share of Syzygy AG over a maximum of 7 years subject to vesting requirements. A maximum exercise period of 5 years applies for share options which have been issued since 2002. 2 years after being granted, 40 per cent of the options can be exercised, another 30 per cent after 3 years and the remaining 30 per cent after 4 years.

The members of the Management Board receive other payments in the form of the private use of a company car and payment of contributions to accident insurance.

COMMITMENTS IN THE CASE OF TERMINATION

The Management Board of Syzygy AG has no claim to retirement benefits. If an employment contract is prematurely terminated, a severance payment is made in line with the legal regulations to the amount of the outstanding, adequate target salary for the remainder of the contract.

Where necessary, a post-contractual competition prohibition of 12 months may be set following premature termination of the contract. In this case, the Management Board member receives compensation of 50 per cent of his or her most recently received average contractual payments.

A detailed presentation of the remuneration of the Management Board for the 2007 financial year can be found in the Notes of Syzygy AG on page 67.

REMUNERATION OF THE SUPERVISORY BOARD

Remuneration of the Supervisory Board is regulated in Article 6 (8) of Syzygy AG's Articles of Association and dates from a resolution of the Annual General Meeting dated June 4, 2003. In addition to being reimbursed expenses, each member of the Supervisory Board receives remuneration consisting of a fixed and a variable component. The fixed remuneration amounts to kEUR 15. This fixed remuneration increases by kEUR 5 if the market price of the Company has risen by at least 20 per cent in the financial year concerned. The market prices required for comparison are determined from the average value of the closing prices for the shares in the XETRA trading system on the Frankfurt Stock Exchange during the first five trading days of a financial year and during the first five trading days of the subsequent financial year.

Supervisory Board members who have not been in office for the whole of the financial year receive proportional remuneration.

The members of the Supervisory Board do not receive any share options or other share-based remuneration.

A detailed presentation of the remuneration of the Supervisory Board for the 2007 financial year can be found in the Notes of Syzygy AG.

DISCLOSURES RELATING TO THE TAKEOVER IN ACCORDANCE WITH ARTICLE 315 SECTION 4 OF THE HANDELSGESETZBUCH (HGB – GERMAN COMMERCIAL CODE).

The common stock of Syzygy AG amounts to EUR 12,078,450 and is divided into 12,078,450 ordinary no-par value bearer shares. Different classes of shares were not formed.

Syzygy shares are not registered shares with restricted transferability. Syzygy AG is not aware of any restrictions relating to the exercise of voting rights or relating to the transfer of Syzygy shares. On the balance sheet date, Syzygy AG held 25,000 treasury shares, which grant the Company no voting rights or other rights.

The WPP Group notified the Company that it holds a total of 24.8 per cent of the shares. It has additionally been noted that the Chairman of the Management Board of the AG holds 5.2 per cent of the shares.

None of the Syzygy AG shares issued carry special rights.

Syzygy AG does not exercise voting control in the case of employees with an interest in the capital.

The preconditions for the appointment and dismissal of members of the Management Board are in accordance with Article 84 of the Aktiengesetz (AktG – German Stock Corporation Act). Syzygy AG's Articles of Association also stipulate that the Management Board must be composed of at least two people.

Changes to the Articles of Association are the responsibility of the Annual General Meeting in line with Article 119 of the AktG. In line with the Articles of Association in connection with Article 179 of the AktG, the Supervisory Board is also authorised to pass resolutions about changes to the Articles of Association which only concern the wording.

The Annual General Meeting's resolution of June 30, 2006 authorises the Management Board to raise the common stock of Syzygy AG, with the agreement of the Supervisory Board, by up to mEUR 6 up until June 30, 2011 by issuing new no-par value shares against cash contributions or contributions in kind.

The Annual General Meeting's resolution of June 3, 2004 authorised the Management Board to raise the common stock of Syzygy AG, with the agreement of the Supervisory Board, by up to kEUR 600 until June 2, 2009 by issuing new no-par value shares of Syzygy AG against cash contributions or contributions in kind.

In line with the Annual General Meeting's resolution of June 28, 2007, the Management Board is authorised, within 18 months, to buy back treasury stock up to a total of 10 per cent of the common stock via the stock exchange or via a public offer to buy directed at all shareholders.

There are no important agreements of Syzygy AG which arise under the condition of the change of control.

No compensation agreements have been made with members of the Management Board or employees for the event of a takeover bid.

RISKS AND OPPORTUNITIES OF FUTURE BUSINESS DEVELOPMENT

The identification of individual risks is subdivided into various risk categories. Risks are identified, quantified and qualitatively evaluated throughout the entire Group using a common management, planning and reporting system. The following is a report of the risks that could have a significant impact on the Group's net assets, financial position and results of operations.

The information currently available shows no indications of risks that could threaten the further existence of Syzygy AG and its subsidiaries as a going concern. Risk factors relate to overall economic trends, the nature of the service sector and the speed with which the market for Internet services is changing.

ECONOMIC RISKS

The general economic development is the main factor in companies' readiness to invest in advertising and marketing campaigns. A decline in the economy can lead to reduced order volumes and thus to corresponding losses in sales. Any essential capacity adjustments which may be necessary are not immediately effective and incur costs for restructuring measures.

OPERATING RISKS

Approximately 60 per cent of Syzygy's sales are generated from business with its ten largest clients. Losing any one of these clients can be compensated for only with delays, if at all. In such an event, it is usually not possible to reduce expenses accordingly at short notice.

Syzygy's sales are not hedged by long contractual terms. Sales are mostly generated on the basis of individual contracts with a limited time scope, so budgets that rely on sales development are inevitably fraught with a high degree of risk.

Sales are predominantly based on fixed price agreements, meaning that unforeseeable losses might be incurred if the calculated project budget is exceeded unexpectedly. Syzygy also assumes the usual guarantee and liability commitments associated with the project, which may lead to subsequent costs for each project.

The services Syzygy performs have a public impact, so that if there are any defects in quality in the execution of one of its projects, Syzygy may suffer widespread damage to its image. This kind of damage has the potential to have a noticeably negative impact on the future development of the Company.

PERSONNEL RISKS

The Group's performance is essentially based on the performance of its employees. Because of their extensive qualifications, individuals are particularly important. If the Company is unable to retain this high calibre of employees, or continuously attract and retain new, highly qualified employees, Syzygy's success may be put at risk.

CURRENCY RISKS

Syzygy generates almost half of its sales in the UK, so exchange rate fluctuations between the Pound Sterling and the Euro may, depending on price movements, affect sales and the annual net income positively or negatively in relation to the budget. Syzygy does not enter into any hedging transactions, since, as a rule, both the net income and the costs are calculated in Pound Sterling. Syzygy is thus only exposed to a foreign exchange risk in terms of the amount of its annual net income.

INVESTMENT RISKS

The investment strategy regarding liquid funds is on principle geared towards long-term profitability. The liquid funds have therefore been invested in different risk categories in corporate bonds and other fixed-interest securities. All fixed-interest securities are generally subject to interest rate fluctuations and default risks. Generally, the price performance of securities is negatively affected by a rise in long-term interest rates and positively affected by a decline. Syzygy minimises default risks by selecting investments with an excellent credit rating and counters interest rate risks by investing in varying maturities.

RISKS FROM ACQUISITIONS

Acquisitions have been and still are part of Syzygy's growth policy. The success of acquisitions depends on how well the new acquisition can be integrated into the existing structure and how well the Company manages to generate the synergies the acquisition promised. If an acquisition cannot be successfully integrated, the possible decrease in value will entail impairment losses.

OUTLOOK AND EVENTS SINCE THE END OF THE 2007 FINANCIAL YEAR

Research economists expect the global economy to cool off to a significant degree in 2008. The boom will also lose much of its strength in Germany. Similarly to the OECD, the Institut für Wirtschaftsforschung (ifo-Institute for Economic Research) forecasts economic growth of 1.8 per cent for 2008. The Institut für Weltwirtschaft (IfW – Kiel Institute for the World Economy) has calculated a similar result, expecting growth of 1.9 per cent.

A slackening of the economy is also expected in the UK, where the OECD forecasts GDP growth of 2.0 per cent.

This will probably not have a negative impact on the online advertising market; according to the media agency ZenithOptimedia, companies will spend USD 44.6 billion on online advertising in 2008, 23 per cent more than in 2007. Online advertising's share of all advertising expenditure will rise by 1.3 percentage points to 9.4 per cent.

