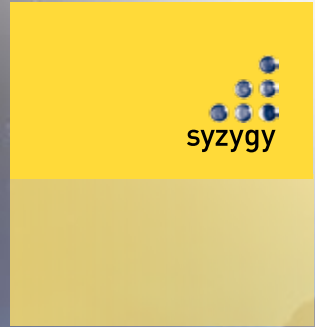


SYZGY AG
ANNUAL REPORT
2009



KEY FIGURES OF SYZYGY AG

FIG. 1, PAGE 32

NET SALES

IN EUR'000

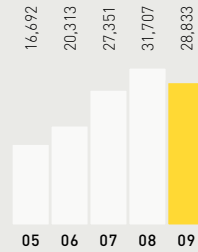


FIG. 2, PAGE 33

EBITA

IN EUR'000

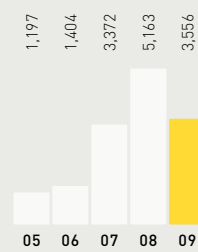


FIG. 3, PAGE 33

EBITA MARGIN

IN %

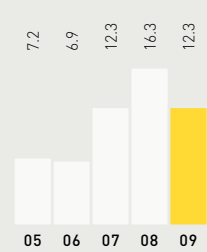


FIG. 4, PAGE 70

NET SALES AND EBITA MARGIN BY REGION

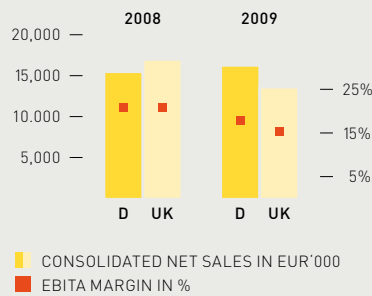


FIG. 5, PAGE 32

SALES ALLOCATION BY VERTICAL MARKETS

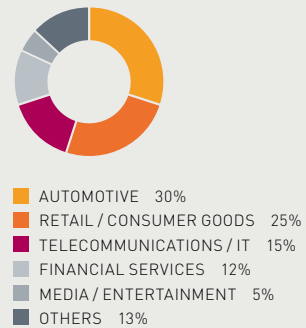


FIG. 6, PAGE 33

FINANCIAL INCOME

IN EUR'000

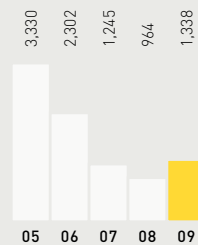


FIG. 7, PAGE 33

RATIO OF OPERATING INCOME TO FINANCIAL INCOME

IN EUR'000

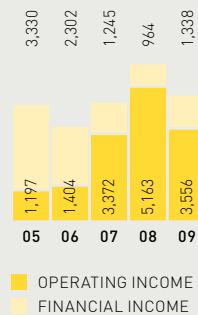


FIG. 8, PAGE 34

NET INCOME

IN EUR'000

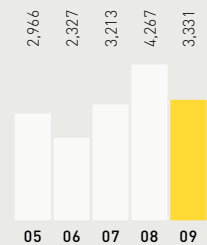


FIG. 9, PAGE 34

EARNINGS PER SHARE
IN EUR

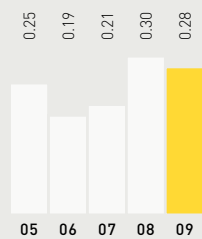


FIG. 10, PAGE 34

DEVELOPMENT OF OPERATING CASH FLOWS
IN EUR'000

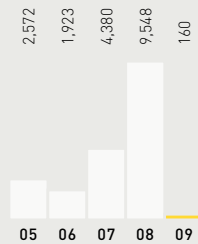


FIG. 11, PAGE 35

BALANCE SHEET STRUCTURE

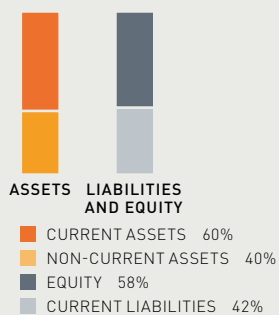


FIG. 12, PAGE 34

PORTFOLIO STRUCTURE OF CASH AND MARKETABLE SECURITIES

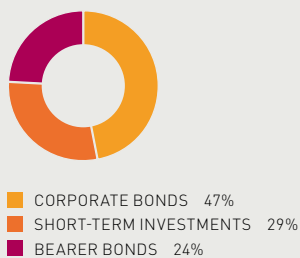


FIG. 13, PAGE 36

EMPLOYEES BY FUNCTION

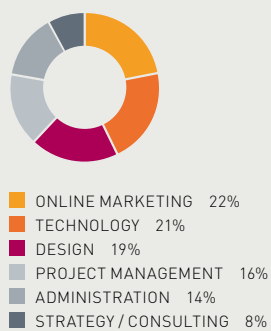
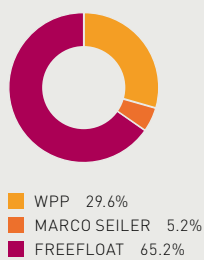


FIG. 14, PAGE 37

SHAREHOLDER STRUCTURE



CREATING THE NEXT



Hirsch-
Kultur-
Erbe
Hoch und Reife
sind drinnen
Für den Erhalt - auch bei der
Anpassung an die
Klimawandel - sind wir
bestrebt zu sein



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BOARD MEMBERS' STATEMENT



FRANK WOLFRAM
CTO



ANDY STEVENS
COO

DEAR SHAREHOLDERS,

The Syzygy Group was able to report impressive growth in the 2007 and 2008 financial years.

2009 saw the severest recession of the post-war period. Our automotive clients in particular were left in a state of shock due to a massive slump in sales. Daimler AG reduced its 2009 marketing spend worldwide by EUR 1 billion¹; other clients in the automotive sector in Europe cut back by 45 per cent.

Two other factors also had an inhibiting effect on the growth of our business. Firstly, sterling depreciated significantly against the euro (-12 per cent) for the third year in succession. Secondly, Google cut commission payments to online marketing agencies with effect from January 1, 2009, resulting in lower revenue for our Online Marketing business segment.

FINANCIAL RESULTS

Bearing the general conditions in mind, we are satisfied with the Group's results.

At EUR 80.5 million, gross sales are largely unchanged over last year. Consolidated sales fell by 9 per cent to EUR 28.8 million. Assuming a constant rate of exchange (euro to sterling), consolidated sales were down some 4 per cent.

Operating income fell from EUR 5.2 million to EUR 3.6 million. Assuming a constant rate of exchange the reduction is around EUR 1.2 million. The EBITA margin remains in double figures, at around 12 per cent.

At EUR 1.3 million, financial income is significantly above that of last year (EUR 1 million). Total income before tax was EUR 4.9 million.

In the period under review Syzygy generated earnings per share of EUR 0.28. In 2008 it was EUR 0.30.

¹ See Automobilwoche, May 4, 2009



MARCO SEILER

CEO

In the last two years our dividend policy was based on distributing 50 per cent of earnings generated per share. In 2008 the dividend was EUR 0.15, the year before it was EUR 0.10.

In occasion of its 10th anniversary Syzygy will propose a dividend of EUR 0.20 to the General Annual Meeting. This equals a dividend yield of some 6 per cent which is almost twice as much as the mean dividend yield of 3 per cent for the DAX companies.²

BUSINESS SEGMENTS AND AREAS

The Syzygy Group posted growth of around 5 per cent in Germany, with the web design business performing particularly well. In the UK we were unable to continue the positive trend of the last two years. Web design in particular recorded a double-digit decline in sales, caused by greater dependence on automotive clients compared with our German business.

AWARDS AND INNOVATIONS

The Syzygy Group received an unprecedented number of awards for outstanding projects for

companies such as Daimler AG, Henkel and The Economist. The Group won a total of 36 awards, as against 19 in 2008.

The company was especially pleased that unquedigital (online media) and Syzygy (design & build) were joint winners of the German Online Marketing Group (OVK) award. This success demonstrates that operating units working together can achieve excellent results. We will increasingly leverage this capability to achieve added value for our clients and growth for the Syzygy Group.

Our Group again produced exciting innovations. By implementing one of the first commercial Surface Table applications for O₂ (see page 10), our Group demonstrated its technological excellence and understanding of optimal usability. Syzygy achieved the same objective for German TV broadcaster ZDF by redesigning its highly popular media portal, which delivers a convenient, appropriate online TV experience.

Hi-ReS! and Syzygy helped Chanel to enter the digital age. For more than 30 years, cinema and

² As per March 26, 2010

TV have been used to present to the world each new face of Chanel, including Marilyn Monroe, Catherine Deneuve and Nicole Kidman, in the company's own Chanel No. 5 film. Chanel entrusted the Syzygy Group with presenting new Chanel face Audrey Tautou via the Internet for the first time in the history of Chanel on May 5, 2009. The Internet is thus replacing TV as the lead medium for Chanel.

In online media, other technological innovations included extending the DARWIN software suite to optimise our clients' media investment in search engine marketing. Our operating units are currently investigating the potential of combining the social web with e-commerce. Initial results are currently being shared in the form of studies and presentations relating to social commerce (see the relevant section on pages 16ff.).

OUR POSITIONING

Marketing has become more complex in the digital decade. Driven by technological change, media usage behaviour is evolving rapidly. We are responding to the atomisation of the media by facilitating and creating places where people and brands can meet. By doing this, we can help our clients to market products and build brands as effectively and efficiently as possible.

The fast-paced digital age demands responsiveness from every company. That applies to us, as a representative of the communication services sector, as well as to our clients. We need to orchestrate an increasing number of specialists in interdisciplinary teams and at the same time promote ourselves to blue chip companies as a conceptual generalist agency. Only by doing so can we become the first-choice partner for the marketing challenges of the digital decade.

STRATEGY

International expansion of the Syzygy Group's operations lies at the heart of our strategy. This strategy is in line with client wishes to work locally with operating units or partners of the Syzygy Group in other European markets. An alliance with Polish agency Ars Thanea is a first step in this direction. We are exploring other partnerships or acquisitions in Eastern and Southern Europe.

