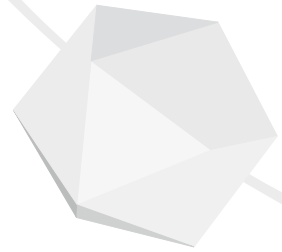
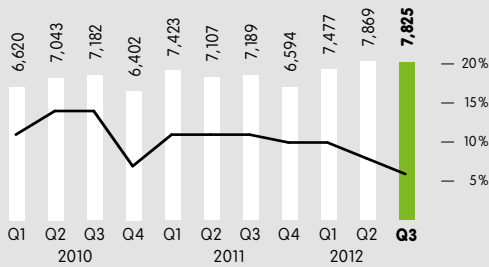


SIZIGI

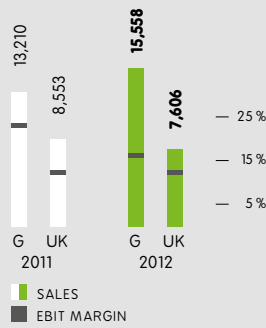


# KEY FIGURES OF SYZGY AG

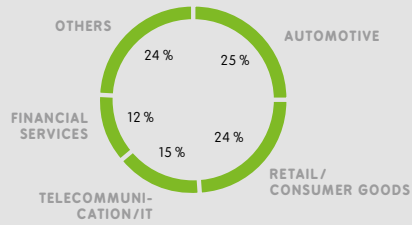
## SALES AND EBIT MARGIN IN EUR'000



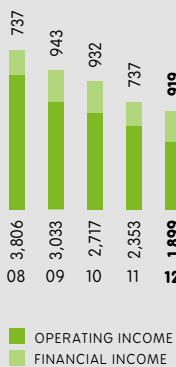
## SALES AND EBIT MARGIN BY SEGMENTS 9M IN EUR'000



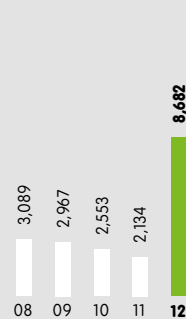
## SALES ALLOCATION BY VERTICAL MARKETS



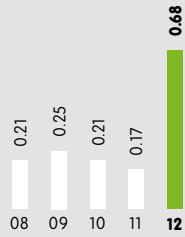
## RATIO OF OPERATING INCOME TO FINANCIAL INCOME 9M IN EUR'000



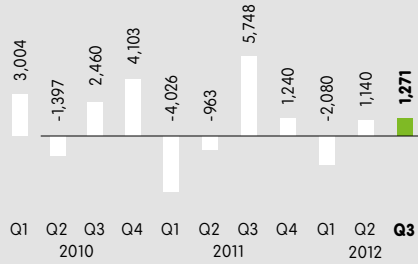
## NET INCOME 9M IN EUR'000



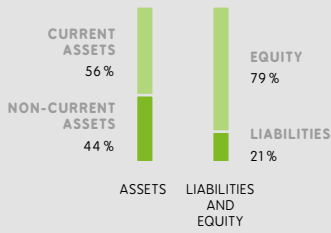
**EARNINGS PER SHARE**  
9M IN EUR



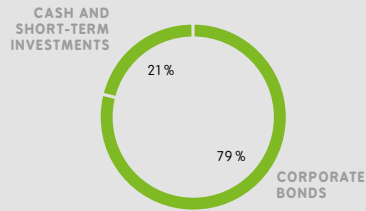
**DEVELOPMENT OF OPERATING CASH FLOWS**  
IN EUR '000



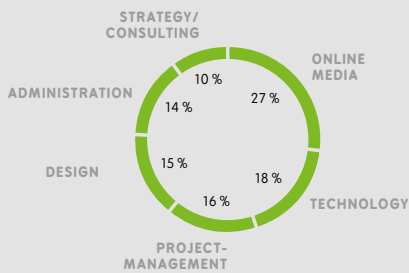
**BALANCE SHEET STRUCTURE**



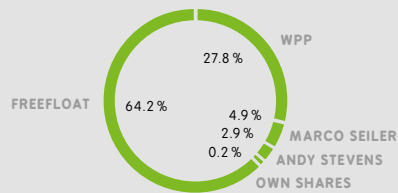
**PORTFOLIO STRUCTURE OF CASH AND MARKETABLE SECURITIES**



**EMPLOYEES BY FUNCTION**



**SHAREHOLDER STRUCTURE**



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

## BUSINESS DEVELOPMENT AND MANAGEMENT REPORT

	3RD QUARTER			JANUARY-SEPTEMBER		
	2012	2011	CHANGE	2012	2011	CHANGE
Sales	7,825	7,189	9%	23,171	21,719	7%
EBITDA	706	889	-21%	2,474	2,832	-13%
EBITDA-margin	9%	12%	-3pp	11%	13%	-2pp
EBIT	506	721	-30%	1,899	2,353	-19%
EBIT-margin	6%	10%	-4pp	8%	11%	-3pp
Financial income	427	194	120%	919	737	25%
Net income	665	626	6%	8,682	2,134	307%
Earnings per share (EUR)	0.05	0.05	-	0.68	0.17	300%
Employees (as per September 30)	302	269	12%	302	269	12%
Liquid assets	18,712	19,014	-2%	18,712	19,014	-2%
Operating cash flow	1,271	5,748	-78%	331	759	-56%