The Mediaholding Group M forecasts growth in online advertising in the UK of approximately 30 per cent, rising to GBP 3.4 billion. Expenditure for online advertising and for television advertising (GBP 3.6 billion) will thus almost draw level with one another. While investment in traditional media stagnates, the rise in search engine marketing will be responsible for three quarters of the overall growth of the British advertising market.

For the German market, the Online-Vermarkterkreis (OVK – Online Marketing Group) anticipates an investment volume of EUR 3.7 billion, or 29 per cent more than in the previous year. Nielsen Media Research GmbH also believes the potential of the online advertising market is nowhere near exhausted, although it does not give specific figures.

Experts believe the main reasons for the rapid growth include the increasing number of broadband connections, which make the Internet faster and more attractive. 60 per cent of private computer users in Germany now have a broadband Internet connection.

Syzygy is convinced that, in the medium and long term, the market for web design and online marketing is one of the most interesting growth markets in the professional services sector. Syzygy considers itself well positioned in this regard, since the Group competently covers both the web design business and the area of online marketing. Online marketing represents particularly high growth potential and Syzygy's acquisition of GFEH and Unique Digital has strategically strengthened its position in this area. By acquiring the London-based design studio Hi-ReS! – winner of numerous creative accolades – in January 2008, the Group has also strengthened its design production.

We are certain that the financial solidity and the quality of the communications solutions realised will continue to generate a great amount of interest in the services of the Syzygy Group.

The automotive industry will also be a future focus of Syzygy's business. Syzygy believes that this market offers substantial possibilities for integrated Internet solutions that support sales processes.

The order backlog for the first half of 2008 is above last year's level. Overall, Syzygy anticipates clear double-digit growth and is therefore forecasting earnings per share of EUR 0.26 for the 2008 financial year.

Syzygy is also confident that it will achieve significant sales and income growth in the 2009 financial year.

SUBSEQUENT EVENTS

On January 15, 2008, Syzygy AG acquired 80 per cent of the shares in London-based design studio Hi-ReS! Ltd.

Bad Homburg v. d. H., March 20, 2008
Syzygy AG
The Management Board

CONSOLIDATED BALANCE SHEETS

ASSETS		2007	2006
	NOTE	KEUR	KEUR
Non-current assets			
Goodwill	(3.1)	13,480	3,243
Fixed assets, net	(3.2)	1,676	976
Other non-current assets	(3.3)	695	128
Total non-current assets		**15,851**	**4,347**
Deferred tax assets	(3.4)	**116**	**70**
Current assets			
Cash and cash equivalents	(3.5)	8,024	5,982
Marketable securities	(3.5)	16,155	37,673
Accounts receivable, net	(3.6)	12,692	4,547
Prepaid expenses and other current assets	(3.7)	2,421	1,912
Total current assets		**39,292**	**50,114**
Total assets		**55,259**	**54,531**

EQUITY AND LIABILITIES		2007	2006
		KEUR	KEUR
Equity			
Common stock*	(3.8.1)	12,078	12,060
Additional paid-in capital	(3.8.3)	18,385	17,994
Treasury stocks	(3.8.4)	-116	-858
Accumulated other comprehensive income	(3.8.5)	-983	-121
Retained earnings	(3.8.6)	4,496	1,922
Minority interest	(3.8.7)	639	60
Total equity		**34,499**	**31,057**
Deferred tax liabilities	(4.6)	**0**	**60**
Current liabilities			
Accounts payable and accrued expenses	(3.10)	9,513	4,090
Customer advances		402	238
Tax accruals and liabilities	(3.11)	2,623	637
Other current liabilities	(3.12)	8,222	18,449
Total current liabilities		**20,760**	**23,414**
Total liabilities and equity		**55,259**	**54,531**

* Contingent Capital KEUR 1.122 (Prior year: KEUR 1.140). The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS

		2007	2006
	NOTE	KEUR	KEUR
Gross Sales	(4.1)	**58,576**	**21,719**
Net Sales (reported)	(4.1)	**27,351**	**20,313**
Cost of revenues		-18,888	-14,279
Sales and marketing expenses		-2,200	-1,823
General and administrative expenses		-3,307	-3,276
Other operating income/expense, net	(4.2)	416	439
Operating profit		**3,372**	**1,404**
Financial income, net	(4.5)	1,245	2,302
Income before taxes and minority interest		**4,617**	**3,706**
Income taxes	(4.6)	-1,404	-1,379
Net income		**3,213**	**2,327**
Income share to other shareholders		639	60
Income share to shareholders of Syzygy AG		**2,574**	**2,267**
Earnings per share from total operations (basic in EUR)	(5.1)	0.21	0.19
Earnings per share from total operations (diluted in EUR)	(5.1)	0.21	0.19

* Earnings per share - diluted - correspond to a total number of shares of 12,022 thsd. (previous year: 11,749 thsd.) and are calculated under the assumption that all outstanding options were exercised. The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2007	2006
	KEUR	KEUR
Net income	3,213	2,327
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
– Stock-based compensation expense	0	-45
– Depreciation and amortization	708	789
Changes in operating assets and liabilities:		
– Accounts receivable and other assets	-6,833	-570
– Customer advances	158	-324
– Accounts payable and other liabilities	3,930	737
– Tax accruals and payables, deferred taxes	1,509	-991
Cash flows provided by operating activities	**2,685**	**1,923**
Proceeds from sale of fixed assets	162	0
Changes in other non-current assets	-567	0
Investments in fixed assets	-1,379	-446
Purchases of marketable securities	-1,809	-16,298
Proceeds from sale of marketable securities	22,771	23,053
Investments in financial assets	-19	-3
Acquisition of consolidated companies	-4,859	-2,538
Cash flows used in investing activities	**14,300**	**3,768**
Minority shareholders	-60	0
Capital increase from employee stock option plan and other	192	136
Treasury stock	959	0
Dividend	0	-2,803
Capital reduction	-18,052	0
Cash flows from financing activities	**-16,961**	**-2,667**
Exchange rate differences	0	-106
Total	**24**	**2,918**
Cash and cash equivalents at the beginning of the year	**5,982**	**1,560**
Changes from consolidation	**2,018**	**1,504**
Cash and cash equivalents at the end of the year	**8,024**	**5,982**

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

STATEMENTS OF CHANGES IN EQUITY

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	OWN SHARES	OTHER COMPRE-HENSIVE INCOME	RETAINED DEFICIT	MINORITY INTEREST	TOTAL EQUITY
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
January 01, 2006	**12,021**	**35,994**	**-1,603**	**410**	**2,458**	**0**	**49,280**
Net income					2,267		2,267
Foreign currency translation adjustment				-106			-106
Unrealised gains on marketable securities (net of tax)				-425			-425
Other comprehensive income							
Stock-based compensation expense for the period		-45					-45
Capital reduction		-18,052					-18,052
Treasury stock			745				745
Dividend					-2,803		-2,803
Capital increase from employee stock option plan	39	97					136
Minority interest						60	60
December 31, 2006	**12,060**	**17,994**	**-858**	**-121**	**1,922**	**60**	**31,057**
January 01, 2007	**12,060**	**17,994**	**-858**	**-121**	**1,922**	**60**	**31,057**
Net income					2,574		2,574
Foreign currency translation adjustment				-306			-306
Unrealised gains on marketable securities (net of tax)				-556			-556
Other comprehensive income							
Treasury stock		217	742				959
Direct cost of IPO		129					129
Dividend					0		0
Capital increase from employee stock option plan	18	45					63
Minority interest						579	579
December 31, 2007	**12,078**	**18,385**	**-116**	**-983**	**4,496**	**639**	**34,499**

The accompanying notes are an integral part of the financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPLES AND METHODS

1.1 GENERAL

The consolidated financial statements of Syzygy AG ('Syzygy', 'Syzygy Group' or 'Company' in the following) for the 2007 financial year have been prepared in accordance with the principles of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) in the applicable version of December 31, 2007 – as they are to be applied in the European Union and in line with the supplementary regulations of Article 315a of the Handelsgesetzbuch (HGB – German Commercial Code).

1.2 BUSINESS ACTIVITY

Syzygy is a European agency group for interactive marketing. Syzygy AG acts as a management holding company, while as operating entities the subsidiaries are responsible for the consultancy and service sides of the business. With branches in Frankfurt, Hamburg and London, the subsidiaries offer large European companies an integrated service spectrum of corporate Internet solutions, from strategic consulting to project planning, conception and design to technical realisation. Syzygy's range of services is supplemented by search engine marketing and online media planning. Syzygy thus enables its customers to use the Internet as a high performance communication and sales medium and to improve and extend their interaction with clients, business partners and employees. The Company's business activity focuses on the automotive, financial services, telecommunications and trading industries.