To help support this strategy, we are delighted that Andy Stevens has joined the Management Board. This increase in the number of Board members from 2 to 3 boosts the Syzygy Group's management resources. Andy Stevens set up unquedigital London ten years ago, which became part of the Syzygy Group in 2007. Its impressive performance has made unquedigital London one of the most profitable companies in the Syzygy Group. The appointment of Andy Stevens adds a British entrepreneur and acknowledged online media expert to the Syzygy Group Management Board.

OUTLOOK

We expect the next 2-3 years to bring radical changes in the market for communication services. In a digitalised world, the distinction between offline and online agencies will cease to exist in the foreseeable future. Agencies with a digital background thus have the opportunity to become the first port of call for blue chip companies while also expanding into other regions where growth prospects are strong. This requires a disciplined approach to positioning and strategy.

We believe that the Syzygy Group's business model remains intact and has exciting potential. The ambitious next step for the Group is international expansion accompanied by adoption of a leading role for existing and new clients. We aim to assume

this function for a large number of our clients in Europe in the next 3 years.

The tough economic environment will continue to have an impact in 2010. Changes in the macroeconomic picture generally take some time to work through into the services market. That is also true of our sector, despite its reputation as a sector of the future. The scale of the structural challenge facing major industries, such as the automotive sector and financial services, means that they cannot currently take advantage of opportunities for change by adopting innovative ways of marketing their products.

While exact forecasts are difficult at the present time, we expect growth for 2010 and we are confident that we can return to the growth rates of previous years in the years to come.

In Syzygy AG's 10th anniversary year, special thanks are due to our clients and you, our valued shareholders, for the loyalty and trust placed in us. Our thanks go equally to the people who make up the Syzygy Group and whose talent is shaping the future of communication for many companies. Their pioneering spirit is driving the Syzygy Group forward and benefitting shareholders in the process.

The members of the Supervisory Board also deserve our thanks for the past year. Their wealth of experience, valuable input and constructive criticism remained important drivers of the Syzygy Group's progress in 2009.

The Management Board

THE SYZYGY GROUP

Syzygy is a full-service interactive agency group with 280 employees and offices in London, Frankfurt and Hamburg. In the fiscal year 2009, Syzygy generated net revenues of EUR 29 million. With billings of more than EUR 80 million, it is one of the leading online media agencies in Germany and the UK.



DESIGN & BUILD

SYZYGY.CO.UK

SYZYGY.DE

LONDON

HAMBURG

FRANKFURT

Interactive agency Syzygy develops online projects, programs and platforms, all driven by customer insight and user expectations, supported by data.

DIGITAL MEDIA
UNIQUEDIGITAL.CO.UK
UNIQUEDIGITAL.DE



DESIGN STUDIO
HI-RES.NET

Hi-ReS!

Digital media agency uniquedigital help clients to maximize the return from online media investments across all digital channels from SEM and display through social media strategies.

Multi-disciplinary design studio Hi-ReS! enjoys an enviable worldwide reputation for its interactive creativity. Clients of the London boutique include Nokia, The Economist, Sony, adidas and Dolce & Gabbana.

AWARDS 2009



Awards are important indicators of an agency`s ability to innovate. In 2009, Syzygy was awarded with 36 national and international accolades – nearly twice the number as in 2008.

ADC AWARDS **ACCOLADE** MERCEDES-BENZ VANS
 ANNUAL MULTIMEDIA **ACCOLADE** JÄGERMEISTER
 ANNUAL MULTIMEDIA **ACCOLADE** JÄGERMEISTER / HIRSCHKULTURERBE
 ANNUAL MULTIMEDIA **COMMENDATION** MERCEDES-BENZ VANS
 AUTOVISION 2009 OTTOCAR **GOLD** MERCEDES-BENZ VANS
 BIMA SPECIAL AWARD FOR TALENT **VISUAL DESIGN** THE ECONOMIST
 CREA CREDENTIAL AWARD **BEST COMPANY PRESENTATION** UNIQUEDIGITAL
 CRESTA AWARD **FINALIST / INTERNET SITES** MERCEDES-BENZ VANS
 DDC GUTE GESTALTUNG **FINALIST** JÄGERMEISTER
 DESIGNPREIS DER BRD 2010 **NOMINATION** MERCEDES-BENZ VANS
 DMMA **BRONZE** MERCEDES-BENZ VANS
 EPCIA AWARDS **SILVER / INTERACTIVE** THE ECONOMIST
 EYEBLASTER AWARD **PEOPLE'S CHOICE** CHANEL N°5
 HORIZON INTERACTIVE AWARDS **GOLD** HSBC PRIVATE BANK
 HORIZON INTERACTIVE AWARDS **GOLD** DOLCE & GABBANA
 HORIZON INTERACTIVE AWARDS **SILVER** MAZDA
 HORIZON INTERACTIVE AWARDS **BRONZE** HSBC PRIVATE BANK
 IF COMMUNICATION AWARD **GOLD / DIGITAL MEDIA ANIMATION** MERCEDES-BENZ VANS
 IF COMMUNICATION AWARD **ACCOLADE / SCREENDSIGN** UNIQUEDIGITAL GMBH
 IF COMMUNICATION AWARD **ACCOLADE / SCREENDSIGN** MERCEDES-BENZ VANS
 IF COMMUNICATION AWARD **ACCOLADE / ANIMATION** DARWIN
 IF COMMUNICATION AWARD **ACCOLADE / ANIMATION** MERCEDES-BENZ VANS
 LONDON INTERNATIONAL AWARD **SILVER / ANIMATION-MOTION GRAPHICS** THE ECONOMIST
 LONDON INTERNATIONAL AWARD **BRONZE / MEDIA PROMOTION** THE ECONOMIST
 MEDIA MAGNATE AWARDS **SHORTLIST / CEO OF THE YEAR** ANDY STEVENS
 NMA EFFECTIVENESS AWARDS **SHORTLIST** SHOP DIRECT HOME SHOPPING
 NYF **FINALIST / BEST CONSUMER TARGETED WEBSITE** MERCEDES-BENZ VANS
 NYF **FINALIST / BEST DESIGN** MERCEDES-BENZ VANS
 NYF **FINALIST / BEST USE OF SOUND / MUSIC** MERCEDES-BENZ VANS
 NYF **FINALIST / BANNER CAMPAIGN** MERCEDES-BENZ VANS
 ONLINESTAR **BRONZE / SPECIAL FORMAT** JÄGERMEISTER / HIRSCHKULTURERBE
 ONLINESTAR **FINALIST / CORPORATE WEBSITE** JÄGERMEISTER
 OVK AWARDS **WINNER** HENKEL
 THE FWA **SITE OF THE DAY** NOKIA
 THE FWA **SITE OF THE DAY** THE ECONOMIST
 THE FWA **WALLPAPER**

SHOWCASE

O₂ SURFACE TABLE A MULTI(TOUCH) TALENT AT THE POINT OF SALE



The iPhone has revolutionised the mobile phone market with its intuitive multi-touch interaction. We are now seeing a similar trend at the point of sale (PoS). A Microsoft Surface Table has been used in a real-world setting for the first time in Germany, at the PoS of the flagship O₂ store in Cologne. With its touch-sensitive screen, the computer is turning out to be a real sales talent.

ADVICE ON HAND.

From the moment it was first launched, the Syzygy-implemented Surface Table was a real draw for customers. A competition where players found out whether they had won a prize by placing a flyer on the device attracted hundreds of passers-by into the shop on the first day alone. The appeal remains strong, with customers crowding around the innovative table even on normal shopping days to check out the latest tariffs and phones on screen. A mobile phone advisor, media player, shop finder and several games keep the waiting customers entertained. Store assistants need less time to make a sale because customers are already "in the picture".

NEW SHOPPING EXPERIENCE TRIUMPHS ACROSS GERMANY.

The easy-to-use interface enables customers to work out what they need fast – especially with more complex products. Its success also pleases the client. Jörg Nissler, O₂ Vice President Sales Services: "People are being pulled in. And staying. We're delighted!" The company intends to roll out Microsoft Surface across Germany as a fixture of flagship O₂ stores.



SHOWCASE

STAG HERITAGE SITE

AN ICONIC
DUO RETIRES

Rudi & Ralph – ausgewildert!



Von [Jägermeister](#) - maps.google.com

1 von 1 Ortsmarkierungen in [Freie Wildbahn](#)



Endlich Freiwild: Rudi & Ralph stehen im Wald!
Wir haben unsere Hirschpromis in die Prarie geschickt und für Euch die Live-Cam draufgehalten.

[Live-Cam starten](#)

[Route berechnen](#) - [In der Nähe suchen](#)
[Unter "Meine Karten" speichern](#) - [Senden](#)
[Bearbeiten](#)

404 NOT FOUND

RUDI UND RALPH KONNTEN NICHT GEFUNDEN WERDEN.



NOCHMAL WOANDERS SUCHEN:

[Google Suche](#)



Neueröffnung!
• JÄGERMEISTER SHOP





The world of advertising in turmoil. The German website of a major brand displays a 404 error page and sends visitors on a chase through the Internet. The interim website for Jägermeister's new look was a big hit with fans and garnered a bronze award at OnlineStar 2009.

ADVERTISING ICONS RELEASED INTO THE WILD.

In Germany, stags Rudi & Ralph were brand ambassadors for the legendary herbal liqueur for years, noted for their cheeky charm. When the brand was realigned, the cult drink needed to retire the iconic duo. Rather than just quietly dropping them, we chose to celebrate their departure in style.

The Jägermeister homepage suddenly displayed a 404 error page and two empty trophy mounts. A digital paper chase based on Google Maps allowed users to track Rudi & Ralph down: they are enjoying their well-earned retirement at a stag heritage site, an online nature reserve with realistic woodland and meadows.

GENUINE JÄGERMEISTER. GENUINE STAGS.

In keeping with the new claim „Genuine. Jägermeister“, Rudi & Ralph's new home is also very real: four webcams are directed at field, wood and meadow, evoking a live atmosphere. Leaves rustle in the wind, a tractor drives past. When the stags appear, something happens that no one would have expected – they behave just like other pensioners. Eating. Sleeping. Marking their territory. Easter eggs have been added to provide viral attention. When hotkeys – such as twitter, dude, jacko, lost and ihh – are hit, unexpected scenes appear. And because the tongue-in-cheek show was not only a hit with Rudi & Ralph fans, the stag heritage site has been given its own slot in the corporate area of the new jaegermeister.de website.