### GENERAL

This Group Management Report provides information on the situation of the SYZYGY Group (hereinafter referred to as "SYZYGY" or the "Group"). The consolidated financial statements on which the Group Management Report is based have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial year corresponds to the calendar year.

### BUSINESS ACTIVITIES AND STRUCTURE OF THE GROUP

SYZYGY is an international agency group for digital marketing with more than 300 employees.

The operating units of the SYZYGY Group offer large international companies a comprehensive range of digital marketing services, from strategic consulting to project planning, concepts and design to technical realisation

of websites, online campaigns, platforms and mobile applications. The company's services are complemented by Computer-Generated Imagery (CGI), search engine marketing and online media planning. SYZYGY thus enables its clients to use the Internet both as a powerful communications and sales medium and as a tool for improving their interaction with customers, business partners and employees. The Group's business focus is on the automotive, telecommunications/IT and retail and consumer goods industries, as well as financial services.

The Group consists of SYZYGY Aktiengesellschaft and its nine subsidiaries: SYZYGY Deutschland GmbH, SYZYGY UK Ltd, unique-digital GmbH, Unique Digital Marketing Ltd, the design studios Hi-ReS! London Ltd, Hi-ReS! New York Inc, Hi-ReS! Hamburg GmbH and Mediopoly Ltd. The Group also established the new company Hi-ReS! Berlin GmbH in January 2012;

this company commenced business operations in the second quarter of 2012. In addition, the Group also holds a 26 per cent stake in Polish design studio Ars Thanea s.k.a., Warsaw. Rather than being fully consolidated, the company is taken into account in financial income, using the at equity method.

#### **ECONOMIC ENVIRONMENT**

The global economy has gradually slowed down over the course of the year, with major industrialised nations such as the USA and Japan falling short of growth expectations. The European debt crisis in particular has also put pressure on economies both inside and outside the Eurozone. It not only resulted in weak demand and declining sales in the real economy, but also shook investor confidence in the stability of the single currency and thus led to recurring unrest in the financial markets.

While the Eurozone as a whole found itself in recession, some member states were able to buck the trend. Once again this included Germany, which achieved GDP growth in the first two quarters, albeit of only 0.5 per cent and 0.3 per cent respectively. However, the difficult economic situation across Europe is increasingly also affecting German companies. The ifo Business Climate Index dropped in September 2012 for the fifth time in a row, reflecting waning optimism in the business world regarding future orders and business prospects.

The situation remained difficult in the UK. Following a decline in economic output over three successive quarters, the National Institute of Economic and Social Research expects 0.8 per cent growth for the third quarter of 2012, although this relatively strong figure is primarily due to special effects such as the Queen's Diamond Jubilee in June and the Olympic Games. Adjusted for these effects, growth would be just 0.2 to 0.3 per cent.

#### **ADVERTISING MARKET**

The global advertising market proved largely resilient considering the challenging overall economic situation. Major events such as the European Football Championship and the Summer Olympics were positive factors here, along with the presidential elections in the USA.

Advertising spend rose 1.5 per cent in Germany in the first quarter, but the momentum was not maintained. Sales in the second quarter turned out to be much weaker, at 0.5 per cent, before declining by -1 per cent between July and September. Overall, growth for the nine-month period was 1 per cent up on the previous year.

The forecasts for the UK advertising market are inconsistent and it is impossible to make clear predictions. The authors of the IPA Bellwether Report expect advertising spending to decline in 2012, based on their surveys, while the Advertising Association and WARC talk about 2.1 per cent growth in their joint Expenditure Report.

However, these and other studies again confirm the general trend that companies are increasingly allocating their advertising budgets to online channels.

## SALES

The SYZYGY Group was able to increase its sales by 7 per cent to EUR 23.2 million in the reporting period, due in particular to increased growth in Germany. Compared with the same period last year, the third quarter saw growth of 9 per cent.

