



Interim Report per September 30, 2007

9M07

Financial Figures

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Sales and EBIT development on a quarterly basis (2006-2007)

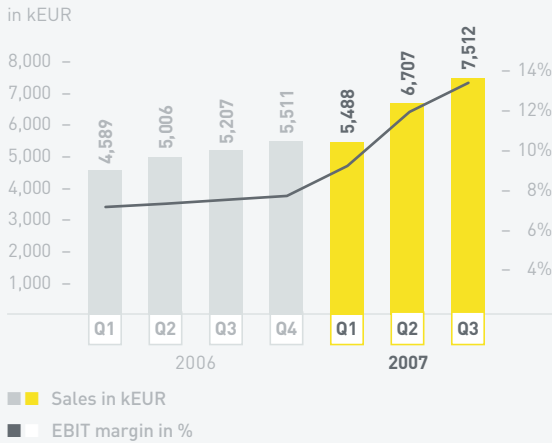


Fig. 2, page 1+2
Sales allocation by vertical markets (9M-2007)

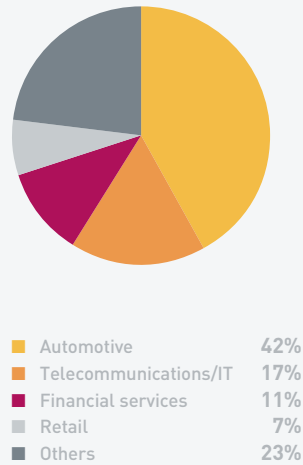


Fig. 5, page 3
Development of operating cash flows on a quarterly basis (2006-2007)

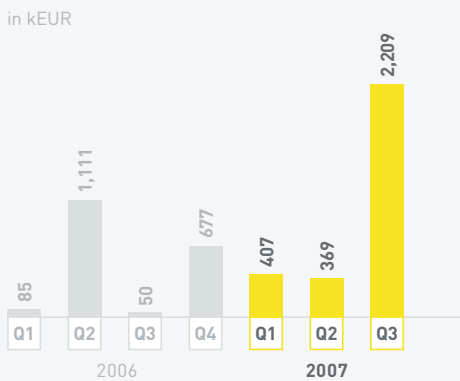


Fig. 6, page 2
Portfolio structure of cash and marketable securities as of 09/30/2007

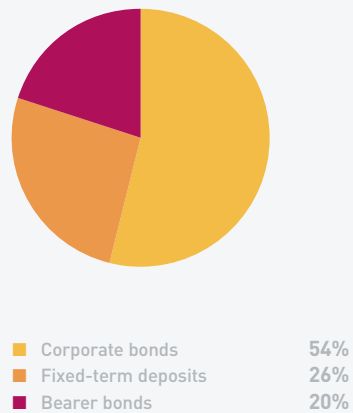


Fig. 3, page 1
Sales and EBIT margin
by region (9M-2007)

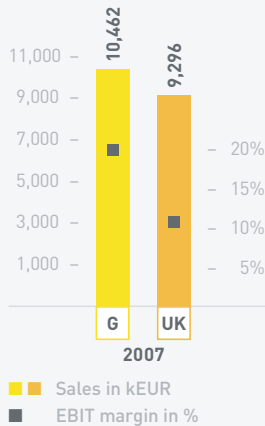


Fig. 4, page 1
Sales and EBIT margin
by region (9M-2006)

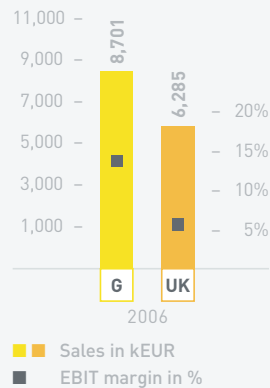


Fig. 7, page 3
Employees by function
(9M-2007)