SHOWCASE



CHANEL N°5
PREMIÈRE ON THE INTERNET





The online campaign for Chanel N°5 marks a revolution: for the very first time, the house Chanel is presenting its new brand ambassador on the Internet.

CHANEL N° 5. A FRAGRANCE. AND A LEGEND.

The number 5 has always played an exceptional role at Chanel. The firm's founder used her lucky number when naming the perfume and Chanel N°5 was presented to the public for the first time on 5.5.1921.

A magical 5 is also the centrepiece of our banner campaign, which appeared on major lifestyle websites worldwide from May 1, 2009. The prelaunch phase took visitors on a mysterious journey aboard the Orient Express. Around the world, people were intrigued and challenged by the 5 that flashed up repeatedly. The solution to the riddle was provided on the 5th of the 5th, when the film was shown in full and Chanel was revealed as the company behind it.

A BIG PICTURE ON THE INTERNET.

Featuring an enchanting Audrey Tautou, the film follows in the tradition of major Chanel campaigns which presented figures such as Marilyn Monroe and Nicole Kidman as goddesses of seduction. 2009 also marks a revolution: for the first time in the history of Chanel, the film première was held on the Internet – months before the cinema and TV launch. The online campaign appeared in 17 countries and 10 different languages, with Syzygy producing 1,093 different adverts in 106 formats.

SOCIAL COMMERCE

SUCCESS, OPPORTUNITIES & INNOVATION



SUCCESS STORY E-COMMERCE

In 2009, the internet was the fastest growing sales channel in Germany (sales in billion Euro)*

*Source: GfK WebScope Panel (March 2010)

GROWTH MARKET ONLINE SHOPPING

When Syzygy went public in October 1999, e-commerce was one of the hottest topics of the so-called New Economy. Price transparency and convenience for shoppers, growth opportunities for retailers and the ability for companies to “go direct” were the big promises of the time. Not every promise has been fulfilled yet but all-in-all e-commerce is a success story: e-commerce as a growth strategy is finally endorsed by the entire retail sector.

E-tailers such as ASOS (sales up 47% year on year for 6 months to September 2009) and The Book Depository (51% year on year growth) are revelling in the world of e-commerce. And the world’s largest e-tailer Amazon is entering its next phase in opening up its platform to allow other companies to use it as a service.

Large traditional retailers such as John Lewis (in H1-2009 online sales rose 12%) or M&S (online sales rose 30% in Q3-2009) complement their business with a shopping website.

Mail order companies already generate 50 per cent of their revenues online.

And finally, more and more brands are opening up the direct online e-commerce channel and subsequently cutting out the more traditional (costly) distribution channels; for example Nike, Burberry and Sony.

According to market research firm GfK, consumers in Germany have spent EUR 15.5 billion online in 2009. This is an increase of 14 per cent

compared to 2008. In the UK, GBP 5.5 billion was spent online in December 2009 alone! The IMRG Capgemini e-Retail Sales Index which presented this result goes on to say that spend via e-commerce is up 17 per cent on December 2008. James Roper, chief executive of IMRG stated: “The latest Index figures prove yet again that online shopping thrives on adversity, the sector managed to deliver strong double-digit growth in 2009 despite the recession and aggressive high street competition.” And he goes on predicting: “2010 looks set to produce another year of strong results for e-retail, with demand expected to remain high as consumers habitually look online for best buys, and a pipeline of significant improvements emerge, including wider product range availability, even better websites and a greater choice of convenient and more reliable delivery options.”

The success of e-commerce brings growth opportunities for digital agencies and Syzygy is well positioned to capitalise on this opportunity. Online retailers demand services like website design and build, usability optimisation and the orchestration of the various online media channels from display advertising, through affiliate marketing to search engine marketing.

In 2009 unquedigital UK migrated The Shop Direct Group to become over 50 per cent reliant on the digital channel. Syzygy Deutschland continues to service the German e-commerce pioneer Fleurop and unquedigital Deutschland could win two new clients of the OTTO Group.

SOCIAL COMMERCE – THE NEW TREND IN E-COMMERCE

It is our ambition to continue our growth in e-commerce during 2010 and to that end we have conducted research in the new field of Social Commerce. We published the findings of the research in the White Paper "Social Commerce: Monetizing Social Media". The White Paper can be purchased from Syzygy via our Facebook Shop (www.facebook.com/syzygygroup). Syzygy is one of the first agencies who sells through Facebook, something we are proud to have developed.

Social commerce is the fusion of social media with e-commerce. 2009 was the year of social media marketing experimentation. In 2010 marketers are looking to make social media pay. Social commerce is not itself new, what is new is the social media and e-commerce technology, such as social media stores and portable social graphs, that have opened up a new range of opportunities for the monetization of social media with e-commerce.

Social commerce can deliver three key business benefits – social media monetization, e-commerce sales optimization and business model innovation. For customers, social commerce can enhance the purchase cycle experience offering trust, utility and fun in three key areas: product discovery, product selection and product referral.

There are six distinct applications of social commerce:

- SOCIAL SHOPPING**
- RATINGS & REVIEWS**
- RECOMMENDATIONS & REFERRALS**
- FORUMS & COMMUNITIES**
- SOCIAL MEDIA OPTIMIZATION**
- SOCIAL ADS & APPS**

In 2010 we will continue to innovate in the field of social commerce and we will work with our clients to help them to capitalise on the opportunities of social commerce and social media in general.



CASE STUDY
SHOP DIRECT GROUP

The retail marketing team at unquedigital has driven the UK's largest home shopping and catalogue retailer into the digital age with astounding results. Last year alone, Shop Direct witnessed a 39 per cent year-on-year increase in revenue and orders, and we could help the company to maintain Google's top position in several categories, including the highly competitive 'Apparel' category, at a very favourable ROI.

To achieve this, unquedigital have employed a multitude of ground-breaking strategies and best practices lauded by media owners and clients alike. In 2009 unquedigital received a High Commendation at the NMA Awards for results achieved on Shop Direct's Littlewoods brand over the Christmas period.

There are several USPs which have enabled unquedigital to achieve the results and continue to raise the bar in retail:

BESPOKE TECHNOLOGY

DARWIN is our ground-breaking package of proprietary media management tools which has been designed and developed to support the research, planning, buying, analysis and optimisation of client investments online.

INNOVATION

Ground-breaking strategies and new ideas ensure that we consistently raise the bar and deliver our clients the maximum ROI through the most innovative use of channels and new strategies. Such strategies include a pioneering KPI model such as the PPC Profit model, soon be an industry benchmark. Through DARWIN, this model allows Shop Direct to reinvest spend which is profitable at a product level. This automated level of efficiency is the next step in smarter PPC bidding in an ever-growing and competitive market.



BASIC SHARE FACTS

ISIN	DE0005104806
WKN	510480
Symbol	SYZ
Reuters	SYZG.DE
Bloomberg	SYZ:GR
Stock exchange centres	XETRA, Berlin, Dusseldorf, Frankfurt, Hamburg, Hannover, Munich, Stuttgart
Total number of shares	12,078,450 no-par value bearer shares
Thereof own shares	25,000
Market capitalisation	EUR 42.27 million (Basis: closing price of EUR 3.50 on 12/30/2009)
Freefloat	65.2%
Freefloat market capitalisation	EUR 27.5 million
Indices that include Syzygy's share	CDAX, DAXPLUS Family, DAXsector All Software, DAXsector Software, DAXsubsector All IT-Services, DAXsubsector IT-Services, Prime All Share, Technology All Share
Industry group	IT-Services

STOCK STATISTICS 2009

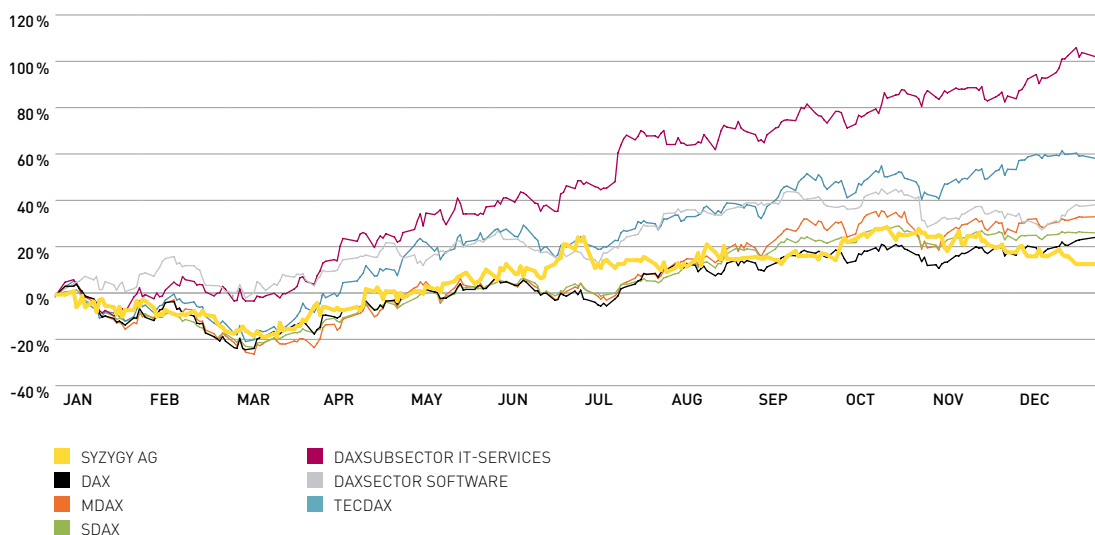
Ranked in TecDAX-Index as per 12/31/2009	Position 80 (market capitalisation) Position 95 (exchange transaction)
Ordinary dividend	EUR 0.15 (06/02/2009)
Average daily turnover (shares)	7,952 (thereof 5,386 XETRA)
Xetra closing price as per 01/02/2009	EUR 2.96
Xetra closing price as per 12/30/2009	EUR 3.50
Highest closing price 2009	EUR 3.82 (10/16/2009)
Lowest closing price 2009	EUR 2.42 (03/12/2009)

DESIGNATED SPONSOR

HSBC Trinkaus & Burkhardt AG

ANALYSTS

Cosmin Filker
(GBC AG)
Philipp Leipold
(GBC AG)
Klaus Kränzle
(GSC Research)



THE STOCK MARKET IN 2009

The year 2009 got off to a more turbulent start on the stock exchange than many had expected. After the massive price slumps of the previous year, the market had stabilised to such an extent by the end of 2008 that the worst seemed over. This optimism proved to be premature, though, as the downward slide continued. It was not until mid-March that prices began to climb again, after the DAX had bottomed out at just under 3,700 points, its lowest level since October 2003. Year-on-year the benchmark index thus lost more than 50 per cent of its value. mDAX, sDAX and tecDAX followed the downward trend, while losses in the DAX sector indices for Software and IT Services were substantially lower.