1.3 SCOPE OF CONSOLIDATION

The consolidated financial statements are based on the annual financial statements of the companies consolidated in the Group, which were prepared in accordance with the uniform provisions of the IFRSs. The reporting dates for these companies correspond to the reporting date for the Group.

In addition to Syzygy AG, the following companies were included in the consolidated financial statements and fully consolidated as at December 31, 2007:

(1) Gesellschaft für elektronischen Handel mbH (GFEH), Hamburg, Germany
(2) Mediopoly Limited, Jersey, United Kingdom
(3) Syzygy Deutschland GmbH, Bad Homburg, Germany
(4) Syzygy UK Limited, London, United Kingdom
(5) Unique Digital Marketing Ltd, London, United Kingdom

With retroactive effect from March 1, 2007, Syzygy AG acquired 100 per cent of the shares in the company named under (5), Unique Digital Marketing Ltd. Control of the financial and corporate policy was transferred on March 22, 2007. To simplify matters, this company is incorporated into the consolidated financial statements and fully consolidated as of April 1, 2007.

In detail, the acquisition led to an increase in liquid assets of kEUR 2,078, an acquisition of accounts receivable of kEUR 1,823, fixed assets of kEUR 31, other assets of kEUR 92 and prepaid expenses of kEUR 32.

Accounts payable of kEUR 2,148, tax provisions of kEUR 371, other liabilities totalling kEUR 487 and customer advances of kEUR 6 were also acquired. The purchase price of kEUR 4,859 previously paid will increase within the scope of earn-out clauses if defined income targets are achieved between 2007 and 2009. On the basis of current planning, the Company is anticipating an earn-out payment of around kEUR 1,953 in 2010, which is recognised in the Group under 'Other liabilities' and which therefore raises goodwill accordingly. This results in goodwill of kEUR 5,558 and recognition of brand equity of kEUR 160. kEUR 4,859 of the acquisition costs were paid in cash with the result that the cash outflow totalled kEUR 2,781. Since first consolidation, the Company has generated net sales of kEUR 2,684 and net income of kEUR 1,111. Due to Unique's different financial year, which ran from February 1 to January 31, the corresponding figures for Syzygy's financial year can only be estimated. In the case of sales, these amounted to around kEUR 3,223 and in the case of net income to around kEUR 812 for the calendar year.

The company named under (1) was fully consolidated for the first time as of December 1, 2006, using the purchase method in line with IFRS 3.

1.4 PRINCIPLES OF CONSOLIDATION

The assets and liabilities included in the consolidated financial statements have been reported in line with the standardised accounting and measurement guidelines applicable to Syzygy in accordance with IAS 27.

The capital is consolidated in accordance with IFRS 3 using the purchase method. The investment book values are offset against the subsidiary's share of equity at the time of acquisition. For this purpose, assets, liabilities and contingent liabilities are shown at their current fair value. The residual difference is reported as goodwill under intangible assets. In line with IFRS 3, existing and purchased goodwill is not amortised, but rather tested for impairment at least once a year in accordance with the regulations of IAS 36 using a single-stage test procedure.

Regarding the elimination of inter-company accounts, receivables and payables between all consolidated subsidiaries are offset. The differences arising from the elimination of inter-company accounts are recognised in net profit or loss and reported in the 'Other operating income and expenses' profit and loss items.

Considering the consolidation of expenses and revenues, the inter-company revenues are charged against the corresponding expenditures.

Due to the type of business and the structure within the Group, the determination and elimination of interim results was omitted.

If valuation allowances have been recognised in individual financial statements for the shares of consolidated companies or for intercompany receivables, these are reversed within the scope of consolidation.

The income tax effects are taken into account and deferred taxes are recognised in the consolidation procedures affecting income.

1.5 USE OF ASSUMPTIONS

The preparation of the consolidated financial statements in conformity with IFRS requires the management to make estimates and assumptions that may affect the reported amounts of assets, liabilities and financial obligations at the reporting date and the amounts of income and expenses during the reporting period. Estimates were especially required when evaluating provisions and receivables from work in progress. Actual results could differ from those estimates. Assumptions and estimates are always made on the basis of the up-to-date information available at the time in question. If the outcome deviates from expectations, the relevant items will be adjusted if necessary.

1.6 FOREIGN CURRENCY TRANSLATION

The notion of the functional currency is applied to the translation of financial statements of consolidated companies prepared in foreign currencies. Since the foreign subsidiaries are economically independent, in accordance with IAS 21, the assets and liabilities are translated using the exchange rate at closing date, whereas income and expenditures are translated at the average annual exchange rate. The resulting difference is charged against equity and does not affect income.

In the individual financial statements of the consolidated companies, which are prepared in local currency, monetary items in foreign currency are valued at the end of the year in accordance with IAS 21 using the exchange rate at closing date. Any resulting currency gains or losses directly affect income.

1.7 STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED, BUT NOT YET ADOPTED

The IASB has published the following standards, interpretations and amendments to the existing standards, although their application is not yet mandatory and those of Syzygy AG were not applied early to the consolidated financial statements as of December 31, 2007. The application of this IFRS requires that they be accepted by the EU within the scope of IFRS endorsement.

→ The amendment to IAS 1 relating to the presentation of the financial statements must be applied for the first time for financial years beginning on or after January 1, 2009.

→ The amendment to IAS 23 relating to the presentation of the financial statements must be applied for the first time for financial years beginning on or after January 1, 2009.

→ The amendment to IAS 27 relating to the presentation of the financial statements must be applied for the first time for financial years beginning on or after July 1, 2009.

→ The amendment to IAS 3 relating to the presentation of the financial statements must be applied for the first time for financial years beginning on or after July 1, 2009.

→ IFRS 8 relating to operating segments must be applied for the first time for financial years beginning on or after January 1, 2009.

→ IFRIC 11 – IFRS 2 relating to group and treasury share transactions must be applied for the first time for financial years which beginning or after March 1, 2007 (endorsement March 1, 2007).

→ IFRIC 12 relating to service concession arrangements must be applied for the first time for financial years which beginning or after January 1, 2008.

→ IFRIC 13 relating to customer loyalty programmes must be applied for the first time for financial years which beginning or after July 1, 2008.

→ IFRIC 14 – IAS 19 relating to the limit on a defined benefit asset, minimum funding requirements and their interaction must be applied for the first time for financial years beginning on or after January 1, 2008.

The amendments to IAS 1 and to IFRS 8 will lead to an extension of the disclosures in the notes to the financial statements. Syzygy AG is currently examining their effect on the consolidated financial statements. The initial application of all other provisions should not have a material impact on the presentation of the financial statements.

1.8 OTHER NOTES

Unless stated otherwise, the Company's consolidated financial statements will be presented in kEUR.

Under the application of IAS 1, the balance sheet is sub-divided into non-current and current assets and liabilities. Those assets and liabilities which are due within one year should be regarded as current. Irrespective of their maturity, inventories and accounts receivable and payable are also regarded as current if they are not sold, consumed, or become due, within one year, but within the normal course of the operating cycle.

The income statement has been prepared in line with IAS 1.94 using the cost of sales method.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 INTANGIBLE ASSETS, GOODWILL, AND FIXED ASSETS

Intangible assets comprise goodwill, brand equity and software.

Intangible assets are accounted for in the balance sheet in accordance with IAS 38. Consequently, purchased intangible assets are recognised at cost and amortised using the straight-line method over a period of three years, if they have a certain useful life. Otherwise, there is no such amortisation.

Intangible assets which were taken over during acquisition of a company are measured at their fair value at the time of the acquisition in accordance with IFRS 3. Cases of impairment are treated as impairment losses. If assets which have already been amortised experience increasing fair values, these increases are recorded as reversals of impairment losses.

In line with IFRS 3 in connection with IAS 36 and 38, intangible assets with indefinite useful lives, such as goodwill from company acquisitions, are not amortised, but tested for impairment once a year in accordance with the regulations of IAS 36. Within the scope of the impairment test, the carrying amounts of the cash generating units underlying the goodwill are compared with their recoverable amounts. As value-driving units, the individual companies of Syzygy are defined as primary segments associated with the regions. The recoverable amount is determined using the discounted cash flow (DCF) method. Future cash flows to be discounted using the DCF method are determined using medium-term planning for net assets, financial position and results of operations. If the carrying amount exceeds the amount recoverable according to the DCF method, there has been impairment in value and it must be written down to the recoverable amount.