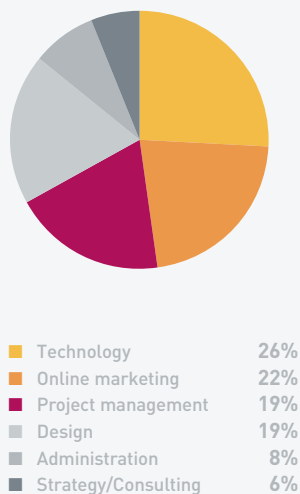
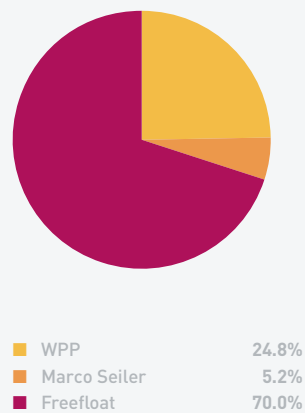


Fig. 8, page 11
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as of 09/30/2007



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Business Development and Management Report

in kEUR	3rd quarter		Δ prev. year	January-Sept.		Δ prev. year
	2007	2006		2007	2006	
Sales	7,512	5,207	44.3%	19,707	14,802	33.1%
EBITDA	1,203	557	116.0%	2,884	1,623	77.7%
EBIT	1,004	363	176.6%	2,310	1,043	121.5%
Financial income	259	580	-55.3%	1,104	1,872	-41.0%
Net income	788	598	31.8%	2,162	1,835	17.8%
EBITDA margin	16.0%	10.7%	5.3 pp	14.6%	11.0%	3.6 pp
EBIT margin	13.4%	7.0%	6.4 pp	11.7%	7.0%	4.7 pp
Earnings per share (in EUR)	0.05	0.05	0.0%	0.15	0.16	-6.3%
Number of employees (end of September)	218	154	42.2%	218	154	42.2%
Liquid funds and securities	24,610	44,278	-44.4%	24,610	44,278	-44.4%
Cash flow from operating activities	2,209	50	4318.0%	2,985	1,246	139.6%

Market environment

Syzygy is a European agency group for interactive marketing. With services in the area of design and implementation of internet applications, there are outstanding growth prospects on Europe's two largest internet markets as companies are increasingly transferring their marketing spends from traditional media to the internet.

Thanks to its acquisitions, Unique Digital Marketing and GFEH, Syzygy is now also entering the growth area of online marketing.

The Online Marketing Association (OVK) is forecasting a rise in gross advertising investments for Germany of 41 per cent to EUR 2.7 billion¹.

A joint study by the IAB and the consultants PricewaterhouseCoopers has indicated similar growth for the UK².

Sales up by 44 per cent

With growth of 44 per cent to a total of kEUR 7,512, consolidated sales developed extremely well in the third quarter of 2007. In the first nine months of the year, Syzygy generated total sales of kEUR 19,707 (previous year: kEUR 14,802) – an increase of around 33 per cent compared to 2006. Fig. 1

Regional development

The sales generated in Germany from January to September 2007 amounted to kEUR 10,462 (previous year: kEUR 8,701), an increase of 20 per cent as against the figure for the previous year. This growth was even accelerated in the UK: Here, sales of kEUR 9,296 were generated (previous year: kEUR 6,285), a roughly 48 per cent rise year-on-year.

Regional sales distribution became slightly more balanced in the reporting period. Thus, 53 per cent of consolidated sales related to the German companies while 47 per cent were generated in the UK sector (previous year: 59 and 41 per cent respectively). Fig. 3+4

Further details on segment reporting can be found in the notes.

The trend towards diversification in sales distribution by sector continued as the company gained new clients in a wide range of business areas. With a 42 per cent share of total sales, the automotive sector is still very well represented, though this figure is down from 60 per cent in the previous year. In particular, there was growth in the retail industry, which accounted for 7 per

1 – Online-Vermarkterkreisim Bundesverband Digitale Wirtschaft – the German Online Marketing Association in the Federal Association for the Digital Economy: Online Report 2007/02

2 – InternetAdvertising Bureau/PricewaterhouseCoopers: Adspend Study, October 2007

cent of total sales (previous year: 2 per cent). The share of the financial services sector also raised by 5 per cent to currently 11 per cent; the contribution of the IT and telecommunications market remained virtually constant at 18 per cent.