After this new setback, sentiment gradually improved in view of the stimulatory measures taken by governments worldwide. These packages formed the basis for a rally that was to last until the end of the year. By December 30 the DAX had gained around a quarter, closing at 5,957 points. The strongest performer in the DAX family was the subsector IT Services, which includes Syzygy's shares. It posted significantly above-average increases, closing the year up 104 per cent.

PERFORMANCE OF SYZYGY SHARES

Syzygy stock was largely aligned with changes to the DAX, mDAX and sDAX up to mid-year, but displayed a degree of outperformance during this period. In the bear market of the first quarter the Company's shares lost around 18 per cent of their initial value of EUR 2.96 and on March 12, 2009 reached their lowest value for the year at EUR 2.42. The share price then recovered steadily and even continued upwards when the three main indices took a breather for several weeks from May onwards.

Syzygy shares reached an interim peak at the start of July, posting a gain of 25 per cent and hitting EUR 3.70. Immediately afterwards, however, the price fell substantially again within a short period. In the subsequent months the share price proved to be very volatile, trending sideways amid some wide fluctuations. No clear gain was seen until the end of September, culminating in the year's high of EUR 3.80 on October 27. After a further highly volatile sideways movement, the stock again fell from mid-November onwards. As a result, although the share price outperformed the benchmark indices over the year, it was unable to sustain this lead beyond the year-end rally.

On December 30, Syzygy shares closed at EUR 3.50, around 18 per cent above the previous year's level.

DIVIDENDS

The Annual General Meeting on May 29, 2009 approved an ordinary dividend of EUR 0.15 per share for the 2008 financial year. This was paid on June 2, 2009.

SHAREHOLDER STRUCTURE

As far as Syzygy AG is aware, there was no change in the shareholder structure in the 2009 financial year compared to the previous year: the WPP Group remained the largest shareholder in Syzygy AG with 29.6 per cent of the shares. Marco Seiler's shareholding remained unchanged at 5.2 per cent, while 0.2 per cent of the shares were held as treasury stock by Syzygy AG. The remaining 65 per cent were held in free float.

INVESTOR RELATIONS

Syzygy AG pursues a transparent, prompt information policy and attaches great importance to an ongoing, comprehensive dialogue with shareholders, investors, financial journalists and interested members of the public.

In order to showcase the Group and its business model, representatives of the management team again attended capital market conferences in 2009 and conducted numerous individual discussions with analysts, investors and representatives of the business and financial press. Events attended by Syzygy AG included the 7th Small Cap Conference, the German Equity Forum (both held in Frankfurt) and the capital markets conference in Munich.

GBC AG and GSC Research GmbH continued to analyse Syzygy AG on a regular basis in 2009 and provided the market with up-to-date forecasts and assessments about the future development of the Group. HSBC Trinkaus was engaged to handle designated sponsoring.

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

DEAR SHAREHOLDERS,

The Supervisory Board once again continuously monitored the work of the Management Board and provided support and advice throughout the past financial year. This included monitoring actions taken by the Management Board in terms of their legality, regularity, appropriateness and commercial viability. The Management Board reported to the Supervisory Board regularly in writing or verbally, providing up-to-date, comprehensive information about recent developments as well as the economic and financial situation of the Group and its subsidiaries. The Supervisory Board was involved in all important decisions affecting the Syzygy Group.

The state of business was discussed at every meeting of the Supervisory Board. The Management Board fully complied with its duty to provide information. Reports provided by the Management Board met the legal requirements with regard to both content and scope, and also satisfied the Supervisory Board's information needs. The Supervisory Board requested and received additional information where necessary. The Supervisory Board critically examined the information and reports provided, assessing them with regard to plausibility. In particular, the Supervisory Board studied the quarterly reports on a regular basis and approved them following discussion with the Management Board.

MEETINGS AND ATTENDANCE

A total of eight ordinary meetings of the Supervisory Board were held together with the Management Board in the 2009 financial year, on January 19 and 29, March 27, April 23, July 23, October 19 and 29 as well as December 7. The meeting held on March 27 included a presentation of the financial statements by BDO and their adoption.

Two further meetings were held in the current financial year up to the adoption of the 2009 financial statements.

There was also continual dialogue between the Management Board and Supervisory Board between these dates. In particular, the Management Board provided regular written reports about business performance and other important events. All members were present at these eight meetings either in person or took part by telephone and all important events were discussed and the necessary decisions made. The operational performance of the individual companies and the Group as a whole was discussed regularly. In addition to reporting in line with legal requirements, the following topics in particular were discussed in detail at the meetings:

- composition of the Management Board
- extension of directors' contracts
- corporate governance
- discussion of Management Board remuneration with particular attention being given to the legislative amendments introduced by the Act on the Appropriateness of Management Board Compensation (VorstAG); remuneration is based in part on a comparison with companies of similar size within the industry (see Remuneration Report, page 36)
- personnel appointments for key positions
- mergers & acquisitions, international expansion
- strategic direction of the Syzygy Group
- risk situation of the Syzygy Group
- acquisition of new clients
- competitive situation
- budgeting and financial planning
- dividend policy
- financial reporting
- share price
- election of the auditor

MEMBERSHIP AND COMMITTEES

The Annual General Meeting on May 29, 2009 discharged the members of the Supervisory Board and Management Board in relation to the 2008 financial year. It also confirmed the Supervisory Board for a further five years in office. Consequently the new period in office covers the period up to the end of the Annual General Meeting for the 2013 financial year. The composition of the Supervisory Board, which consists exclusively of independent members, thus remained unchanged during the reporting period.

Once again, the Supervisory Board did not consider it necessary to form committees in the year under review as the Supervisory Board still consists of only three people. Wilfried Beeck, a financial expert with extensive knowledge of accounting and internal control procedures, took a particular interest in the financial statements, auditing and election of the auditor.

MANAGEMENT BOARD MEMBERS

At its meeting of December 7, 2009, the Supervisory Board appointed Mr Andrew Peter Stevens as an additional Board member effective January 1, 2010. The Supervisory Board also appointed the existing directors, Mr Marco Seiler and Mr Frank Wolfram, for a further two years up to March 31, 2012.

CORPORATE GOVERNANCE

On December 10, 2008, the Supervisory Board and Management Board published the declaration of conformity with the German Corporate Governance Code in accordance with Article 161 of the German Stock Corporation Act (AktG). This declaration is based on the current version of the Code dated June 18, 2009. Syzygy AG continues to broadly comply with the principles of the Code.

The remuneration report, which sets out the basis for remunerating the Management Board and Supervisory Board of Syzygy AG, as well as disclosing the amount of remuneration and how it is structured, was published together with the declaration of conformity.

Details can be found in the section on corporate governance in this annual report on page 26 as well as in the notes from page on pages 36f. and 78.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS, APPROPRIATION OF NET PROFIT

Following a proposal by the Supervisory Board, the Annual General Meeting appointed Frankfurt-based BDO Deutsche Warentreuhand AG Wirtschaftsprüfungsgesellschaft as auditors on May 29, 2009. The Supervisory Board has not identified any circumstances that could give rise to a lack of impartiality on the part of the auditors. The auditor himself has issued a statement of independence. Apart from auditing the financial statements, the auditor did not provide any other services.

BDO audited the annual financial statements, the consolidated financial statements and the management report for the 2009 financial year on behalf of the Supervisory Board and granted an unrestricted auditor's certificate in each case. The annual financial statements were prepared in accordance with the provisions of the German Commercial Code (HGB) and the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). All documents relating to the financial statements, audit reports and the Management Board's proposal regarding the appropriation of profits were provided to all members of the Supervisory Board in a timely manner for their deliberations. The auditor also reported to the Supervisory Board on the audit of the accounting-related internal control and risk management system, which did not reveal any weaknesses.

After carefully reviewing all documents, the Supervisory Board received detailed information on the financial statements from members of the Management Board at its meeting of March 26, 2010. The auditors also attended, presenting the key aspects and results of their checks and being available to answer any questions. All questions were answered by the Management Board and auditor to the Supervisory Board's satisfaction. The Supervisory Board was thus able to verify that the audit had been correctly conducted and the audit reports properly prepared.

On completion of its own checks and taking the audit reports into consideration, the Supervisory Board raised no objections and thus approved the annual and consolidated financial statements. The Supervisory Board also approved the Management Board's proposal regarding the appropriation of net profit.

The Supervisory Board thanks the members of the Management Board and all employees of the Syzygy Group for their commitment. We look forward to continuing to work together and wish you every success for the current financial year.

Bad Homburg, March 26, 2010
The Supervisory Board



Michael Mädler
Chairman of the Supervisory Board

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.

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).

The code was amended again on June 18, 2009. The current version serves as the basis for the 2009 declaration of conformity which was published on December 10, 2009.

DECLARATION OF CONFORMITY PURSUANT TO § 161 OF GERMAN STOCK CORPORATION ACT AS AMENDED ON JUNE 18, 2009

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

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 18, 2009) have been and are met with the following exceptions:

- (1) Deductible in D&O policy for the Management Board according to **section 3.8:**
The existing D&O policy stipulates lower deductibles. With effect from January 1, 2010, the D&O policy was adjusted for both the Management as well as the Supervisory Board Members in order to meet the regulations of section 3.8.
- (2) Total compensation of Management Board Members according to **section 4.2.3:**
In 2009, the variable elements of the compensation were based on a one-year-assessment. With effect from April 1, 2010, the Supervisory Board adjusted the variable elements, which will then be based on a multi-year assessment.