Fixed assets include leasehold improvements and other equipment and are carried at cost less accumulated depreciation. Leasehold improvements are depreciated on a straight-line basis over their estimated useful life or the term of the lease, whichever is shorter. Operational and office equipment is depreciated on a straight-line basis, normally over a period of three or four years. Low-value assets are written off in the year of acquisition, whereas the disposal is assumed to be in the same year. Maintenance and minor repairs are charged to operations as incurred.

If unscheduled impairment losses for fixed assets incur, a decision needs to be made in accordance with IAS 36 as to whether the fixed assets concerned are to be written down to their market value or fair value. This is the case if the net realisable value is lower than the carrying amount. If reasons for unscheduled write-downs of fixed assets cease to exist, the write-downs are reversed.

2.2 FINANCIAL INSTRUMENTS

Financial instruments include liquid assets, securities, and derivative financial instruments. Liquid assets include cash, current bank balances and interest bearing time deposits with maturities under 3 months.

Securities are carried at cost when first reported and subsequently measured at fair value. The current values of securities usually correspond to the market or stock market values on the financial markets. In accordance with IAS 39, marketable securities are classified as available-for-sale. Unrealised gains and losses are reported in the 'Accumulated other comprehensive income' item, which is a separate component of equity. Exemptions include impairment losses, interest determined using the effective interest method and gains and losses from foreign currency translation of monetary items, whichare recognised in the income statement. If a financial asset is sold or shows impairment, the gains and losses previously accumulated in the revaluation reserve for financial investments are recognised in net income. Impairment recognised in income in the past is not reversed in income. Every increase in fair value is recognised directly in equity following impairment.

Changes in interest rates for fixed-income securities may lead to a fluctuation of market prices subject to duration. However, no interest rate hedges are concluded. Derivative financial instruments are accounted for at fair value and recognised in income.

2.3 ACCOUNTS RECEIVABLE

Accounts receivable are reported at the time of sales recognition or the consideration submitted. Individual recognisable risks due to valuation allowances are taken into account. They are stated at their nominal value, if no allowances are necessary due to default risks. Receivables due within more than one year are discounted in line with the market. Payments from fixed-price projects, which are realised according to the percentage of completion method (POC) are also shown in accounts receivable (see also section 2.9 Sales recognition).

2.4 TREASURY STOCK

According to IAS 32, treasury stock should not be recognised as an asset, but reported as a deduction from equity. In this respect, the extent of the share buyback reduces equity. The total acquisition costs for the acquisition of treasury stock are therefore reported as an item to be deducted from equity.

Gains from the sale of treasury stock are allocated to additional paid-in capital, reported in equity.

2.5 STOCK-BASED COMPENSATION

Syzygy applied a stock-based compensation plan for its employees with the objective of attracting and retaining personnel as well as promoting the success of the Group by providing the opportunity to acquire shares. In accordance with IFRS 2, the expenses for the stock option plan are to be recorded at fair value at the date of grant. The fair value of the Company's stock-based awards was estimated as of the date of grant using the Black-Scholes option pricing method.

2.6 DEFERRED TAXES

Deferred tax assets and liabilities are recognised for temporary differences between the valuations in the consolidated balance sheet in line with IFRS and the tax accounts and for the tax loss carryforwards.

Deferred tax assets and liabilities are shown separately in the balance sheet for each tax subject. In case there are both deferred tax assets and liabilities, these have been offset. Deferred taxes are valuated at the statutory tax rates applicable at reporting date or for the future.

The carrying amount of the deferred tax assets is examined every year on the reporting date and is marked down if it is no longer likely that a taxable profit will be available, against which the deductible temporary difference can be applied.

2.7 ACCOUNTS PAYABLE AND OTHER PROVISIONS

In accordance with IAS 39, current liabilities are shown at the time of acquisition at the amounts to be paid, which approximates their market value. Non-current liabilities are measured at amortised cost. They are determined according to the effective interest method by discounting the amount payable.

In accordance with IAS 37, accrued liabilities are only recorded if an obligation to a third party is incurred, the claim is probable and the amount payable can be reliably assessed. In determining other liabilities, all applicable costs are taken into consideration.

2.8 OTHER ASSETS AND LIABILITIES

Other assets and liabilities are recognised at their nominal amount or amount payable.

2.9 REVENUE RECOGNITION

Syzygy generates sales from consulting and development services and from implementing advertising campaigns.

Sales from consulting services and from production of digital media content are realised when the payment is generated in accordance with the terms of the contractual agreement, the payment is reasonably assured and the invoice is fixed or determinable.

Consulting services on a fixed-price basis are realised according to the percentage of completion method in line with IAS 11 and IAS 18. The percentage of completion of a project is calculated by the ratio of realised time units to all the time units planned for completion of the project. Adjustments are regularly made based on new forecasting. Provisions for estimated losses on contracts are established in the period such losses are determined.

In exceptional cases, the Company is compensated only when a project is completed. Here, the Company recognises sales when it has performed all substantial project duties. In some of these projects milestones are specified. Then, sales attached to a particular milestone are recognised when the Company has finished all duties related to the milestone and the client has accepted the performance.

The implementation of advertising campaigns comprises services in the area of online media or search engine marketing. Substantial costs are incurred for placing the advertising campaign at online portals. The invoice amounts are reported as gross sales in the income statement including the media purchases. Accordingly, the 'Net sales' item shows the gross sales less costs for media purchases or search engine marketing. Sales are generated with the appearance of the campaign in question.

Income from interest and comparable items are deferred on an accrual basis.

2.10 ADVERTISING EXPENSES

Advertising expenses are included in the income statement at the time they were incurred.

2.11 INCOME TAXES

The actual income taxes are determined on the basis of the national tax rules applicable in the countries in which the respective company operates. In accordance with IAS 12, calculation of deferred taxes includes calculating tax deferments on different valuations of assets and liabilities in the accounts prepared for financial accounting purposes (IFRS) and the accounts prepared for tax purposes. Current and deferred taxes are recognised as an expense unless they are associated with items which are recognised directly in equity. In that case, the tax must also be recognised directly in equity.

2.12 EARNINGS PER SHARE

Earnings per share were calculated in accordance with IAS 33, and correspond to the total net income of the Group divided by the weighted average number of issued shares for the period. The acquisition of treasury stock reduces the number of outstanding shares accordingly.

In addition to the outstanding shares, all outstanding options which have not been exercised and whose intrinsic value during the reporting period was positive must be taken into consideration in calculating the diluted earnings. The intrinsic value is the difference between the fair value and the exercise price of an option. The number of additional shares to be taken into consideration from this is calculated by offsetting the proceeds generated by exercising the shares against the fair value of the shares. The difference between these two figures, expressed in number of shares at fair value, corresponds to the dilution effect which would have arisen if these options had been exercised.

3. NOTES TO THE CONSOLIDATED BALANCE SHEETS

3.1 GOODWILL

Reported goodwill of kEUR 13,480 arose from the acquisition of GFEH on December 4, 2006 and Unique Digital on March 22, 2007. Furthermore, the reported goodwill includes the call option on the outstanding 49 per cent of the GFEH-shares as well as earn-out-obligations to the shareholders of Unique Digital. The addition in 2007 amounted to kEUR 10,237. This corresponds to the difference between the acquisition costs of the business combination minus identifiable assets, liabilities and contingent liabilities of the company acquired. These figures were carried at fair value. Furthermore, future obligations from the transactions were calculated on the basis of business plans of the acquired companies. An impairment test of goodwill on December 31, 2007 revealed that there was no need to recognise an impairment loss. The recoverable amounts of the units were determined using a medium-term business plan for the next 5 years in accordance with the DCF method. The most important assumptions underlying the determination of fair value include assumptions of growth rates, margin development and discount rate. A discount rate of 10 per cent was taken as a basis, which was divided into a risk-free capital market rate of 5 per cent and a risk premium of 5 per cent.