Sales to clients from the retail and consumer goods sector and in the financial sector increased considerably compared with the previous year's results. As a result, their share of the Group's total sales rose to 24 per cent and 12 per cent respectively. Sales of 15 per cent were generated with clients from the IT/telecommunications sector, representing only a marginal change over the figure for the previous year. The proportion of sales from companies in the automotive sector dropped to 25 per cent due to budget cuts and the increased sales in other sectors already mentioned.

Sales of 24 per cent were attributable to companies that cannot be assigned to any of these sectors.

The SYZYGY Group generated just over half of its sales (55 per cent) from the ten largest clients. The equivalent figure in the previous year was 61 per cent.

## OPERATING EXPENSES AND DEPRECIATION

The cost of sales rose ahead of sales, reaching EUR 16.2 million as at 30 September 2012. This increase of 11 per cent over the first nine months of the previous year is mainly due to setting up the new Berlin office, the productive resources of which are allocated to the cost of sales. Gross margin dropped slightly by one percentage point to 30 per cent.

Sales and marketing costs totalled EUR 2.2 million in the period under review, representing a rise of 10 per cent. This likewise reflects increased sales activities relating to Hi-ReSI Berlin, along with participation in trade shows and conferences, marketing activities for Puzzle Craft, an iPhone and iPad game developed by Ars Thanea, as well as development of the Pop Shop, an open source tool for online promotions.

At EUR 3.0 million, general administrative costs were slightly higher than in the previous year.

## OPERATING INCOME AND EBIT MARGIN

As expected, the Group's operating income was negatively affected by the investments made in the Berlin office: at EUR 1.9 million, it was 19 per cent below the prior-year figure. The EBIT margin for the nine-month period is thus 8 per cent.

## LIQUID FUNDS AND SECURITIES, FINANCIAL INCOME

Liquid funds and securities amounted to EUR 18.7 million at the reporting date. Cash outflows resulting from payment of an ordinary dividend of EUR 2.6 million and the negative cash flow in the first half of the year were only partly offset by tax refunds arising from a successful legal appeal (see next section). However, SYZYGY expects that liquid funds and securities will increase to well over EUR 20 million by the end of 2012.

Despite the decrease in liquidity reserves, financial income developed well in the period under review, growing 25 per cent to EUR 0.9 million. One-off income from realising price gains on securities is the primary cause of this increase. In total, an annualised return of 6.7 per cent was achieved on average available liquidity reserves.

Investments in securities had an average residual maturity of 7 years at the reporting date and comprised 21 per cent bank and overnight deposits and 79 per cent corporate bonds.

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

In the nine-month period, SYZYG generated pre-tax income of EUR 2.8 million, representing a drop of 9 per cent.

Net income of EUR 8.7 million, which is significantly higher than in the previous year (+307%), is due to special tax-related circumstances that arose in the second quarter, namely a successful appeal relating to impairment losses on foreign subsidiaries of EUR 25.4 million. The depreciation was included in the annual financial statements for 2001 but only recognised by the tax office in June 2012.

On this basis, SYZYG will receive a total of EUR 4.6 million in tax refunds in the 2012 financial year, around half of which was remitted in June. Another partial payment of EUR 1.5 million was received in July.

In addition, SYZYG posted a loss carry-forward of EUR 10.1 million for corporate income tax, while for trade tax the relevant loss carry-forward was EUR 11.9 million. Deferred tax assets of around EUR 3.2 million must be recognised accordingly.

The advance tax payments in the reporting period amounted to EUR 0.7 million.

In total, these effects result in an increase in earnings per share of EUR 0.54. Earnings per share for the period from January to September 2012 thus amounted to EUR 0.68.

#### **SEGMENT REPORTING**

SYZYG AG uses geographical criteria to report segments and thus distinguishes between Germany and the UK. The two companies Mediopoly Ltd and Hi-ReSI New York were allocated to central functions due to their low total assets and limited impact on earnings and results of operations.

Developments in the German and UK segments differed in the period under review.

The operating units in Germany acquired several significant new clients and were also able to expand their business considerably with existing clients. As a result, sales in this segment rose 18 per cent to EUR 15.6 million. At EUR 2.4 million, operating income was one-fifth below the figure for the previous year due to investments made in the Berlin location. The EBIT margin was around 15 per cent.

Both sales and operating income declined in the UK, primarily due to budget cuts among clients in the automotive sector. With sales of EUR 7.6 million (-11%), EBIT was EUR 0.9 million, i.e. 18 per cent less than in the same period of the previous year. Profitability was 12 per cent.

At 67 per cent, the German companies contributed two-thirds of the Group's total sales, with the proportion attributable to the UK agencies amounting to 33 per cent. Germany contributed 72 per cent of operating income while the UK contributed 28 per cent.



**OPERATING CASH FLOW**

The Group's operating cash flow has improved steadily over the course of the year. From being negative at EUR -2.1 million in the first quarter, it amounted to EUR 1.2 million in the second quarter and EUR 1.3 million in the third quarter. As such, operating cash flow was EUR 0.3 million at the reporting date.