(3) Formation of committees of Supervisory Board Members according to the **sections 5.3.1, 5.3.2 and 5.3.3:**

As the Supervisory Board consists of three members only, no committees were and will be set up.

(4) Compensation of Supervisory Board Members according to **section 5.4.6:**

By mutual agreement, all Supervisory Board Members receive the same compensation as their amount of work is comparable.

The remuneration report for the year 2009 is a material part of the corporate governance report. It will be updated in the first quarter of 2010.

Bad Homburg v. d. H., December 10, 2009

The Management and Supervisory Board
Syzygy AG

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 in 2009 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:

- performance-unrelated remuneration
- performance-based remuneration
- other benefits

The performance-unrelated 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.

In 2009, the variable elements of the compensation were based on a one-year-assessment.

In order to conform to section 4.2.3 of the German Corporate Governance Code, the Supervisory Board adjusted the variable elements. With effect from April 1, 2010, they will be based on a multi-year assessment.

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 on pages 36f. and 78. The annual declarations of conformity, remuneration reports and relevant basic information are permanently available on the website at www.syzygy.net under Investor Relations.

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GENERAL

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

BUSINESS ACTIVITIES AND STRUCTURE OF THE GROUP

Syzygy is a European agency group for interactive marketing with some 280 employees. The Group consists of Syzygy Aktiengesellschaft and its six subsidiaries: Syzygy Deutschland GmbH, Syzygy UK Ltd, unquedigital GmbH, Unique Digital Marketing Ltd, design studio Hi-ReS! London Ltd and Mediopoly Ltd.

Syzygy AG acts as a management holding company. 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 portfolio of corporate Internet solutions, from strategic consulting to project planning, concepts, design and technical realisation. Syzygy's services are complemented by search engine marketing and online media planning. Syzygy thus enables its clients to use the Internet both as a powerful communications and sales medium and as a tool for extending and improving their interaction with customers, business partners and employees. The Group's business focus is on the automotive, telecommunications/IT, retail and consumer goods, financial services and media and entertainment industries.

GENERAL ECONOMIC SITUATION

In the wake of the property and financial crisis, 2009 saw the global economy experiencing the worst recession since the Second World War. Global economic output shrank by 2.3 per cent, while Eurostat calculated a decline of more than 4 per cent for the European Union.

With its heavy dependence on exports, Germany was particularly hard hit by the reluctance of trading partners in other countries to invest, especially in the first half of 2009.

German industry had to cope with the biggest slump since the Federal Republic was founded, with overseas sales down more than 20 per cent. Despite weak order books, the announcement of government stimulus packages fed hopes of a rapid economic recovery. The ifo index of business sentiment increased steadily right from the start of the year, an indication of cautious optimism on the part of businesses.

State intervention both within Germany and abroad started to have a positive impact in April. After German gross domestic product (GDP) had declined for four quarters in a row, the second quarter of 2009 saw a small increase of 0.4 per cent for the first time. Although this growth continued in the following quarter (0.7 per cent), it stalled in the last three months of the year as stimulus packages ended or lost momentum. Over the year as a whole, German economic output fell by 5 per cent compared to 2008, which was itself a weak year.

British GDP also suffered severely from the crisis, likewise shrinking by 5 per cent. While most European countries were starting to move towards recovery in the third quarter of 2009, the UK lagged the general trend. Although there were some early indicators that the economy would pick up soon, it was not until the last quarter that GDP nudged up by 0.3 per cent, reversing a downward trend that had lasted 18 months.

ONLINE ADVERTISING MARKET

The market for Internet services held up well during the crisis, but was unable to maintain the high growth rates of previous years. Despite discrepancies in the available data due to the different survey methods, all the statistics point in the same direction – in percentage terms, the Internet remained one of the winners in 2009 in the competition for advertising budgets.

While spending on conventional above-the-line media (print, radio, billboards and cinema) shrank slightly by 0.2 per cent in Germany according to the Nielsen advertising statistics, display advertising in the online channel experienced an increase of around 10 per cent to EUR 1.6 billion. The growing importance of the Internet as an advertising medium was formally recognised by Nielsen in February 2010. Online advertising is now no longer classified along with “New Media”, being included instead in above-the-line media. Looking at each of the channels in this category based on their share of the gross advertising market, the Internet moved up to 4th place with around 8 per cent – behind TV, newspapers and consumer publications, but ahead of radio, cinema, billboards and specialist publications.

Figures produced by the German Online Marketing Group (OVK), part of the German Association of the Digital Advertising Industry, which adds search engine and affiliate marketing to the Nielsen results, show that investment in online advertising exceeded the EUR 4 billion threshold in 2009 for the first time. This corresponds to growth of 12 per cent.

The German Association for Information Technology, Telecommunications and New Media (BITKOM), which takes agency rebates into account in its sales statistics, calculated growth of just under 18 per cent to EUR 1.5 billion for display advertising.

According to the Online Adspend Study published regularly by the Internet Advertising Bureau (iab) and PricewaterhouseCoopers, the Internet accounted for 23.5 per cent (GBP 1.75 billion) of all advertising spend in the UK by the middle of the year, ousting TV as the leading medium. The Bellwether Report, based on a survey of 300 marketing decision-makers in major British companies, found that the Internet was the only advertising medium to post growth in 2009. The respondents indicated that they had cut their marketing spend by a total of 7 per cent, but invested around 10 per cent more in online advertising and search engine marketing.

Enders Analysis calculated growth of 2.2 per cent for 2009.

PERFORMANCE AND SITUATION OF THE GROUP

SALES

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

Gross sales of EUR 80.5 million remained almost constant compared to the prior year (-1%). By contrast, net sales fell by 9 per cent to EUR 28.8 million. There are several reasons for this. Foreign currency effects are a major factor, leading to a decline in sales of around EUR 1.5 million in the year under review. In 2008 the revenue of the UK subsidiaries was based on an exchange rate of EUR 1.26 / 1 GBP, while a rate of EUR 1.12 / 1 GBP applied in 2009. The ending of Google commission payments under the best practice funding model also put pressure on earnings, especially in online marketing. Lastly, the budgets of clients in the automotive sector shrank due to the challenging economic situation. However, it proved possible to compensate for a large part of this shortfall by generating increased business from major existing clients.

In terms of regions, the German subsidiaries put in a stronger operational showing than their UK counterparts. While gross sales remained largely stable in both countries (-2.5 per cent for Germany and 0.7 per cent for the UK), net sales revealed a different picture. In the UK, they fell 19 per cent to EUR 13.6 million, primarily due to constrained spending patterns in the web design sector. By contrast, the two German agencies increased their net sales by 5 per cent to EUR 16.2 million. With EBITA margins of 16 and 19 per cent respectively, profitability was very satisfactory in both regions.

Budget cuts in the automotive sector were also reflected in the breakdown of sales by sector. After the Syzygy Group generated 39 per cent of its sales from clients in the automotive industry in 2008, this proportion fell to just 30 per cent in the year under review. Clients from the financial sector accounted for 12 per cent of sales (+ 4%), while the importance of telecommunications/ IT and the media and entertainment industries remained almost constant at 15 per cent and 5 per cent respectively. The retail and consumer goods sector recorded strong growth of 10 per cent, accounting for a quarter of all sales in 2009. Clients not belonging to any of these five core areas accounted for 13 per cent of sales.

Overall, 59 per cent of all sales were attributable to the Group's ten largest clients, 2 per cent more than in the prior year.

FOREIGN CURRENCY EFFECTS

The Syzygy Group generates around half of its sales in the UK. The fact that sterling lost ground against the euro over the year thus had a negative impact on the Group's organic growth, like in the prior year. While an average exchange rate of EUR 1.26 / 1 GBP applied during 2008, the figure in the year under review was only EUR 1.12 / 1 GBP, corresponding to depreciation of around 11 per cent. Assuming a constant rate of exchange, net sales would have been EUR 1.5 million or 5 percentage points higher.

OPERATING INCOME (EBITA) AND EBITA MARGIN

The decline in net sales described above, especially the ending of Google commissions, also affected the Group's operating income (EBITA). Non-liquidity-related accounting effects in long-term liabilities resulting from acquisitions also put pressure on the net result for the year, with a total impact of EUR 0.3 million at the balance sheet date. With operating expenses down slightly, EBITA totalled EUR 3.6 million – 31 per cent below the prior year figure of EUR 5.2 million. The EBITA margin of 12 per cent represents a good result, given the prevailing business environment.

OPERATING EXPENSES AND DEPRECIATION

Since the cost of sales fell by less than net sales, gross margin declined slightly by 1 percentage point to 32 per cent.

Sales and marketing costs amounted to EUR 2.3 million, 8 per cent less than in the same period of the prior year. This was due to increased expenditure in 2008 incurred by attending the online-marketing-düsseldorf (OMD) trade show and repositioning both the online marketing subsidiaries.

General administrative expenses increased 13 per cent to EUR 3.8 million due to currency effects and restructuring expenses.

Other operating income totalling EUR 0.5 million relates principally to income from subletting office space, the effects of foreign currency translation and releasing provisions.

FINANCIAL INCOME

Although there was a substantial cash outflow at the start of the year due to acquisition of the remaining shares in unikedigital GmbH, the Syzygy Group achieved strong financial income of EUR 1.3 million in 2009. This corresponds to a return of 6.1 per cent on the average available liquidity reserves and a 39 per cent increase compared to the prior year.

Although short-term interest rates were very low and thus hurt financial income, bonds with relatively long maturities yielded higher interest and price gains of EUR 0.4 million.

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

In order to be able to meet future payment obligations, new investments predominantly have a short term or are overnight deposits. At year-end, the portfolio of liquid funds and securities comprised 29 per cent overnight and bank deposits, 47 per cent corporate bonds and 24 per cent bearer bonds.

INCOME BEFORE TAX

Although very strong financial income partly offset the decline in operating income, it did not compensate in full. Consequently, income before tax was down 20 per cent, totalling EUR 4.9 million.