3.2 STATEMENT OF CHANGES IN FIXED ASSETS FOR GOODWILL, INTANGIBLE ASSETS AND FIXED ASSETS

Fixed assets changed as follows in the 2007 financial year:

kEUR	GOODWILL	INTANGIBLE ASSETS	LEASEHOLD IM-PROVEMENTS	OPERATIONAL AND OFFICE EQUIPMENT	TOTAL
Cost January 1, 2007	3,243	510	817	3,183	**7,753**
Additions	10,237	251	124	1,229	**11,841**
Disposals	0	-4	-394	-685	**-1,083**
Net additions from Unique Digital	0	5	0	103	**108**
Exchange rate changes	0	-16	-13	-106	**-135**
Cost December 31, 2007	13,480	746	534	3,724	**18,384**
Accumulated amortisation, depreciation and write-downs January 1, 2007	0	413	722	2,399	**3,534**
Additions	0	82	63	563	**708**
Disposals	0	-4	-359	-568	**-931**
Net additions from Unique Digital	0	3	0	75	**78**
Exchange rate changes	0	-12	-5	-44	**-61**
Accumulated amortisation, depreciation and write-downs December 31, 2007	0	482	421	2,425	**3,328**
Carrying amount at December 31, 2006	3,243	97	95	784	**4,219**
Carrying amount at December 31, 2007	13,480	264	113	1,299	**15,156**

Intangible assets include a brand equity of kEUR 160, which arose as a result of the first-time consolidation of Unique Digital and which is subject to an indefinite useful life. Operational and office equipment mainly refers to hardware and office fittings.

3.3 OTHER NON-CURRENT ASSETS

Other non-current assets include rent deposits of kEUR 695 (previous year: kEUR 128), of which kEUR 131 and kEUR 564 were attributable to Syzygy Deutschland GmbH and Syzygy UK respectively.

3.4 DEFERRED TAX ASSETS

Due to different valuations of Syzygy UK and Syzygy Deutschland GmbH's fixed assets and subject to valuation differences in the provisions, deferred tax assets amount to kEUR 116 (previous year: kEUR 70). The composition of deferred tax assets is presented in section 4.7 Income taxes.

3.5 FINANCIAL INSTRUMENTS

Cash, current bank accounts and interest-bearing time deposits with maturities under 3 months are shown in the table below:

kEUR	2007	2006
Cash and cash equivalents	8,024	5,982

kEUR 1,273 is attributable to Unique Digital. Cash and cash equivalents are to be allocated to the valuation category 'loans and receivables' in accordance with IAS 39.

The securities are classified as available-for-sale and therefore recognised at market value. As can be seen in the following table, their market value as at December 31, 2007 was kEUR 744 below acquisition costs (previous year: kEUR 188). This value is the difference between unrealised gains and losses as of the balance sheet date. The previous year`s figure comprises unrealised share price gains of kEUR 260 and unrealised share price losses of kEUR -448. The unrealised results are reported under 'accumulated other comprehensive income' item in the statement of changes in equity.

				2007	2006
kEUR	COST	UNREALISED GAINS	UNREALISED LOSSES	BOOK VALUE MARKET VALUE	BOOK VALUE MARKET VALUE
Securities	16,899	26	-770	16,155	37,673

The following table shows the maturities of securities as per December 31, 2007:

kEUR	< 1 YEAR	1-5 YEARS	5-10 YEARS	INDEFINITE	TOTAL
Securities	998	1,506	13,651	0	16,155

The securities portfolio's performance depends upon the development of interest rates and the development of credit spreads. On average, the portfolio shows a duration of around 6.5, so that a change in the measurement parameter of 0.5 per cent results in a corresponding change in the securities portfolio of 3.25 per cent. This means that if the credit spreads rise by 50 basis points at the same interest level, the value of the securities portfolio declines by around 3.25 per cent.

3.6 ACCOUNTS RECEIVABLE

These items comprise the following:

kEUR	**2007**	**2006**
Accounts receivable	12,587	4,191
Unbilled receivables	105	356
	12,692	4,547

Accounts receivable include receivables of kEUR 4,312 that are attributable to Unique Digital. Receivables of kEUR 105 were reported in line with the percentage of completion method for services not yet billed. According to the percentage of completion method, sales of kEUR 105 were realised from projects which had not been billed as of the balance sheet date.

According to IAS 39, accounts receivable fall under the 'loans und receivables' valuation category.

The term structure of the receivables is as follows:

Accounts receivable

in kEUR	**12/31/2007**	**12/31/2006**
0-60 days	11,284	4,133
61-120 days	1,408	413
121-180 days	0	0
181-360 days	0	0

Of which not written down at the reporting date and overdue in subsequent time

Receivables with recognisable collection risks are provided for by adequate provisions, while uncollectable receivables are written off. No such allowances had to be made in 2007 and 2006.

3.7 PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets as of December 31, 2007 and 2006 consist of the following:

kEUR	**2007**	**2006**
Tax receivables	1,451	457
Interest receivables	442	928
Prepaid expenses	384	440
Other	144	87
	2,421	1,912

All other assets are due within 12 months. The interest receivables which fall into the 'loans und receivables' valuation category in line with IAS 39, represent realisable financial instruments and are therefore presented in the following term structure:

Interest receivables

in kEUR	12/31/2007	12/31/2006
0-90 days	262	660
91-180 days	127	137
181-360 days	53	254

Prepaid expenses include advance payments for rent, digital services and insurance.

3.8 EQUITY

3.8.1 COMMON STOCK

As of December 31, 2007, common stock comprised 12,078,450 no-par value bearer shares. These shares have a stated value of EUR 1.00; 25,000 of these shares belonged to treasury stock. In 2007, common stock of the Company increased by EUR 18,550 with the exercise of 18,550 stock options.

The shareholders' structure of the Company at the reporting date was as follows:

in thousands	SHARES	PER CENT
WPP Group (UK) Ltd (directly and indirectly)	2,991	24.8
Marco Seiler	622	5.2
Free float	8,440	69.8
Treasury stock	25	0.2
	12,078	100.0

3.8.2 AUTHORISED AND CONTINGENT CAPITAL

At the Annual General Meeting on June 30, 2006, the resolution to possibly increase 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 June 30, 2011. The authorised capital totals kEUR 6,000. During the 2007 financial year, no such shares were issued.

Furthermore, the Management Board was authorised to issue a maximum of 1,200,000 additional shares (contingent capital) in conjunction with the employee stock-based compensation plan. In 2007, 18,550 options were exercised (previous year: 38,550 options). In the period under review, no further share options entitling the conversion into the same number of Syzygy shares were issued to employees of the Syzygy Group companies.

3.8.3 ADDITIONAL PAID-IN CAPITAL

The additional paid-in capital emerged from proceeds of the IPO on October 6, 2000, less the direct costs of the IPO.

On June 30, 2006, the Annual General Meeting resolved to increase and then decrease capital to the extent of EUR 1.50 per share, to be taken from additional paid-in capital. This will reduce additional paid-in capital by kEUR 18,052.

In 2007, additional paid-in capital increased by kEUR 45 due to the exercise of options. In 2006, additional paid-in capital increased by kEUR 97 overall. The gains from the sale of treasury shares of kEUR 217 were also charged directly to equity under 'Additional paid-in capital'.

3.8.4 TREASURY STOCK

On June 30, 2006, the Annual General Meeting authorised the Management Board to acquire a maximum of 10 per cent of the Company's outstanding shares until December 30, 2007. This resolution was renewed on June 28, 2007, at the last Annual General Meeting and is valid until December 28, 2008. The treasury stock does not entitle the Company to any dividend or voting rights. The company is authorised to resell or call in treasury stock or to offer treasury stock to third parties in the course of acquiring companies.

3.8.5 ACCUMULATED OTHER COMPREHENSIVE INCOME

As per December 31, 2007, other comprehensive income amounted to kEUR -983 (previous year: kEUR -121) and can be attributed mainly to losses from currency translation recognised directly in equity and unrealised gains or losses from securities.

3.8.6 RETAINED EARNINGS

Dividend distributions are based upon the distributable equity disclosed in the annual financial statements of Syzygy AG according to HGB (German GAAP). On June 28, 2007, the Annual General Meeting did not approve a dividend and carried forward the retained earnings of kEUR 3,532 to new account. As of December 31, 2007, the financial statements of Syzygy AG recorded retained earnings of kEUR 5,221. The consolidated financial statements of the Group show retained earnings of kEUR 4,496.

3.8.7 MINORITY INTEREST

Minority interest, amounting to kEUR 639 (previous year: kEUR 60) are attributable to other shareholders of GFEH.

3.9 STOCK-BASED COMPENSATION

On September 13, 2000, the Company's shareholders approved an employee stock option plan. According to this plan, each stock option may be exercised in exchange for one share of Syzygy AG over a maximum of 7 years subject to vesting requirements.

The following table below summarises the information on tranches assigned to date and the outstanding options as of December 31, 2007.

40 per cent of options may be exercised two years after being granted, 30 per cent after 3 years and the remaining 30 per cent after 4 years.

As of December 31, 2007, 105,300 options were exercisable. A total of 18,550 options were exercised in the 2007 financial year at an exercise price of EUR 3.42. Moreover, 186,301 options expired as a result of employees leaving the Company. Within the last financial year, no additional stock options were granted. In 2007, there were no effects from the option programme on the income statement. Income of kEUR 45 incurred in 2006.