Significant inflows were derived from the period net income of EUR 8.7 million and from received tax refunds amounting to EUR 3.7 million.

The high level of receivables, overwhelmingly from online marketing, had a negative impact: in the period under review, receivables rose EUR 5.4 million to a total of EUR 14 million. Additionally, tax pre-payments amounting to EUR 0.7 million resulted in a cash outflow.

SYZYG expects that receivables will fall again considerably over the rest of the year and that a positive operating cash flow can thus be generated.

**INVESTMENTS, RESEARCH AND DEVELOPMENT**

In the period under review, SYZYG invested a total of EUR 0.7 million in intangible assets and fixed assets. This amount primarily comprises purchases made in relation to the establishment of the new branches in Frankfurt and Berlin. Hiring of new staff resulted in increased investment in software, hardware and other equipment for employees.

**NET ASSETS AND BALANCE SHEET POSITION**

At EUR 61.5 million, total assets of SYZYG AG as at the reporting date were significantly higher than at 31 December 2011 (+14%).

Deferred tax assets amounting to EUR 3.2 million established in the second quarter in relation to tax loss carry-forwards were of particular significance on the assets side. The rise in receivables by EUR 5.4 million (+64%) since the end of 2011 also contributed to the increase in total assets. Against this, liquid funds and securities declined by EUR 0.8 million. In terms of composition, short-term holdings were reduced by EUR 3.9 million and securities holdings increased.

On the liabilities side, the increase in total assets is primarily attributable to the increase in equity, which rose 21 per cent to EUR 48.4 million as a result of the tax effect. The equity ratio at the reporting date was 79 per cent, five percentage points higher than at year-end 2011.

**EMPLOYEES**

As at 30 September 2012, the SYZYG Group employed a total of 302 people, an increase of 33 employees or 12 per cent compared to the end of the previous year. The split according to function changed only marginally: around a quarter of employees (27%) worked in online media, 18 per cent in technology and 10 per cent in strategy consulting. Design, project management and administration each accounted for between 14 and 16 per cent of total staff numbers.

Broken down by segment, 197 people were employed in the five German companies and 99 in the UK. Hi-ReSI New York accounted for six employees. In addition, 35 people worked at the associated company Ars Thanea.

An average of 12 freelancers worked for the Group in addition to the full-time workers. Annualised sales per head averaged EUR 103,000.

#### **OUTLOOK AND FORECAST**

In their autumn 2012 forecast, the leading German economic institutes predict a further decline in macroeconomic production in the Eurozone in the second half of the year. However, they also expect the economy to recover slightly in the first half of 2013. According to the forecasts, economic output in the Eurozone will contract overall by 0.5 per cent in 2012, with minimal growth of 0.1 per cent forecast for 2013.

The OECD is considerably more optimistic and expects growth of -0.1 per cent in 2012 and 0.9 per cent in 2013.

For Germany, the indications are also that overall economic expansion will slow towards the end of the year but pick up again slightly next year. The authors of the autumn report predict an increase in real gross domestic product of 0.8 per cent for 2012, with growth of 1.0 per cent forecast for 2013. Other estimates come in at 0.6 per cent and 1.9 per cent (OECD) and 0.9 per cent and 1.6 per cent (German Institute for Economic Research – DIW).

The economic fundamentals in the UK will be slow to improve because of government austerity measures and sluggish foreign trade. A range of sentiment indicators have mostly deteriorated since June and confirm this assessment.

Growth forecasts are correspondingly gloomy, particularly for the current year. Forecasts from 30 financial institutes average out at -0.3 per cent for 2012 and 1.1 per cent for 2013. Estimates from the leading German economic institutes are slightly below these, at -0.4 per cent and 0.9 per cent.

According to media agency group ZenithOptimedia, the slowdown in the economy will also have a markedly negative impact on the European advertising market. Advertising spend is expected to fall by 3.1 per cent in 2012, with growth of 0.9 per cent not being restored until next year. However, there are significant differences between the individual countries. While sharp double-digit drops are expected in the peripheral countries most affected by the crisis, Zenith expects at least slight growth of 1.1 per cent for Germany.

The UK advertising market is expected to remain surprisingly stable despite the difficult overall economic situation and to grow by 3.5 per cent in 2012. Estimates by the AA/WARC are somewhat more cautious at 2.1 per cent.

**PERFORMANCE OF THE SYZYGY GROUP**

As with almost all current predictions, the following forecasts are based on the assumption that the European debt and confidence crisis does not get any worse.