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

After income taxes of EUR 1.6 million, net income was EUR 3.3 million. Since Syzygy acquired all the remaining shares in unquedigital GmbH in December 2008, net income is attributable in full to the shareholders of Syzygy AG. Earnings per share were thus EUR 0.28. Excluding the above-mentioned non-liquidity-related accounting effects in long-term liabilities, earnings per share would have been EUR 0.31.

OPERATING CASH FLOW

Operating cash flow was up significantly in the 4th quarter of 2009. From EUR -2.0 million on 30 September, it increased to EUR 0.2 million by the balance sheet date.

The rise of EUR 4.5 million in accounts payable, in addition to net income of EUR 3.3 million, had a positive impact on operating cash flow. Accounts payable include the media costs of the online marketing agencies and, at EUR 12.5 million, were significantly above the prior year's figure of EUR 8.0 million. Cash flow was negatively affected by an increase of EUR 5.5 million in accounts receivable. This item rose particularly sharply due to a year-end surge in online marketing activity. A EUR 1.2 million drop in other liabilities also put pressure on cash flow. The tax payments made in 2009 resulted in a reduction of EUR 0.7 million in tax provisions, which also impacted negatively on operating cash flow.

NET ASSETS AND BALANCE SHEET POSITION

Total assets of Syzygy AG were EUR 62 million at the balance sheet date, slightly above the previous year's figure.

Relevant changes on the assets side were in goodwill, liquid funds and accounts receivable.

Goodwill rose by EUR 1.1 million to EUR 19.2 million because ongoing business performance led to an increase in existing earn-out obligations.

Liquid funds decreased by EUR 5.2 million to EUR 5.7 million after servicing short-term liabilities. Since this fall was partially compensated for by a significant rise in accounts receivable to EUR 16.8 million, current assets totalled EUR 37.2 million.

Other liabilities and long-term liabilities declined, primarily due to payment being made to acquire the remaining shares in unquedigital GmbH. Other changes result from recalculation of outstanding purchase price payments. These purchase price obligations arising from the acquisition of Unique Digital UK were reclassified from long-term liabilities to other liabilities because they fall due in 2010. In total, other liabilities were reduced to EUR 6.0 million as at December 31, 2009, compared with EUR 7.2 million in the previous year, and long-term liabilities fell to EUR 1.2 million, as against EUR 5.3 million in the previous year.

In line with the receivables on the assets side, accounts payable increased by EUR 4.5 million to EUR 12.5 million, attributable to a year-end surge in online marketing sales.

The equity of Syzygy AG increased by EUR 4.0 million in the year under review. A rise in comprehensive income of EUR 2.4 million and a EUR 1.5 million increase in net profit were the key factors here. Comprehensive income includes changes in value that do not affect net profit and that are due to changes in the value of securities and foreign currency positions.

The equity ratio improved from 52 per cent in 2008 to 58 per cent due to the increase in equity compared to total assets.

In summary, the key financial figures are shown below in a multi-year comparison in accordance with DRS 15:

	2005	2006	2007	2008	2009
Sales, net in EUR'000	16,692	20,313	27,351	31,707	28,833
EBITA in EUR'000	1,197	1,404	3,372	5,163	3,556
EBITA margin in %	7%	7%	12%	16%	12%
Earnings per share in EUR	0.25	0.19	0.21	0.30	0.28

Based on the strong performance of the key financial figures presented in the multi-year comparison, we believe that Syzygy Group's net assets, financial position and results of operations remain very positive.

EMPLOYEES

The Syzygy Group employed a total of 262 people on average, 6 per cent fewer than in the prior year. This was due to changes in the general economic environment. On the one hand, vacancies arising as a result of natural fluctuation were filled by freelance employees in some cases; on the other, restructuring was necessary in the UK web design business due to falling business volumes with clients in the automotive sector and the resulting excess staff capacity.

As at December 31, 2009 the Group employed 250 people, of which 14 were employed by Syzygy AG, 96 by Syzygy Deutschland GmbH and 59 by Syzygy UK. A total of 66 staff worked in the two online marketing subsidiaries – 38 in Hamburg and 28 in London. Hi-ReS! had 15 employees at the balance sheet date.

The UK agencies thus had a total of 102 permanent employees, while the three German subsidiaries employed 148 people.

In addition, the Group used 13 freelance employees on average to cover peak periods and optimise capacity utilisation. Sales per head were EUR 105,000 (annual average).

Distribution of employees by function remained largely stable, but in project management there was a decline from 22 to 16 per cent. Around one fifth of the workforce was employed in each of the following areas: online marketing (22%), technology-related roles (21%) and design (19%). Eight per cent of employees worked in strategy consulting for our clients, while 14 per cent had administrative duties.

REMUNERATION REPORT

The remuneration report is an important element of the Corporate Governance Report. It outlines 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 laid down by the Syzygy AG Supervisory Board. The overall remuneration package comprises the following components:

- non-performance-related remuneration
- performance-related remuneration
- other benefits.

The non-performance-related remuneration is paid each month as a basic salary. A performance-related bonus is paid on the basis of achieving corporate targets defined in the yearly plan and decided upon by the Supervisory Board.

There was no share-based payment in the form of share options as all outstanding options expired in the 2008 financial year and no new options were granted.

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

COMMITMENTS IN THE EVENT OF TERMINATION

The Company has not entered into any commitment to provide the Management Board of Syzygy AG with retirement benefits. If an employment contract is terminated prematurely, a severance payment will be made in line with legal obligations, being the amount of the outstanding, appropriate on-target salary for the remainder of the contract period.

Where necessary, a postcontractual competition prohibition of 12 months may be agreed following premature termination of the contract. In this case, the Management Board member will receive compensation of 50 per cent of his or her most recently received average contractual remuneration.

Details of the remuneration of the Management Board for the 2009 financial year can be found in the notes to these consolidated financial statements.

REMUNERATION OF THE SUPERVISORY BOARD

Remuneration of the Supervisory Board is set out in Article 6 (8) of Syzygy AG's Articles of Association and dates from a resolution passed by the Annual General Meeting on June 4, 2003. In addition to having their expenses reimbursed, each member of the Supervisory Board receives remuneration consisting of a fixed and a variable component. The fixed remuneration amounts to EUR 15,000 p.a. This fixed remuneration increases by EUR 5,000 if the Company's market capitalisation has risen by at least 20 per cent in the financial year concerned. The capitalisation figures used for this purpose are based on the mean closing price of the stock 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 are remunerated on a pro rata basis.

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

DISCLOSURE RELATING TO ACQUISITION IN ACCORDANCE WITH ARTICLE 315 [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 subject to restrictions on transferability. Syzygy AG is not aware of any restrictions relating to the exercise of voting rights or to the transfer of Syzygy shares.

At the balance sheet date, Syzygy AG held 25,000 treasury shares, which grant the Company no voting rights or other rights.

The WPP Group holds a total of 29.6 per cent of the shares. The Chairman of the Management Board of Syzygy AG, Marco Seiler, 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 requirements for 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 can only be made by the Annual General Meeting, in line with Article 119 of the AktG. The Articles of Association, together with Article 179 of the AktG, permit the Supervisory Board to agree 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 increase the common stock of Syzygy AG, with the agreement of the Supervisory Board, by up to EUR 6,000,000 in the period to June 30, 2011 by issuing new no-par value shares against cash contributions or contributions in kind. The Annual General Meeting's resolution of May 29, 2009 authorised the Management Board to increase the common stock of Syzygy AG, with the agreement of the Supervisory Board, by up to EUR 1,200,000 in the period to May 28, 2014 by issuing 1,200,000 option rights for one Syzygy AG no-par value share each. At the same time the Annual General Meeting cancelled the existing conditional capital from 2000 and 2004.

In line with the Annual General Meeting's resolution of May 28, 2009, 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.

Syzygy AG has made no material agreements that would be triggered by a change of control.

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

RISKS AND OPPORTUNITIES OF FUTURE BUSINESS DEVELOPMENT

Syzygy AG is subject to a large number of risks which could have a negative impact on its net assets, financial position and results of operations. Management of Syzygy AG regularly analyses opportunities and risks, both in the operational areas and at central level.

Different risk categories are distinguished when identifying individual risks. Risks are identified, quantified and qualitatively assessed across the Group using a common management, planning and reporting system. The following report covers the risks that could have a material impact on the Group's net assets, financial position and results of operations.

The information currently available shows no indications of risks that would jeopardise the continued 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 RISK

The state of the economy is the main factor that determines companies' willingness to invest in advertising and marketing campaigns. A downturn can lead to reduced order volumes and thus to a corresponding drop in sales. Any capacity adjustments which may be necessary are not immediately effective and involve restructuring costs.

OPERATING RISK

Approximately 59 per cent of the Syzygy Group's sales are generated from its ten largest clients. Losing any one of these clients cannot be compensated for immediately, if at all. In such an event, it is usually not possible to reduce expenses accordingly at short notice.

Syzygy's sales are not protected by long-term contracts. Sales are mostly generated on the basis of individual contracts that cover a limited period, so any planning activity based on future sales inevitably involves a high degree of uncertainty.

Sales are predominantly based on fixed price agreements, meaning that unforeseeable losses may be incurred if the calculated project budget is unexpectedly exceeded. Syzygy also accepts the standard warranty and liability commitments for projects, which can lead to follow-on costs for each project.

The services Syzygy performs have public impact, so any defects in quality in the execution of one of its projects may cause widespread damage to Syzygy's image. This kind of damage has the potential to have a significantly negative impact on future business development.

PERSONNEL RISK

The Group's performance depends to a very significant extent on the performance of its employees. Because of their specific skills, some individuals are particularly important. If the Group is unable to retain this high calibre of employee, or continuously attract and retain new, highly qualified employees, Syzygy's success could be at risk.

CURRENCY RISK

Syzygy generates around half of its sales in the UK, so exchange rate fluctuations between sterling and the euro may affect sales and annual net income positively or negatively in the event of deviation from the rate used for planning purposes. Syzygy does not enter into hedging transactions because both net income and costs are typically calculated in sterling. Syzygy is thus only exposed to foreign exchange risk in terms of the amount of its annual net income.