Sales that are not attributed to any of these four core areas grew considerably from 14 per cent in the previous year to 23 per cent. *Fig. 2*

As the Group expanded its client base, the share of sales generated by its ten largest clients dropped from 81 to 65 per cent of total sales.

Operating income more than doubled again

As in the second quarter of 2007, operating income (EBIT) again more than doubled in the period from July to September: At kEUR 1,004, it was up 177 per cent as against the same figure for the previous year.

Driven by this extremely strong rise in operating income, the EBIT margin climbed from 7 per cent in 2006 to 13 per cent in the third quarter of 2007.

Fig. 1

By region, Germany posted an EBIT margin of around 20 per cent, while the figure for the UK was 11 per cent. *Fig. 3+4*

Szyzgy holding companies

Szyzgy AG acts as a service provider for its subsidiaries in the strategy, technology, controlling, accounting, investor and public relations and human resources management areas. Mediopoly Ltd. is an interim holding company that has held shares in Szyzgy UK Ltd. since 1996.

Operating expenses and fixed-asset depreciation

In relation to sales, the cost of revenues amounted to 66 per cent in the third quarter, and was therefore constant year-on-year. Sales and marketing expenses increased by 20 per cent to kEUR 630 as a result of

intensified marketing activities and participation in trade fairs. Administrative expenses rose slightly by 3 per cent to kEUR 929. Fixed-asset depreciation changed only marginally, amounting to kEUR 574 as at the end of the quarter.

Financial income

As a result of the special distribution of EUR 1.50 per share in February 2007 and the acquisition of Unique Digital Marketing Ltd. in March, the Group's capital resources were, on average, around EUR 20 million lower than in the previous year.

In line with this, financial income in the third quarter was down by 55 per cent as against 2006 from kEUR 580 to kEUR 259. The return on average available liquid assets reached 5.3 per cent.

The average residual maturity for all securities was around 7 years. As at the end of the third quarter, the portfolio consisted of 54 per cent corporate bonds, 26 per cent fixed-term deposits and 20 per cent bearer bonds. *Fig. 6*

Generally, a rise in long-term interest rates has a negative effect, while a decline has a positive impact on the price performance of securities. Szyzgy minimises default risks by selecting investments with an excellent credit rating and counters interest rate risks by investing in varying maturities.

Net income, income taxes, earnings per share

In the first nine months of 2007, operating income (kEUR 2,310) and financial income (kEUR 1,104) amounted to kEUR 3,414. After income taxes of kEUR 1,252, net income was kEUR 2,162 (previous year: kEUR 1,835), thereof kEUR 402 is attributable to minority shareholders. Based on 12,047 thousand shares, the net income attributable to the shareholders of Szyzgy AG of kEUR 1,760 amounted to earnings per share of EUR 0.15.

Operating cash flow

As at the end of the third quarter, the operating cash flow amounted to kEUR 2,985. A key factor in this result was the 18 per cent increase in net income to kEUR 2,162 and depreciation of kEUR 574. The change in prepaid expenses and other current assets (kEUR 263) and the rise in accounts payable and accrued expenses (kEUR 377) also had a positive effect. Fig. 5

On the other hand, capital employed increased due to higher accounts receivable (kEUR 345). Furthermore, payments of tax liabilities had a negative impact on the cash flow as well.

Investments, research & development

In the first nine months, total investments increased by kEUR 705 to kEUR 1,069. Investments primarily related to software and hardware for the optimisation of the Company's internal infrastructure and expenses for providing equipment to employees. In particular, this sharp rise is due to the procurement of new office space in London.

As a service provider that does not offer its own products, Syzygy reports no expenses for research and development in principle. One exception to this is the series of in-house studies, the „Usability Monitor“, which for several years has examined the usability and sales orientation of German websites.