YEAR OF GRANT	EXERCISE PRICE	MARKET VALUE AT TIME OF ISSUE	NUMBER OF OPTIONS ISSUED	NUMBER OF OPTIONS EXPIRED/RETURNED/EXERCISED	NUMBER OF OUTSTANDING OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE OF THE OUTSTANDING OPTIONS	WEIGHTED AVERAGE CONTRACTUAL TERM OF THE OPTIONS
	EUR	EUR	Thousand	Thousand	Thousand	EUR	Years
2000	22.00	21.60	1	1	0	22.00	0.0
2000	14.00	12.60	77	68	0	14.00	0.0
2000	12.00	11.83	378	242	0	12.00	0.0
2001	5.21	4.74	154	104	47	5.21	0.3
2002	3.42	3.11	166	122	0	3.42	0.0
2003	4.26	3.90	147	78	58	4.26	0.3
					105	7.97	0.1

3.10 ACCOUNTS PAYABLE AND OTHER PROVISIONS

As at December 31, 2007 and 2006, accounts payable and other provisions consisted of:

kEUR	**2007**	**2006**
Accounts payable	7,336	2,533
Other provisions:		
- Obligations towards other parties	1,505	718
- Personnel-related provisions	429	441
- Investor relations and financial reporting	243	224
- Other	0	174
	9,513	4,090

Accounts payable include kEUR 2,893 that are attributable to Unique Digital. Obligations towards other parties essentially concern outstanding invoices and customers' bonuses, personnel-related provisions, employee incentives and holidays. In the previous year, provisions for anticipated losses were included under 'Other provisions'. These do not apply due to the move to new rental space in London.

All accounts payable and other provisions are due within one year and are to be allocated to the valuation category 'financial liabilities at costs'.

Statement of changes in provisions as of December 31, 2007

kEUR	BOOK VALUE JANUARY 1, 2007	USAGE	RELEASE	ALLOCATION	BOOK VALUE DECEMBER 31, 2007
Obligations towards other parties	718	-718	0	1,505	1,505
Personnel-related provisions	441	- 388	-53	429	429
Investor relations and financial reporting	224	-224	0	243	243
Others	174	- 124	-50	0	0
	1,557	- 1,454	-103	2,177	2,177

3.11 TAX PROVISIONS AND LIABILITIES

Tax provisions and liabilities are structured as in the following table:

kEUR	2007	2006
German VAT	989	354
German income taxes	641	131
British VAT	693	143
British income taxes	300	9
	2,623	637

3.12 OTHER LIABILITIES

The components of other liabilities are detailed in the following:

kEUR	2007	2006
Obligations from call options	4,660	0
Obligations from earn-out payments	1,953	0
Social security, salary and church taxes	331	98
Obligations from services not yet performed	266	0
Obligations from special distribution of dividends	0	18,052
Others	1,012	299
	8,222	18,449

In the course of the acquisition of GFEH in December 2006, it was agreed upon an option on the outstanding company shares. This option can be exercised in spring 2009 which is likely. There remains a future earn-out obligation arising from the acquisition of Unique Digital, which is determined depending upon future operating income. This obligation matures in 2010. Other liabilities include an obligation from an interest rate swap of kEUR 167. The following table shows the maturities of other liabilities as per December 31, 2007:

kEUR	< 1 YEAR	1-5 YEARS	5-10 YEARS	INDEFINITE	TOTAL
Other liabilities	1,276	6,780	0	0	**8,056**

Other liabilities are allocated to the valuation category 'financial liabilities at costs' except for the interest rate swap which was valued at market value in line with the valuation category 'financial liability held for trading'.

4. NOTES ON THE INCOME STATEMENT

4.1 SALES AND SEGMENT REPORTING

The Company's businesses operate in the European market. The operating companies of the Syzygy Group are managed locally and, to a major extent, operate in their local markets independently. Syzygy reports on the primary segment in line with IAS 14 according to geographical criteria against this background. Furthermore, the two significant services Web Design and Online Marketing are represented as secondary segments.

The holding company (Syzygy AG) serves all operating entities and is therefore segregated. The United Kingdom Segment comprises Syzygy UK Ltd, Unique Digital and Mediopoly Ltd. The Germany Segment includes Syzygy Deutschland GmbH and GFEH. The different segments apply the same accounting principles as the consolidated entity. Transactions between segments have been eliminated.

Primary segment as at December 31, 2007

kEUR	GERMANY	UNITED KINGDOM	CENTRAL FUNCTIONS AND CONSOLIDATION	TOTAL
Gross sales	37,045	21,568	-37	**58,576**
Net sales	14,331	13,057	-37	**27,351**
Operating income (EBIT)	3,043	1,500	-1,171	**3,372**
Financial income	111	157	977	**1,245**
Net income	2,270	1,219	-276	**3,213**
Assets	19,823	16,488	18,948	**55,259**
Of which goodwill	7,922	5,558	0	**13,480**
Investments	399	1,040	5	**1,444**
Depreciation and amortisation	435	266	7	**708**
Segment liabilities	12,207	7,391	1,162	**20,760**

Primary segment as at December 31, 2006

kEUR	GERMANY	UNITED KINGDOM	CENTRAL FUNCTIONS AND CONSOLIDATION	TOTAL
Gross sales	13,483	8,431	-195	**21,719**
Net sales	12,077	8,431	-195	**20,313**
Operating income (EBIT)	1,640	414	-650	**1,404**
Financial income	14	6	2,282	**2,302**
Net income	1,610	210	507	**2,327**
Assets	9,327	2,984	42,220	**54,531**
Of which goodwill	3,243	0	0	**3,243**
Investments	273	165	8	**446**
Depreciation and amortisation	495	285	9	**789**
Segment liabilities	7,106	856	15,452	**23,414**

The Web Design business is essentially represented by Syzygy Deutschland and Syzygy UK, while the online marketing services are performed predominantly by GFEH and Unique Digital.

Secondary segment as at December 31, 2007

kEUR	WEB DESIGN	ONLINE MARKETING	CENTRAL FUNCTIONS AND CONSOLIDATION	TOTAL
Net sales	20,922	6,466	-37	**27,351**
Assets	9,280	27,031	18,948	**55,259**
Investments	1,391	48	5	**1,444**

Secondary segment as at December 31, 2006

kEUR	WEB DESIGN	ONLINE MARKETING	CENTRAL FUNCTIONS AND CONSOLIDATION	TOTAL
Net sales	20,195	313	-195	**20,313**
Assets	6,278	6,033	42,220	**54,531**
Investments	436	2	8	**446**

Syzygy generated 60 per cent (previous year: 77 per cent) of its sales with its ten largest customers.

4.2 OTHER OPERATING INCOME, NET

Other operating income for 2007 consists of the following:

kEUR	2007	2006
Sublease income	264	350
Release of provisions	103	12
Employee usage of company cars	49	44
Others	0	33
	416	439

4.3 COST OF PURCHASED SERVICES

The cost of purchased services mainly contains expenses for freelance workers and outsourced services:

kEUR	2007	2006
Cost of purchased services	4,131	4,249

4.4 PERSONNEL EXPENSES

In the years 2007 and 2006, personnel expenses, which are included in various items in the consolidated income statements, were as follows:

kEUR	2007	2006
Salaries and wages	11,713	9,087
Social security	1,721	1,275
	13,434	10,362

In 2007, the average number of full-time employees in the Syzygy Group was 210 (previous year: 150 employees).

By the end of the 2007 financial year, the total number of Syzygy employees had risen to 227. The employees are distributed across the following functional areas within the Company:

Number of persons	2007	2006
Strategy / consulting / project management	73	38
Online marketing / online media	47	15
Technology	46	45
Design	33	33
Administration	28	19
	227	150

4.5 DEPRECIATION AND AMORTISATION

The depreciation and amortisation comprises the following:

kEUR	2007	2006
Amortisation of intangible assets	82	113
Depreciation of fixed assets	626	676
	708	789

4.6 FINANCIAL INCOME

kEUR	2007	2006
Interest and similar income	1,300	2,179
Earnings from sales of marketable securities, net	-123	185
Interest expense and similar expenses	-178	-62
	1,245	2,302

Earnings from sales of marketable securities comprise gains of kEUR 34 and losses of kEUR 157. Interest expenses and similar expenses include an interest rate swap expense of kEUR 167. The decline in the financial income of 46 per cent is a consequence of the reduction in liquid funds and securities by 45 per cent within the scope of a special distribution and acquisition.