INVESTMENT RISK

Investment strategy for the liquid reserve is geared towards long-term income. Liquid funds are therefore invested in corporate bonds and other fixed interest securities in a manner designed to ensure risk diversification. All fixed-interest securities are subject to interest rate and default risk. A rise in long-term interest rates has a negative effect on the price of such securities, while a decline has a positive impact. A rise in credit default risk also impacts negatively on prices. Syzygy minimises default risk by investing in a diversified range of investment-grade securities and counters interest rate risk by investing in varying maturities.

RISKS FROM ACQUISITIONS

Acquisitions 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 desired synergies. If an acquisition cannot be successfully integrated, the possible decrease in value will entail impairment losses. Goodwill from completed acquisitions has been capitalised. Its recoverability is checked once a year in an impairment test. If the financial performance of an acquired company remains below projections, exceptional depreciation of goodwill may prove necessary.

OPPORTUNITIES

The next few years will see radical changes in the market for communication services. We expect that the distinction between offline and online agencies will cease to exist in the foreseeable future, while at the same time the focus on the Internet as a marketing channel will continue. Agencies with a digital background which have long experience of the specific technological and social challenges of the Internet will then have the opportunity to establish themselves as the first-choice partner for blue chip companies.

Social commerce – the convergence of social media and e-commerce – offers the prospect of new advertising and sales opportunities. Companies have only just started to discover and monetise the potential of rapidly growing social networks for Internet referral marketing and their own business success. Enabling people to shop where they socialise, or to socialise where they shop, are two sales strategies that will increasingly take centre stage, pushing conventional company websites more and more into the background. Agencies that can meet the challenges of this nascent trend in terms of technology, creativity and strategy will find their expertise in strong demand. Publication of a White Paper entitled "Social Commerce – Monetizing Social Media" was an important step for the Syzygy Group with regard to positioning itself in this new field and highlighting its capabilities.

The Syzygy Group draws up its forecasts on the basis of its organic development. Accordingly, acquisitions can have an additional positive effect on the future growth of the Group.

Business performance can also benefit from the acquisition of major new clients and from expanding existing client relationships by gaining additional budgets above and beyond scheduled projects.

**DECLARATION ON CORPORATE GOVERNANCE
IN ACCORDANCE WITH ARTICLE 289A OF THE
HANDELSGESETZBUCH (HGB – GERMAN COM-
MERCIAL CODE)**

On December 10, 2009 the Management Board and Supervisory Board issued and published an updated declaration relating to the Corporate Governance Code.

Operation of the Management Board and Supervisory Board is also described in the declaration on corporate governance.

Both declarations can be viewed on the website under "Investor Relations" at <http://www.syzygy.net>.

INTERNAL CONTROL SYSTEM

The risk early warning systems used are based on monthly reporting. This reporting includes new business activities and the qualitative performance of the subsidiaries, in addition to financial reporting (budget, updated forecast and actual figures). A risk management system is integrated into financial reporting that ensures risk identification, risk communication and monitoring of operational risk takes place at monthly intervals. Risks are then aggregated at holding company level and risk management action is initiated by the holding company. Additionally, all subsidiaries are subject to a monthly review.

In keeping with Article 289 [5] of the Handelsgesetzbuch (HGB – German Commercial Code), one of the ways the accounting requirements of Syzygy AG are implemented in the subsidiaries is that a standard bookkeeping system with a standard chart of accounts is used across the Syzygy Group. All subsidiaries are subject to an audit at least once a quarter by Syzygy AG's Corporate Finance. This involves analysing, checking and ensuring compliance with accounting requirements and scrutinising the procedures for processing data. The internal control system is supplemented by approval procedures covering activities such as financial transaction (dual-control principle).

The internal control systems are buttressed by external auditing bodies, such as the statutory auditor, and external tax audits.

After preparation of the Syzygy Group's quarterly reports, they are examined and approved by the Supervisory Board of Syzygy AG.

In addition, accounting staff are regularly brought up to date with statutory requirements via regular internal and external training courses.

OUTLOOK AND FORECAST

Like any company, the Syzygy Group is subject to factors over which it has no control. Although the market for Internet services is considered to be a growth market and has so far proved robust in the face of the crisis, the general economic situation and business sentiment may impact on the agency's growth.

Forecasts about future economic performance are based on a constantly shifting set of data and are consequently fraught with uncertainty. Although all statements about the future development of the Group are based on information and findings that were known at the time this annual report was prepared, the actual results may nevertheless differ.

GENERAL ECONOMIC OUTLOOK

While most experts currently expect the economic situation to stabilise in 2010, there will be major differences between individual countries and markets. It also remains to be seen whether the upturn is self-sustaining, i.e. whether it continues after government stimulus packages have come to an end.

In the case of the European Union, the European Economic Advisory Group (EEAG) forecasts a 1 per cent rise in GDP in 2010. This would leave Europe lagging global GDP growth, which is expected to be 2.5 per cent. In its interim spring forecast, the EU Commission quotes figures of 0.7 per cent for Europe and 4.5 per cent for the overall global economy. The Commission predicts growth of 1.2 per cent for the German economy, primarily driven by exports.

Estimates for the UK are more cautious. To date, it has been harder hit by the fall-out from the crisis than many other EU countries. At 0.6 per cent, its forecast GDP growth is below the European average.

ONLINE ADVERTISING MARKET

Irrespective of how the overall economy performs, there is a consensus that online advertising will remain a growth market and budgets will increasingly be switched from conventional media to the Internet. There are several reasons for this. In addition to the increasingly widespread use of the Internet as an all-round medium and the longer periods that people spend online, it also delivers a high degree of transparency as an advertising channel. It allows an exact cost-benefit analysis and thus offers marketing managers significant added value in challenging economic times. Other advantages, such as precision targeting and the ability to manage campaigns in real-time, make the Internet even more appealing.

The AdBarometer, a pan-European survey of marketing managers in large companies conducted by the European Interactive Advertising Association (EIAA), revealed that over 90 per cent of the more than 500 respondents intend to increase their online marketing investment in 2010 and 2011. 42 per cent see the Internet as playing a crucial role in the marketing mix, while more than half regard it as a "growing medium". A worldwide poll by Econsultancy and Exact-Target produced similar results.

Specifically for Germany, the EIAA calculated growth rates of 20 per cent. The calculations of the German Online Marketing Group (OVK) are somewhat lower. It predicts growth of 14 per cent to EUR 4.7 billion for the German online advertising market in 2010. For the UK, Enders Analysis forecasts a 7.6 per cent increase in online marketing spend to GBP 3.7 billion.

PERFORMANCE OF THE SYZYGY GROUP

Macroeconomic developments generally take some time to work through into the services market. For this reason, the effects of the economic and financial crisis will continue to be felt by Syzygy in 2010, not least because some of the Group's main clients are from the automotive and financial sectors, which are currently facing extensive structural change.

We believe that Syzygy is very well positioned in an increasingly digitalised world. The ambitious next step for the Group is international expansion accompanied by adoption of a leading role for existing and new clients.

Exact forecasts for the future development of the Group are difficult due to the uncertain economic situation. However, we expect growth in 2010 and are confident that in 2011 we can again achieve the double-digit growth rates that the Company delivered in the past.

MATERIAL EVENTS AFTER THE BALANCE SHEET DATE

Mr Andrew Peter Stevens was appointed as an additional Board member with effect from January 1, 2010. As COO of the Syzygy Group, Mr Stevens' focus is on managing the UK subsidiaries.

No events occurred that could have a material negative impact on the Company's net assets, financial position and results of operations.

Bad Homburg v.d.H., March 25, 2010
SYZYGY AG

The Management Board

CONSOLIDATED BALANCE SHEET

ASSETS		2009	2008
	NOTE	EUR'000	EUR'000
Non-current assets			
Goodwill	(3.1)	19,249	18,127
Fixed assets, net	(3.2)	2,182	2,103
Other non-current assets	(3.3)	462	435
Other non-current securities	(3.3)	2,578	0
Deferred tax assets	(3.4)	68	110
Total non-current assets		24,539	20,775
Current assets			
Cash and cash equivalents	(3.5)	5,747	10,991
Marketable securities	(3.5)	12,211	15,223
Accounts receivable, net	(3.6)	16,788	11,251
Prepaid expenses and other current assets	(3.7)	2,430	2,505
Total current assets		37,176	39,970
Total assets		61,715	60,745
EQUITY AND LIABILITIES			
	NOTE	2009 EUR'000	2008 EUR'000
Equity			
Common stock*	(3.8.1)	12,078	12,078
Additional paid-in capital	(3.8.3)	18,385	18,385
Own Shares	(3.8.4)	-116	-116
Accumulated other comprehensive income	(3.8.5)	-2,936	-5,382
Retained Earnings	(3.8.6)	8,444	6,921
Total Equity		35,855	31,886
Non-current liabilities			
Deferred tax liabilities	(5.7)	67	139
Long term liability	(3.12)	1,226	5,341
Total non-current liabilities		1,293	5,480
Current liabilities			
Accounts payable	(3.10)	12,450	7,921
Accrued expenses	(3.10)	1,838	2,830
Customer advances		1,721	2,153
Tax accruals and liabilities	(3.11)	2,545	3,237
Other current liabilities	(3.12)	6,013	7,238
Total current liabilities		24,567	23,379
Total liabilities and equity		61,715	60,745

* Contingent Capital EUR'000 1,200 (Prior year: EUR'000 1,121). The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME AND ACCUMULATED EARN



		2009	2008
	NOTE	EUR'000	EUR'000
Gross sales	(5.1)	80,487	81,123
Media costs		-51,654	-49,416
Net sales	(5.1)	28,833	31,707
Cost of revenues		-19,718	-21,244
Sales and marketing expenses		-2,251	-2,442
General and administrative expenses		-3,776	-3,327
Other operating income/expense, net	(5.2)	468	469
Operating profit		3,556	5,163
Financial income, net	(5.6)	1,338	964
Income before taxes and minority interest		4,894	6,127
Income taxes	(5.7)	-1,563	-1,860
Net income		3,331	4,267
Income share to other shareholders		0	637
Income share to shareholders of Syzygy AG		3,331	3,630
Earnings per share from total operations (basic in EUR)	(6.1)	0.28	0.30
Earnings per share from total operations (diluted in EUR)	(6.1)	0.28	0.30
Period Net income		3,331	4,267
Currency translation adjustment		334	-2,686
Net unrealized gains/ losses on mark. sec.		2,112	-1,713
Other comprehensive income		2,446	-4,399
Comprehensive income		5,777	-769