Employees

Due to growth, the number of employees in the Syzygy Group continued to develop positively, rising to 218 as at the end of the third quarter (previous year: 154). Around a quarter of employees (26 per cent) work in the technology department. The design and project management department each account for 19 per cent of employees.

As a result of the acquisition of GFEH and Unique Digital Marketing, the share of staff working in online marketing has now risen to 22 per cent. 6 per cent of staff is responsible for strategy/consulting and 8 per cent work in administration. During peak periods, up to 25 freelance employees were brought into the operating companies in order to optimise utilisation. Furthermore, Syzygy Deutschland GmbH employed four trainees. Fig. 7

Taking 15 freelance employees into account, revenue per employee amounted to kEUR 112 and thus remaining on last year's level.

Risk management

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 information currently available shows no indications of risks that would jeopardise 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 as well as to the speed with which the market for internet services is changing.

More detailed notes on the individual risk factors can be found in the 2006 Annual Report.

Outlook

The order backlog for the coming quarter exceeds the level of last year's period considerably. Syzygy expects to grow in the segment of internet applications as well as in the new business field of online marketing, profiting from the constant growth of a dynamic market. The group even expects to outperform its forecast of doubling operating income in 2007.

Consolidated Balance Sheets

in kEUR	30 September		31 December
	2007	2006	2006
Non-current assets			
Goodwill	7,049	0	3,243
Intangible and fixed assets	1,503	1,063	976
Other non-current assets	737	125	128
Total non-current assets	9,289	1,188	4,347
Deferred tax assets	271	64	70
Current assets			
Cash and cash equivalents	6,763	2,802	5,982
Marketable securities	17,847	41,476	37,673
Accounts receivable, net	6,114	3,728	4,547
Prepaid expenses and other current assets	1,694	1,876	1,912
Total current assets	32,418	49,882	50,114
Total assets	41,978	51,134	54,531

in kEUR	30 September		31 December
	2007	2006	2006
Equity			
Common stock*	12,078	12,059	12,060
Additional paid-in capital	18,039	19,043	17,994
Treasury stock	-116	-1,603	-858
Accumulated other comprehensive income	-703	77	-121
Retained earnings	3,681	450	1,922
Minority interest	402	0	60
Total equity	33,381	30,026	31,057
Deferred tax liabilities	0	67	60
Current liabilities			
Accounts payable and accrued expenses	6,515	1,941	4,090
Customer advances	171	52	238
Tax accruals and liabilities	1,184	600	637
Other current liabilities	727	18,448	18,449
Total current liabilities	8,597	21,041	23,414
Total equity and liabilities	41,978	51,134	54,531

* Contingent capital kEUR 1,122 (prior year: kEUR 1,140)

Consolidated Income Statements

in kEUR	3rd quarter		Δ prev. year	January-Sept.		Δ prev. year
	2007	2006		2007	2006	
Revenues	7,512	5,207	44.3%	19,707	14,802	33.1%
Cost of revenues	-4,978	-3,448	44.4%	-12,847	-9,678	32.7%
Sales and marketing expenses	-630	-526	19.8%	-1,681	-1,505	11.7%
General and administrative expenses	-929	-902	3.0%	-2,949	-2,643	11.6%
Other operating income, net	29	32	-9.4%	80	67	19.4%
Operating income	1,004	363	176.6%	2,310	1,043	121.5%
Financial income, net	259	580	-55.3%	1,104	1,872	-41.0%
Income before taxes	1,263	943	33.9%	3,414	2,915	17.1%
Income taxes	-475	-345	37.7%	-1,252	-1,080	15.9%
Net income	788	598	31.8%	2,162	1,835	17.8%
Income share to other shareholders	189	0	n.a.	402	0	n.a.
Income share to shareholders of Syzygy AG	599	598	0.2%	1,760	1,835	-4.1%
Earnings per share (basic in EUR)	0.05	0.05	0.0%	0.15	0.16	-6.3%
Earnings per share (diluted in EUR)*	0.05	0.05	0.0%	0.15	0.16	-6.3%

* As at the end of the reporting period, there is no diluted effect.