Both national and international studies show a global trend for companies to continue to switch advertising budgets to the Internet or increase their online advertising spend. The German Online Marketing Group (OVK, part of the German Association for the Digital Economy (BVDW)), reported a new spending record in the German online advertising market in September.

SYZYGY currently sees the main chances for organic and inorganic growth in Germany. The Group has made significant investment in the country in order to boost its attractiveness to blue chip companies.

In the UK, the situation remains difficult due to the struggling economy and the highly competitive market. In the current year, the emphasis will therefore be on stabilising sales and earnings.

For 2012, the SYZYGY Group is aiming to achieve an organic double-digit increase in sales and to significantly exceed the growth seen in 2011. The German segment will drive this growth. Sales in the UK segment are expected to be slightly below the prior-year level.

Investment in expanding the Group will put pressure on operating income, with a slight decline in operating income expected for Germany and operating income remaining largely unchanged in the UK.

For 2013, SYZYGY expects a return to double-digit growth in both business segments, in terms of both sales and EBIT.

For the whole year 2012, SYZYGY expects earnings per share of around EUR 0.72.

Bad Homburg v.d.H., October 31, 2012

SYZYGY AG  
The Management Board

## CONSOLIDATED BALANCE SHEET

ASSETS	09/30/2012	09/30/2011	12/31/2011
	EUR'000	EUR'000	EUR'000
<b>Non-current assets</b>			
Goodwill	20,034	19,295	19,495
Fixed assets, net	2,675	1,856	2,565
Fixed asset investment	616	0	604
Other assets	535	1,025	511
Deferred tax assets	3,233	57	603
<b>Total non-current assets</b>	<b>27,093</b>	<b>22,233</b>	<b>23,778</b>
<b>Current assets</b>			
Cash and cash equivalents	3,874	7,224	7,533
Marketable securities	14,838	11,790	12,024
Accounts receivable, net	13,969	8,492	8,523
Prepaid expenses and other current assets	1,742	1,958	2,203
<b>Total current assets</b>	<b>34,423</b>	<b>29,464</b>	<b>30,283</b>
<b>Total assets</b>	<b>61,516</b>	<b>51,697</b>	<b>54,061</b>
<b>EQUITY AND LIABILITIES</b>	<b>09/30/2012</b>	<b>09/30/2011</b>	<b>12/31/2011</b>
	EUR'000	EUR'000	EUR'000
<b>Equity</b>			
Common stock*	12,828	12,828	12,828
Additional paid-in capital	20,207	20,207	20,207
Own shares	-116	-116	-116
Accumulated other comprehensive income	-518	-3,472	-2,900
Retained earnings	16,039	9,174	9,918
<b>Total equity</b>	<b>48,440</b>	<b>38,621</b>	<b>39,937</b>
<b>Non-current liabilities</b>			
Long term liability	200	249	200
Deferred tax liabilities	58	55	57
<b>Total non-current liabilities</b>	<b>258</b>	<b>304</b>	<b>257</b>
<b>Current liabilities</b>			
Tax accruals and liabilities	1,077	1,160	785
Accrued expenses	3,274	2,230	2,170
Customer advances	2,755	2,411	2,052
Accounts payable	5,297	5,871	8,255
Other current liabilities	415	1,100	605
<b>Total current liabilities</b>	<b>12,818</b>	<b>12,772</b>	<b>13,867</b>
<b>Total liabilities and equity</b>	<b>61,516</b>	<b>51,697</b>	<b>54,061</b>

\* Contingent capital EUR'000 1,200 (Prior year: EUR'000 1,200).

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3RD QUARTER			JANUARY-SEPTEMBER		
	2012	2011	CHANGE	2012	2011	CHANGE
	EUR'000	EUR'000		EUR'000	EUR'000	
<b>Sales</b>	<b>7,825</b>	<b>7,189</b>	<b>9 %</b>	<b>23,171</b>	<b>21,719</b>	<b>7 %</b>
Cost of revenues	-5,576	-4,848	15 %	-16,232	-14,667	11 %
Sales and marketing expenses	-767	-740	4 %	-2,217	-2,024	10 %
General and administrative expenses	-1,032	-945	9 %	-2,979	-2,865	4 %
Other operating income/expense, net	56	65	-14 %	156	190	-18 %
<b>Operating profit</b>	<b>506</b>	<b>721</b>	<b>-30 %</b>	<b>1,899</b>	<b>2,353</b>	<b>-19 %</b>
Financial income, net	427	194	120 %	919	737	25 %
<b>Income before taxes</b>	<b>933</b>	<b>915</b>	<b>2 %</b>	<b>2,818</b>	<b>3,090</b>	<b>-9 %</b>
Income taxes	-268	-289	-7 %	5,864	-956	n.a.
<b>Period net income</b>	<b>665</b>	<b>626</b>	<b>6 %</b>	<b>8,682</b>	<b>2,134</b>	<b>307 %</b>
thereof income share to shareholders of SYZYG AG	665	626	6 %	8,682	2,134	307 %
Currency translation adjustment	663	744	-11 %	1,483	-20	n.a.
Net unrealized gains/losses on marketable securities	1,297	-1,370	n.a.	899	-1,345	n.a.
<b>Other comprehensive income</b>	<b>1,960</b>	<b>-626</b>	<b>n.a.</b>	<b>2,382</b>	<b>-1,365</b>	<b>n.a.</b>
<b>Comprehensive income</b>	<b>2,625</b>	<b>0</b>	<b>n.a.</b>	<b>11,064</b>	<b>769</b>	<b>1,339 %</b>
Earnings per share from total operations (diluted and basic in EUR)	0.05	0.05	0 %	0.68	0.17	300 %