In line with IFRS 7.20, the financial income or loss must be presented according to valuation categories:

The interest and similar income, as well as the earnings from the sale of securities amounting to kEUR 1,300 and kEUR -123 fall under to valuation category 'available-for-sale'.

Interest expenses and similar expenses with kEUR 11 fall under the valuation category 'financial liabilities at costs' and the amount of kEUR 167 falls under the valuation category 'financial liability held for trading measurement'.

4.7 INCOME TAXES

kEUR	2007	2006
Domestic income taxes	1,072	1,251
Foreign income taxes	438	123
Deferred taxes	-106	5
	1,404	1,379

In Germany, effective since January 1, 2001, a standard tax rate of 25 per cent on both distributed and retained earnings is applicable. The tax rate amounts to 26.4 per cent including the solidarity surcharge of 5.5 per cent. The tax rate for trade taxes was unchanged at 14.9 per cent. Since trade taxes are deductible from the corporate income tax base this leads to a combined statutory tax rate of 37 per cent.

Deferred tax assets and liabilities can be summarised as follows:

kEUR	2007	2006
Deferred taxes (assets):		
Fixed assets (Syzygy UK)	53	70
Fixed assets (Syzygy Germany)	40	60
Provisions	31	56
Deferred taxes (liabilities):		
Current assets (securities)	-8	-176
Deferred taxes (net)	116	10

The deferred tax assets at Syzygy UK can be attributed to lower tax depreciation on capital goods in comparison to the IFRS balance sheet in United Kingdom. The deferred tax assets at Syzygy Deutschland and Syzygy AG are the result of different useful lives of the assets between trading and tax accounts, as well as non-tax deductible provisions.

Tax transfer:

kEUR	2007	2006
Income before taxes	4,902	3,706
Tax-free income/expenses		
– stock-based compensation expenses	0	-45
Taxable income	4,902	3,661
Expected tax expense	1,814	1,366
Foreign tax rates differential	-148	13
Tax refunds	-156	0
Deferred taxes	-106	0
Tax charge	1,404	1,379

4.8 NET INCOME/LOSS ATTRIBUTABLE TO MINORITY INTERESTS

Net income/loss attributable to minority interests amounts to kEUR 639 and falls to the minority shareholders of GFEH, who hold 49 per cent of the shares.

5. OTHER NOTES

5.1 EARNINGS PER SHARE

Earnings per share – diluted and basic – are shown in the following table:

	2007	2006
Weighted average number of shares (in thsd.)	12,022	11,713
Income from continuing operations (kEUR)	2,574	2,267
Consolidated net income (kEUR)	2,574	2,267
EPS from continuing operations, basic (EUR)	0.21	0.19
Earnings per share, basic (EUR)	0.21	0.19
Maximum dilution (in thsd.)	0	36
EPS from continuing operations, diluted (EUR)	0.21	0.19
Earnings per share, diluted (EUR)	0.21	0.19

5.2 CONSOLIDATED STATEMENTS OF CASH FLOWS

The consolidated statements of cash flows was developed in accordance with IAS 7 by applying the indirect method. In 2007, the operating cash flow amounted to kEUR 2.7 (previous year: kEUR 1.9). In the period under review, the operating cash flow cannot be directly derived from the balance sheet due to one-off items from the first consolidation of Unique Digital. The funds exclusively comprise liquid assets. Further information is given in the Group Management Report.

5.3 RISK AND CAPITAL MANAGEMENT

With regard to assets, liabilities and planned transactions, Syzygy is subject to risks arising from changes in currency and interest rates as well as the credit rating of bond issuers.

5.3.1 CURRENCY RISKS

Syzygy generates almost half of its sales in the UK. Exchange rate fluctuations between pound sterling and the euro may, depending on price movements, affect sales and the annual net income positively or negatively in relation to the budget. As at the balance sheet date, the assets and liabilities of the British companies are translated into the reporting currency and are therefore subject to a translation risk. Such risks are not hedged within the Syzygy Group. In the operating area, the Group companies conduct their activities predominantly in their respective functional currency. For this reason, Syzygy does not enter into any hedging transactions, because there is only a currency risk as great as net income, i.e. the cash flow to Syzygy AG. Syzygy also decided against hedging for this cash flow, since costs and benefit of such cash flow hedges do not appear suitable and the risk to the net assets, financial position and results of operations is regarded as insignificant.

IFRS 7 requires sensitivity analyses for the presentation of market risks which show the effects of hypothetical changes to relevant risk variables on the results and equity. It is therefore assumed that the portfolio as at the reporting date is representative of the year as a whole. The currency sensitivity analyses are based on the following assumptions:

The essential original financial instruments (liquid assets, receivables, marketable securities, accounts payable and other liabilities) are denominated immediately in the functional currency. Changes in exchange rate therefore have no effect on results and equity.

Interest income and expenses from financial instruments are also recognised directly in functional currency, so that there are no currency risks.

Syzygy is only exposed to a currency risk regarding the net income generated in foreign currency and associated distributions.

5.3.2 INTEREST RISKS

Syzygy is subject to interest risks regarding securities and an interest swap; conversely, there are no financial liabilities which can create an interest risk, and the liquid assets were invested at call money conditions.

Sensitivity analyses regarding the interest changes are to be presented in line with IFRS 7. Since Syzygy classifies securities of current assets as available-for-sale in line with IAS 39, interest changes have no immediate effect on the performance of the Company. Unrealised gains and losses are reported under the 'Accumulated other comprehensive income item', which is a separate component of equity.

As at the balance sheet date, around EUR 16.2 million were invested in a securities portfolio which indicates a duration of around 6.5. An interest change of 50 basis points with regard to the investments would result in a change in the fair value of the portfolio of around 3.25 per cent. This would lead to a change in the fair value of around kEUR 525. Increases in interest have a negative effect while decreases in interest have a positive effect on the development in the value of the portfolio.

5.3.3 CREDIT AND DEFAULT RISKS – RISK OF CHANGE IN CREDIT SPREADS

Syzygy is exposed to credit and default risks from operations and also regarding securities investments. In the case of securities, Syzygy reduces default risks by ensuring that an investment grade of at least BBB- is generally applicable in the case of new investments. All investments are continually monitored with regard to the development of their rating and the investment decision is reviewed. In general, a maximum item of EUR 2.0 million is received from one issuer. In the case of new investments with a BBB-, the positions amount to a maximum of EUR 1.0 million. All securities are also subject to price changes depending upon the change in the credit spread combined with the residual term. An extension of the credit spread in a risk class then leads to a corresponding price decrease depending upon the duration of a security. In the case of a duration of a securities portfolio of 6.5 and an extension of the average credit spread of 50 basis points, the value of the portfolio would decline by 3.25 per cent. This would lead to a change in the fair value of kEUR 525 for Syzygy.

In operations, the default risks are continuously monitored decentrally at the level of the companies. Syzygy works almost exclusively for large customers of outstanding credit rating and did not therefore post debt defaults. Neither is the receivables volume so large in the case of individual customers that they would cause extraordinary risk concentrations.

The maximum default risk is presented by the carrying amounts of the financial assets recognised in the balance sheet.

5.3.4 DERIVATIVE FINANCIAL INSTRUMENTS

Syzygy deploys derivative financial instruments for risk diversification and portfolio structuring to integrate variable interest rates corresponding to the market development in addition to fixed-interest bearing securities. As at the balance sheet date, an interest swap was recognised in the income statement at a market value of kEUR -167, which is due in 2011. The measurement depends upon the development of the DB FRB Euro index, whereby a maximum risk of kEUR 225 exists from the transaction.

5.3.5 CAPITAL MANAGEMENT

Syzygy's capital management primarily aims to finance both organic and inorganic growth and to ensure the continuation of the business in the operating companies. A current high equity ratio of 62 per cent is within the target range of 60 per cent to 80 per cent, since this strengthens the competitiveness of a service enterprise such as Syzygy. Furthermore, it is the aim of the capital management to sustainably raise return on equity to over 10 per cent.

The key figures on capital management comprise the following:

kEUR	**2007**	**2006**
Equity according to the balance sheet	34,499	31,057
Outside capital	20,760	23,414
Total capital	55,259	54,531
Equity ratio	62%	57%
Consolidated net income	3,342	2,327
Return on equity	10%	7%

Syzygy does not have financial liabilities, meaning that outside capital is characterised primarily by accounts payable, future obligations from the acquisition of companies and tax liabilities.

5.4 CONTINGENT LIABILITIES

As in the previous year, the Company does not have any contingent liabilities as of December 31, 2007.