Consolidated Statements of Cash Flows

in kEUR	30 September	31 December	
	2007	2006	2006
Income from continuing operations	2,162	1,835	2,327
Adjustments to reconcile income from continuing operations			
– Stock-based compensation expense	0	0	-45
– Depreciation and amortisation	574	580	789
Changes in operating assets and liabilities			
– Accounts receivable	-345	-495	-616
– Prepaid expenses and other current assets	263	68	46
– Customer advances	-73	-337	-324
– Accounts payable and accrued expenses	377	446	1,238
– Tax accruals and payables, deferred taxes	-213	-820	-991
– Other current liabilities	240	-31	-501
Cash flows provided by operating activities	2,985	1,246	1,923
Investments in fixed assets	-1,069	-364	-446
Investments in financial assets	-2,317	0	-1,034
Changes in other non-current assets	-609	0	-3
Purchases of marketable securities	783	-4,200	-16,298
Proceeds from sales of marketable securities	18,375	7,167	23,053
Cash flows used in investing activities	15,163	2,603	5,272
Capital increase from employee stock option plan	63	135	136
Dividend	0	-2,803	-2,803
Treasury stock	742	0	0
Capital reduction	-18,052	0	0
Cash flows from financing activities	-17,247	-2,668	-2,667
Exchange rate differences	-120	61	-106
Total	781	1,242	4,422
Cash and cash equivalents at the beginning of the year	5,982	1,560	1,560
Cash and cash equivalents at the end of the period	6,763	2,802	5,982

Statements of Changes in Equity

in kEUR	Common stock	Additional paid-in capital	Treasury stocks	Comprehensive income	Accumulated other comprehensive income	Retained earnings	Minority interest	Total equity
01 January 2006	12,021	35,994	-1,603		410	2,458	0	49,280
Net income				2,267		2,267		2,267
Foreign currency translation adjustment				-106				
Unrealised gains on marketable securities				-425				
Other comprehensive income				-531	-531			-531
Comprehensive income				1,736				
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
31 December 2006	12,060	17,994	-858		-121	1,922	60	31,057
01 January 2007	12,060	17,994	-858		-121	1,922	60	31,057
Net income				1,760		1,760		1,760
Foreign currency translation adjustment				-120				
Unrealised gains on marketable securities				-462				
Other comprehensive income				-582	-582			-582
Comprehensive income				1,178				
Treasury stock			742					742
Minority interest								
Minderheitenanteile							342	342
30 September 2007	12,078	18,039	-116		-703	3,681	402	33,381

Notes to the Consolidated Financial Statements as per 30 September 2007

Principles of the interim report

The unaudited consolidated financial statements of Syzygy AG for the first nine month of 2007 have been prepared in accordance with the principles of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The financial figures at hand shall be analysed together with the 2006 Annual Report.

Business activity

Syzygy is a European agency group for interactive marketing. The four operating subsidiaries of the Syzygy Group with offices in Germany and the UK offer large European companies a comprehensive range of services from strategic consulting through project planning, concept and design to technical implementation. Syzygy's range of services is rounded off by search engine marketing and online media planning. Thus, Syzygy enables its customers to use the internet as a high performance communications and sales medium and to extend and improve their interaction with customers, business partners and employees.

Scope and principles of consolidation

As per September 30, 2007, besides Syzygy AG the following companies were included in the consolidated financial statements of Syzygy AG and fully consolidated:

- (1) Gesellschaft für elektronischen Handel mbH (GFEH), Germany
- (2) Mediopoly Ltd., United Kingdom
- (3) Syzygy Deutschland GmbH, Germany
- (4) Syzygy UK Ltd., United Kingdom
- (5) Unique Digital Marketing Ltd., United Kingdom

Syzygy acquired 100 per cent of the shares in the company named under (5) Unique Digital Marketing Ltd. Control of the financial and corporate policy passed to Syzygy on March 22, 2007. This company is incorporated into the consolidated financial statements and fully consolidated as per March 1, 2007. Further details on principles of consolidation can be found in the 2006 Annual Report starting on page 38.