## CONSOLIDATED STATEMENT OF CASH FLOWS

	09/30/2012	09/30/2011	12/31/2011
	EUR'000	EUR'000	EUR'000
<b>Period net income</b>	<b>8,682</b>	<b>2,134</b>	<b>2,878</b>
Adjustments to reconcile income from continuing operations to net cash provided by operating activities			
– Writedown of marketable securities	0	196	-213
– Depreciation on fixed assets	575	479	628
– Profit and loss on sale of securities	210	-8	-236
– Income tax income and expenses	-5,864	956	1,097
– Interest income and expenses	-1,129	-737	-1,090
– Income from fixed asset investments at equity	0	0	-62
– Other non-cash income and expenses	0	0	50
Changes in operating assets and liabilities:			
– Accounts receivable and other assets	-5,377	2,440	2,169
– Customer advances	703	12	-347
– Accounts payable and other liabilities	-2,044	-2,552	-2,222
– received / paid income taxes	3,126	-2,670	-1,530
– received / paid interest	1,449	509	877
<b>Cash flows provided by operating activities</b>	<b>331</b>	<b>759</b>	<b>1,999</b>
Proceeds from sale of fixed assets	0	101	113
Changes in other non-current assets	0	-538	-24
Investments in fixed assets	-685	-686	-1,495
Purchases of marketable securities	-15,965	-4,986	-5,135
Proceeds from sale of marketable securities	13,840	10,076	10,052
Acquisition of at equity companies	0	0	-531
Acquisition of consolidated companies	0	-723	-723
<b>Cash flows used in investing activities</b>	<b>-2,810</b>	<b>3,244</b>	<b>2,257</b>
Dividend	-2,561	-2,561	-2,561
<b>Cash flows from financing activities</b>	<b>-2,561</b>	<b>-2,561</b>	<b>-2,561</b>
<b>Total</b>	<b>-5,040</b>	<b>1,442</b>	<b>1,695</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>7,533</b>	<b>5,839</b>	<b>5,839</b>
<b>Exchange rate differences</b>	<b>1,381</b>	<b>-57</b>	<b>-1</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3,874</b>	<b>7,224</b>	<b>7,533</b>

## STATEMENT OF CHANGES IN EQUITY

	NUMBER OF SHARES (IN THOUSAND)	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	OWN SHARES	RETAINED EARNINGS	ACCUM. OTHER COMPREHENSIVE INCOME	UNREALISED GAINS AND LOSSES	TOTAL EQUITY
	Shares	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
<b>January 1, 2011</b>	<b>12,828</b>	<b>12,828</b>	<b>20,207</b>	<b>-116</b>	<b>9,601</b>	<b>-2,067</b>	<b>-40</b>	<b>40,413</b>
Comprehensive income					2,878	241	-1,034	2,085
Dividend					-2,561			-2,561
<b>December 31, 2011</b>	<b>12,828</b>	<b>12,828</b>	<b>20,207</b>	<b>-116</b>	<b>9,918</b>	<b>-1,826</b>	<b>-1,074</b>	<b>39,937</b>
<b>January 1, 2012</b>	<b>12,828</b>	<b>12,828</b>	<b>20,207</b>	<b>-116</b>	<b>9,918</b>	<b>-1,826</b>	<b>-1,074</b>	<b>39,937</b>
Comprehensive income					8,682	1,483	899	11,064
Dividend					-2,561			-2,561
<b>September 30, 2012</b>	<b>12,828</b>	<b>12,828</b>	<b>20,207</b>	<b>-116</b>	<b>16,039</b>	<b>-343</b>	<b>-175</b>	<b>48,440</b>

# NOTES TO THE CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2012

## ACCOUNTING

Pursuant to the provisions of section 37 y WpHG (German Securities Trading Act) in conjunction with section 37 w para. 2 WpHG, the financial report of SYZYGY AG for the first nine months of 2012 comprises interim consolidated financial statements and an interim Group Management Report. The unaudited interim consolidated financial statements were prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) for interim financial reporting as applicable within the European Union. The interim financial statements were prepared in compliance with IAS 34. Accordingly, the company elected to produce a short-form report, compared with the consolidated financial statements as at December 31, 2011. The Management Report was prepared in accordance with the applicable requirements of the WpHG.