5.5 OTHER FINANCIAL OBLIGATIONS

The Group companies have concluded leasing and rental agreements for various facilities and vehicles. The future annual minimum payments from these agreements amount to:

Year	KEUR
2008	701
2009	653
2010	649
2011	636
2012	635
Total	**3,274**

The total expenses for rent amounted to kEUR 1,459 in 2007 (previous year: kEUR 1,226). These expenses were set off by sublease income amounting to kEUR 264 (previous year: kEUR 123). The total of expected future sublease income on the basis of existing agreements amounts to kEUR 10. In 2007, kEUR 33 (previous year: kEUR 35) were spent on leasing obligations.

5.6 SYZYGY AG HOLDS DIRECT OR INDIRECT INVESTMENTS IN THE FOLLOWING COMPANIES

	SHARES	EQUITY	NET INCOME
	%	kEUR	kEUR
Syzygy Deutschland GmbH, Bad Homburg	100	383	965
Syzygy UK Ltd., London	100	678	21
mediopoly Ltd., Jersey, England	100	981	87
Unique Digital Marketing Ltd, London	100	1,780	1,111
GFEH Gesellschaft für elektronischen Handel GmbH, Hamburg	51	1,345	1,305

→ mediopoly holds 100% in Syzygy UK Ltd, which conducts the operating business in England. Therefore, the investment in Syzygy UK is indirect.

→ With agreement dated March 22, 2007, Syzygy AG acquired 100 per cent of the shares in Unique Digital Marketing Ltd.

→ There is an option to acquire the outstanding 49 per cent of shares in GFEH in 2009.

5.7 AUDITING COMPANY'S FEE

The BDO Deutsche Warentreuhand AG auditing company received a fee of kEUR 53 for auditing the annual and consolidated financial statements of Syzygy AG for the 2007 financial year. No further orders were awarded to BDO Deutsche Warentreuhand Wirtschaftsprüfungsgesellschaft.

5.8 INFORMATION ON ASSOCIATED COMPANIES AND PERSONS

The associated persons include the boards of Syzygy AG. With the exception of the remuneration to members of the Management Board and compensation to the Supervisory Board, no transactions were effected with associated parties in 2006 and 2007.

5.9 EXEMPTION ACCORDING TO ARTICLE 264 SECTION 3 OF THE HANDELSGESETZBUCH (HGB – GERMAN COMMERCIAL CODE)

Syzygy Deutschland GmbH avails itself of the exemption according to Article 264 Section 3 of the HGB (German GAAP).

5.10 SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

On January 15, 2008, Syzygy AG acquired 80 per cent of London-based Design-Studio Hi-ReS! Ltd. Control of the financial and corporate policy was transferred on January 15, 2008. In line with IFRS 3.62, the acquisition led to an increase in liquid assets of kEUR 81, an acquisition of accounts receivable of kEUR 647 and fixed assets of kEUR 20. Accounts receivable of kEUR 136 and tax provisions of kEUR 128 were also acquired. The purchase price of kEUR 1,934 previously paid will increase within the scope of earn-out clauses if defined income targets are achieved between April 1, 2007 and March 31, 2011. On the basis of current planning, the Company is assuming an earn-out payment of around kEUR 2,000 in 2011. This would result in a differential of around kEUR 3,450, which would have to be allocated to goodwill and a brand equity.

5.11 PARENT COMPANY BOARDS

5.11.1 MANAGEMENT BOARD

Marco Seiler
Chairman
Managing Director Syzygy Deutschland GmbH

Frank Wolfram
Management Board
Managing Director Syzygy Deutschland GmbH

The members of the Management Board do not hold any Supervisory Board or similar positions. In 2007, the total remuneration of the Management Board amounted to kEUR 644. Marco Seiler received a basic salary of kEUR 215 and a variable salary of kEUR 117. Frank Wolfram had a basic salary of kEUR 205 and a variable portion of kEUR 107. The members of the Management Board received no options in 2007.

The remuneration report, as an integral part of the Corporate Governance Declaration since 2007, contains further explanations regarding the remuneration of the Management Board. The report can be downloaded from the Company's website at the IR section.

5.11.2 SUPERVISORY BOARD

Michael Mädel
Chairman
President J. Walter Thompson
Europe, Asia and Africa

Adriaan Rietveld
Deputy Chairman
General Managing Partner EsNet Ltd
Supervisory Board UbiQ b.v. Rotterdam

Wilfried Beeck
CEO ePages Software GmbH

The Supervisory Board received total remuneration of kEUR 45 for 2007. This corresponds to a remuneration of kEUR 15 for each member of the Supervisory Board. In 2007, the remuneration is exclusively fixed remuneration. Members of the Supervisory Board have no options for Syzygy shares. The remuneration report contains further explanations regarding the remuneration of the Supervisory Board.

5.12 DIRECTORS' DEALINGS

Management Board: [Number of shares]	MARCO SEILER	FRANK WOLFRAM	TOTAL
as per December 31, 2006	611,779	11,000	**622,779**
Purchases	10,500	1,500	**12,000**
Sales	0	-7,000	**- 7,000**
as per December 31, 2007	622,279	5,500	**627,779**

Management Board: [Number of options]	MARCO SEILER	FRANK WOLFRAM	TOTAL
as per December 31, 2006	10,500	112,000	**122,500**
Additions	0	0	**0**
Disposals	- 10,500	- 74,000	**- 84,500**
as per December 31, 2007	0	38,000	**38,000**

Supervisory Board: [Number of shares]	MICHAEL MÄDEL	ADRIAAN RIETVELD	WILFRIED BEECK	TOTAL
as per December 31, 2006	0	10,000	0	**10,000**
Purchases	0	0	91,938	**91,938**
Sales	0	0	0	**0**
as per December 31, 2007	0	10,000	91,938	**101,938**

5.13 DISCLOSURES IN ACCORDANCE WITH ARTICLE 160 SECTION 1 NO. 8 OF THE AKTIENGESETZ (AKTG – GERMAN PUBLIC COMPANIES ACT)

Publication in line with article 25 Section 1 of the Wertpapierhandelsgesetz (wphg – German Securities TRADING Act)

On January 3, 2007, WPP Zweite Beteiligungs Verwaltungs GmbH, WPP Service Verwaltungs GmbH and WPP Germany Beteiligungs Verwaltungs GmbH, 60598 Frankfurt, Germany, submitted to us the following notification in line with Articles 21 et seq. of the WpHG regarding its voting rights share in Syzygy AG, Bad Homburg v.d.H., Germany:

On December 31, 2006, WPP Zweite Beteiligungs Verwaltungs GmbH's voting rights share in Syzygy AG, Bad Homburg, fell below the threshold of 5 per cent and is now at 0 per cent.

On December 31, 2006, WPP Service Verwaltungs GmbH's voting rights share in Syzygy AG, Bad Homburg, fell below the threshold of 5 per cent and is now at 0 per cent.

On December 31, 2006, WPP Germany Beteiligungs Verwaltungs GmbH's voting rights share in Syzygy AG, Bad Homburg, fell below the threshold of 5 per cent and is now at 0 per cent.

5.14 DECLARATION ON THE GERMAN CORPORATE GOVERNANCE CODE IN ACCORDANCE WITH ARTICLE 161 OF THE AKTG

The declaration of compliance according to Article 161 of the AktG was issued on December 18, 2007 and is available to all shareholders on the Company's website.

5.15 DATE OF THE AUTHORISATION FOR PUBLICATION

The Supervisory Board approved the consolidated financial statements on March 26, 2008.

Bad Homburg v.d.H., March 20, 2008

The Management Board

Marco Seiler

Frank Wolfram

INDEPENDENT AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by Syzygy AG, Bad Homburg v. d. Höhe comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January 2007 to 31 December 2007. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) German commercial law are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 German commercial law and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a (1) German commercial law and give a true and fair view of the net assets, financial position and results of operations the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, March 25, 2008

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

gez. Simon-Heckroth
Wirtschaftsprüfer

gez. ppa. Meyer
Wirtschaftsprüferin

FINANCIAL CALENDAR 2008
SYZYGY AG

INTERIM REPORT PER 3M-08
April 30, 2008

GENERAL ANNUAL MEETING, FRANKFURT
May 30, 2008

INTERIM REPORT PER 6M-08
July 30, 2008

6. SMALL CAP CONFERENCE, FRANKFURT
August 25-27, 2008

INTERIM REPORT PER 9M-08
October 30, 2008

MÜNCHNER KAPITALMARKTKONFERENZ
December 9-10, 2008

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