Segment reporting

The Company's businesses operate in the European market. These companies are managed locally and, to a major extent, operate in their local markets independently. Consequently, the Syzygy Group's segment reporting in accordance with IFRS 14 follows geographical criteria. The holding company (Syzygy AG) serves all operating entities and is therefore segregated.

The tables below show important key figures of both regions. Germany consists of Syzygy Deutschland GmbH as well as GFEH. United Kingdom consolidates Syzygy UK Ltd. and Mediopoly Ltd., as these two companies are to be viewed as one entity, and furthermore Unique Digital Marketing Ltd. The different segments apply the same accounting principles as the consolidated entity. Transactions between segments have been eliminated.

Segment information as per 09/30/2007

in kEUR	Germany	United Kingdom	Central functions and consolidation	Total
Sales	10,462	9,296	-51	19,707
Operating income (EBIT)	2,118	1,059	-867	2,310
Financial income	69	78	957	1,104
Net income	1,307	650	205	2,162
Fixed assets	550	935	18	1,503
Capital expenditures	275	789	5	1,069
Depreciation	322	245	7	574
Current assets	6,581	8,299	17,538	32,418

Segment information as per 09/30/2006

in kEUR	Germany	United Kingdom	Central functions and consolidation	Total
Sales	8,701	6,285	-184	14,802
Operating income (EBIT)	1,285	372	-614	1,043
Financial income	3	5	1,864	1,872
Net income	1,288	252	295	1,835
Fixed assets	664	377	22	1,063
Capital expenditures	268	89	7	364
Depreciation	360	214	6	580
Current assets	2,800	3,010	44,072	49,882

Treasury stock

As per September 30, 2007, Syzygy had 25,000 treasury stock shares. 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. The treasury stock does not entitle the Company to any dividend or voting rights. The extent of the share buyback is shown as a separate item to be deducted from equity.

Directors' Dealings

Transactions in securities by board members of listed companies with securities of the own organisation are called Directors' Dealings. In the period under review 103,938 shares were bought and 7,000 shares were sold by management board members.

Options

In the period under review, no additional options were granted. Moreover, 18,550 options were exercised, 24,832 expired as a result of employees leaving the Company. Thus, the number of options held by employees reduced to 231,219, thereof 98,000 are held by one board member.

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

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 September 30, 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
Options granted	0	0	0
Options exercised	-10,500	-1,500	-12,000
Options expired	0	-12,500	-12,500
as per September 30, 2007	0	98,000	98,000

Supervisory Board

Number of shares	Michael Mädél	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 September 30, 2007	0	10,000	91,938	101,938

Shareholders' structure

The shareholders' structure changed marginally as compared to last year. The WPP group holds 24.8 per cent and Marco Seiler 5.2 per cent of Syzygy shares. Consequently, the free float amounts to 70.0 per cent. As per September 30, 2007, the total number of shares amounts to 12,078,450. **Fig. 8**

Responsibility statement according to § 37y WpHG i.c.w. § 37w(2) no. 3 WpHG

"To the best of our knowledge, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the group's development and performance of its position, together with a description of the principal opportunities and risks associated with the expected development of the group in the remaining months of the financial year, in accordance with German proper accounting principles of interim consolidated reporting."

Bad Homburg v. d. H., October 30, 2007

Syzygy AG

The Management Board

Financial Calendar 2007/2008

November 8, 2007

**Analyst Conference:
Technology Conference,
Frankfurt**

November 12, 2007

**Analyst Conference:
Deutsches Eigenkapital-
forum, Frankfurt**

March 31, 2008

Annual Report 2007

April 30, 2008

Interim Report per 3M-08

May 30, 2008

General Annual Meeting

July 30, 2008

Interim Report per 6M-08

October 30, 2008

Interim Report per 9M-08

Contact

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