The same accounting and consolidation principles were applied as described in the notes to the financial statements in the 2011 annual report. Individual items in the balance sheet and consolidated statement of comprehensive income are likewise presented using the same valuation principles as described and applied in the annual report for 2011. The financial figures and associated information must therefore be read in conjunction with the annual report on the consolidated financial statements for 2011.

The interim consolidated financial statements have not been subject to an auditor's review, in accordance with section 37 w para. 5 WpHG.

## BUSINESS ACTIVITIES OF THE SYZYGY GROUP

SYZYGY is a global agency group for digital marketing. SYZYGY AG acts as a management holding company by providing central services relating to strategy, planning, technology development, accounting, IT infrastructure and finance. SYZYGY AG also supports the subsidiaries in new business activities and generates sales from projects with third parties. As operating entities, the subsidiaries are responsible for providing consultancy and other services. With branches in Bad Homburg, Berlin, Frankfurt/Main, Hamburg, London and New York, the Group's subsidiaries offer large global companies an integrated portfolio of corporate Internet solutions, from strategic consulting to project planning, concepts, design and technical realisation. The company's services are complemented by Computer-Generated Imagery, search engine marketing and online media planning. SYZYGY thus enables its clients to use the (mobile) Internet both as a powerful communications and sales medium and as a tool for extending and improving their interaction with customers, business partners and employees. The Group's business focus is on the automotive, financial services, telecommunications/IT and retail and consumer goods.

## SCOPE OF CONSOLIDATION AND PRINCIPLES

As at September 30, 2012, the following subsidiaries were included in the consolidated financial statements of SYZYGY AG and fully consolidated:

- [1] Hi-ReS! Berlin GmbH, Germany
- [2] Hi-ReS! Hamburg GmbH, Germany
- [3] Hi-ReS! London Ltd, UK
- [4] Hi-ReS! New York Inc, United States
- [5] Mediopoly Ltd, UK
- [6] SYZYGY Deutschland GmbH, Germany
- [7] SYZYGY UK Ltd, UK
- [8] uniquedigital GmbH, Germany
- [9] Unique Digital Marketing Ltd, UK



In addition to the fully consolidated subsidiaries, Ars Thanea s. k. a., Warsaw, Poland, is also included in SYZYG's consolidated financial statements as a joint venture based on the at equity method.

Information on general consolidation principles is provided in the 2011 annual report from page 48 onwards.

#### **DEFERRED TAX**

Please see page 57 of the 2011 annual report with regards to recognizing deferred taxes.

There was a significant increase in the deferred taxes recognised in the first half of 2012. This is due to tax loss carry-forwards at SYZYG AG which arose in connection with impairment losses.

In total, there is a loss carry-forward for SYZYG AG of EUR 10.1 million for corporate income tax and a loss carry-forward of EUR 11.9 million for trade tax. Applying the relevant tax rates this results in deferred tax assets of EUR 3.2 million.

#### **SEGMENT REPORTING**

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

As the holding company, SYZYG AG mainly delivers services to the operating units and therefore needs to be considered separately. Sales that SYZYG AG generates with third parties are reported under the Germany segment, as is the pro rata operating income.

The Germany segment comprises SYZYG Deutschland GmbH, unikedigital GmbH, Hi-ReSI Hamburg GmbH, Hi-ReSI Berlin GmbH and SYZYG AG pro rata with its clients' revenues and income. The UK segment consists of SYZYG UK Ltd, Unique Digital Marketing Ltd and Hi-ReSI London Ltd. Next to SYZYG AG, Hi-ReSI New York Inc and Mediopoly Ltd are included in central functions and consolidation since these companies are considered to be immaterial due to their low sales and total assets and since they cannot be allocated to either of the geographical segments.

The individual segments apply the same accounting principles as the consolidated entity.

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

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

Segment investments comprise investments in intangible assets and fixed assets.

Segment liabilities correspond to total liabilities excluding equity, less liabilities attributable to companies in the same segment.

<b>SEPTEMBER 30, 2012</b> <b>EUR'000</b>	<b>GERMANY</b>	<b>UK</b>	<b>CENTRAL FUNCTIONS AND CONSOLIDATION</b>	<b>TOTAL</b>
Sales	15,558	7,606	7	<b>23,171</b>
Internal sales	2,036	31	-2,067	<b>0</b>
Operating income (EBIT)	2,356	894	-1,351	<b>1,899</b>
Financial income	46	4	869	<b>919</b>
Assets	15,508	21,154	24,854	<b>61,516</b>
of which goodwill	8,841	11,193	0	<b>20,034</b>
Investments	551	70	29	<b>650</b>
Depreciations and amortisation	404	160	11	<b>575</b>
Segment liabilities	13,007	9,639	-9,570	<b>13,076</b>

<b>SEPTEMBER 30, 2011</b> <b>EUR'000</b>	<b>GERMANY</b>	<b>UK</b>	<b>CENTRAL FUNCTIONS AND CONSOLIDATION</b>	<b>TOTAL</b>
Sales	13,210	8,553	-44	<b>21,719</b>
Internal sales	775	366	-1,141	<b>0</b>
Operating income (EBIT)	2,955	1,095	-1,697	<b>2,353</b>
Financial income	50	5	682	<b>737</b>
Assets	20,615	19,403	11,679	<b>51,697</b>
of which goodwill	8,841	10,454	0	<b>19,295</b>
Investments	404	180	43	<b>627</b>
Depreciations and amortisation	315	155	9	<b>479</b>
Segment liabilities	8,323	4,572	181	<b>13,076</b>

**TREASURY STOCK**

As at September 30, 2012, SYZGY held 25,000 treasury shares. SYZGY is authorised to resell or call in treasury shares or to offer treasury shares to third parties in the course of acquiring companies. Treasury shares do not entitle the Company to any dividend or voting rights. The extent of the share buyback is shown as a separate item to be deducted from equity.

**DIRECTORS' DEALINGS**

Transactions in shares in their own organisation by board members of listed companies are called directors' dealings. In the period under review, board members did not buy or sell any SYZGY shares.

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

## Management Board: Shares

<b>SHARES</b>	<b>MARCO SEILER</b>	<b>FRANK WOLFRAM</b>	<b>ANDREW STEVENS</b>	<b>TOTAL</b>
As at December 31, 2011	622,279	5,500	375,000	<b>1,002,779</b>
Purchases	0	0	0	<b>0</b>
Sales	0	0	0	<b>0</b>
As at September 31, 2012	622,279	5,500	375,000	<b>1,002,779</b>

## Supervisory Board: Shares

<b>SHARES</b>	<b>MICHAEL MÄDEL</b>	<b>ADRIAAN RIETVELD</b>	<b>WILFRIED BEECK</b>	<b>TOTAL</b>
As at December 31, 2011	0	10,000	120,000	<b>130,000</b>
Purchases	0	0	0	<b>0</b>
Sales	0	0	0	<b>0</b>
As at September 31, 2012	0	10,000	120,000	<b>130,000</b>

### **STOCK-BASED COMPENSATION**

On May 29, 2009, the Company's shareholders approved an employee stock option plan which allows the Company to issue up to 1,200,000 stock options. The options can be exercised over a period of 5 years from the date of the issue, with 40 per cent of the options not being exercisable until at least 2 years have elapsed and the remaining 60 per cent not until 3 years have elapsed.

On June 27, 2012, the Company issued 300,000 options at an exercise price of EUR 3.11, thereof 240,000 were granted to members of the Management Board and 60,000 to employees.

The members of the Supervisory Board do not hold any options.

### **SHAREHOLDER STRUCTURE**

As at September 30, 2012, the shareholders' structure was unchanged compared to December 31, 2011. The WPP Group continued to hold 27.9 per cent, Marco Seiler 4.9 per cent and Andrew Stevens 2.9 per cent of the shares. Since 0.2 per cent of the shares are held as treasury stock, the free float amounted to 64.1 per cent. As at the reporting date, the total number of shares was 12,828,450.

Bad Homburg v. d. H., October 31, 2012

SYZYGY AG

The Management Board

## FINANCIAL CALENDAR

GERMAN EQUITY FORUM, FRANKFURT	/	NOVEMBER 12-14
CAPITAL MARKET CONFERENCE (MCK), MUNICH	/	DECEMBER 5-6
2012 ANNUAL REPORT	/	MARCH 29, 2013

### **SYZYGY AG**

Investor Relations

Im Atzelnest 3

61352 Bad Homburg

**t** +49 6172 9488-251

**f** +49 6172 9488-272

**e** [ir@syzygy.net](mailto:ir@syzygy.net)

**i** [syzygy.net](http://syzygy.net)

A decorative graphic on the left side of the page, consisting of two curved lines. The outer line is a vibrant green that transitions into a yellow-green at the bottom. The inner line is a light grey. Both lines curve from the top left towards the bottom right, creating a sense of movement and depth.

[syzygy.net](http://syzygy.net)