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	2009	2008
	EUR'000	EUR'000
Period net income	3,331	4,267
Adjustments to reconcile income from continuing operations to net cash provided by operating activities		
– Depreciation on fixed assets	710	694
– Depreciation on securities	0	491
Changes in operating assets and liabilities:		
– Accounts receivable and other assets	-5,414	966
– Customer advances	-432	1,740
– Accounts payable and other liabilities	2,498	974
– Tax accruals and payables, deferred taxes	-533	416
Cash flows provided by operating activities	160	9,548
Proceeds from sale of fixed assets	5	16
Changes in other non-current assets	-26	260
Investments in fixed assets	-6,127	-1,036
Purchases of marketable securities	-5,515	-3,217
Proceeds from sale of marketable securities	8,061	1,945
Acquisition of consolidated companies	0	-1,938
Cash flows used in investing activities	-3,602	-3,970
Minority shareholders	0	-1,276
Dividend	-1,808	-1,205
Cash flows from financing activities	-1,808	-2,481
Total	-5,250	3,097
Cash and cash equivalents at the beginning of the year	10,991	8,024
Changes from consolidation	0	55
Exchange rate differences	6	-185
Cash and cash equivalents at the end of the year	5,747	10,991

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

STATEMENT OF CHANGES IN EQUITY



	NUMBER OF SHARES	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	OWN SHARES	RETAINED EARNINGS	ACCUM. OTHER COMPREHENSIVE INCOME		MINORITY INTEREST	TOTAL EQUITY
						FOREIGN EXCHANGE CURRENCY	UNREALISED GAINS AND LOSSES		
	Unit'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
January 01, 2008	12,078	12,078	18,385	-116	4,496	-677	-306	639	34,499
Comprehensive income					3,630	-2,686	-1,713		-769
Dividend					-1,205				-1,205
Minority interest								-639	-639
December 31, 2008	12,078	12,078	18,385	-116	6,921	-3,363	-2,019	0	31,886
January 01, 2009	12,078	12,078	18,385	-116	6,921	-3,363	-2,019	0	31,886
Comprehensive income					3,331	334	2,112		5,777
Dividend					-1,808				-1,808
December 31, 2009	12,078	12,078	18,385	-116	8,444	-3,029	93	0	35,855

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES AND METHODS

1.1 GENERAL

The consolidated financial statements of Syzygy AG ("Syzygy", "Syzygy Group" or "Company" in the following) for the 2009 financial year have been prepared in accordance with 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) in the applicable version of December 31, 2009, as they are to be applied in the European Union and in line with the supplementary provisions of Article 315a of the Handelsgesetzbuch (HGB – German Commercial Code). The financial year corresponds to the calendar year.

The Company was entered in the Commercial Register at the District Court of Bad Homburg (HRB 6877) on May 1, 2000 under the company name Syzygy AG. The Company's registered office is in Bad Homburg, Germany. Its address is: Syzygy AG, Im Atzelnest 3, 61352 Bad Homburg v. d. H., Germany.

1.2 BUSINESS ACTIVITY

Syzygy is a European agency group for interactive marketing. Syzygy AG acts as a management holding company. As operating entities, the subsidiaries are responsible for providing consultancy and other services. With branches in Frankfurt/Main, Hamburg and London, the subsidiaries offer large European companies an integrated portfolio of corporate Internet solutions, from strategic consulting to project planning, concepts, design and technical realisation. Syzygy's services are complemented by search engine marketing and online media planning. Syzygy thus enables its clients to use the Internet both as a powerful communications and sales medium and as a tool for extending and improving their interaction with customers, business partners and employees. The Group's business focus is on the automotive, financial

services, telecommunications/IT, retail and consumer goods and media and entertainment 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 IFRS-compliant accounting and valuation principles. The reporting dates for these companies correspond to the reporting date for the Group.

As at December 31, 2009, the following subsidiaries were included in the consolidated financial statements of Syzygy AG as the top-level parent company and fully consolidated, since Syzygy AG holds the majority of the voting rights, directly or indirectly, and it can control the financial and corporate policy of these companies:

- (1) Hi-ReS! London Ltd., London, United Kingdom (Hi-ReS!)
- (2) Mediopoly Ltd., Jersey, United Kingdom (Mediopoly)
- (3) Syzygy Deutschland GmbH, Bad Homburg v.d.H., Germany (Syzygy Deutschland)
- (4) Syzygy UK Ltd., London, United Kingdom (Syzygy UK)
- (5) unquedigital GmbH, Hamburg, Germany (unquedigital)
- (6) Unique Digital Marketing Ltd., London, United Kingdom (Unique Digital UK)

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 IFRS.

The capital is consolidated in accordance with IFRS 3 using the purchase method. The book values of the subsidiaries are offset against the subsidiary's 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 or if there are indications of impairment losses, in accordance with the regulations of IAS 36, using a single-stage test procedure.

To eliminate inter-company accounts, receivables and payables between all consolidated subsidiaries are offset. The differences arising from elimination of inter-company accounts are recognised in the income statement and reported in "Other operating income and expenses".

When consolidating expenses and revenues, inter-company revenues are charged against the corresponding expenditures. If valuation allowances have been recognised in individual financial statements for the shares of consolidated companies or for inter-company receivables, these are reversed during consolidation.

Due to the type of business and the structure of the Group, no determination and elimination of interim results takes place.

Income tax effects are taken into account and deferred taxes are recognised during consolidation procedures that affect income.

1.5 USE OF ASSUMPTIONS

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

1.6 FOREIGN CURRENCY TRANSLATION

The notion of a functional currency is applied to translation of financial statements of consolidated companies prepared in foreign currencies. Since the foreign subsidiaries are economically independent, the local currency is the functional currency of these companies. For this reason, in accordance with IAS 21 assets and liabilities are translated using the exchange rate at the balance sheet date, whereas income and expenses are translated at the average annual exchange rate. Translation differences are shown in other income in the statement of comprehensive income without affecting net income. In accounting for fixed assets, the position is converted at the start and at the end of the financial year using the exchange rate at the respective date and the remaining items are converted at average rates of exchange. Any difference is shown as an exchange rate difference in a separate line, both for acquisition and production costs and for accumulated depreciation and amortisation.

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 foreign currency gains or losses directly affect income.

1.7 STANDARDS (IFRS), INTERPRETATIONS (IFRIC) AND AMENDMENTS ISSUED, BUT NOT YET ADOPTED

The following standards, interpretations and amendments had been published by the IASB up to the balance sheet date and transposed into EU law, but do not apply to Syzygy AG until the subsequent period. Syzygy AG has not made use of early application.

- IFRS 3 "Business Combinations" reformulates provisions on accounting for company acquisitions. There are significant changes, particularly in the treatment of goodwill in the case of contingent purchase price payments or step acquisitions and in the treatment of acquisition-related costs. The new version of IFRS 3 is applicable to financial years beginning after July 1, 2009. Syzygy will apply the new IFRS 3 provisions for the first time from January 1, 2010 onwards.
- The amendment to IAS 27 relating to consolidated and separate financial statements under IFRS must be applied for the first time to financial years which begin on or after July 1, 2009.

Although the following IFRS standards were endorsed by the balance sheet date, they were not applied since they were not relevant to Syzygy AG in the period up to the balance sheet date and accordingly did not have any effect.

- IFRIC 12 "Service Concession Arrangements"
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement – Eligible Hedged Items"
- Revised IFRS 1 "First-time Adoption of IFRS"
- IFRIC 17 "Distributions of Non-Cash Assets to Owners"
- IFRIC 18 "Transfers of Assets from Customers"
- Amendment to IAS 32 "Classification of Rights Issues"

First-time application of these standards is not expected to have a material impact on the Syzygy Group's net assets, financial position or results of operations.

In the course of the financial year, Syzygy AG applied the following bulletins or amendments to bulletins issued by the IASB for the first time:

- IAS 23 "Borrowing Costs"
- IAS 1 "Presentation of Financial Statements"
- IAS 32 "Financial Instruments: Presentation"
- IAS 39 "Financial Instruments: Recognition and Measurement"
- IFRS 2 "Share-based Payments"
- IFRS 8 "Operating Segments"
- IFRIC 9 "Reassessment of Embedded Derivatives"
- IFRIC 13 "Customer Loyalty Programmes"

1.8 OTHER INFORMATION

Unless stated otherwise, amounts in the Company's consolidated financial statements are in thousands of euros.

In accordance with application of IAS 1, the balance sheet is divided into non-current and current assets and liabilities. Assets and liabilities which are due within one year are 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 are sold, consumed, or become due within the normal course of the operating cycle.

The statement of comprehensive income has been prepared in accordance with IAS 1.103 using the cost of sales method for expenses and income to be reported as net income. Sales are shown against the expenses incurred in generating them. These expenses can be allocated to the functional areas production, sales, and general administration.

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 finite useful life. Otherwise, there is no such amortisation. The scheduled expense resulting from amortisation is reported under functional costs in the statement of comprehensive income, according to allocation of assets to the functional areas of the company.

Intangible assets arising from 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 unscheduled write-downs. If the fair value of assets which have been the subject of an unscheduled write-down increases, the increase is recorded as an appreciation.

In accordance with IFRS 3 in conjunction with IAS 36 and 38, intangible assets with indefinite useful lives, such as goodwill from company acquisitions, are not amortised but tested for impairment at least once a year in accordance with the provisions of IAS 36. When carrying out the impairment test, the carrying amounts of the equity capital of the cash generating units underlying the goodwill, including the carrying amounts of the goodwill allocated to the respective cash generating unit, are compared on December 31 with the recoverable amounts of these cash generating units. The recoverable amount is the higher of the fair value less costs to sell and the value in use. Syzygy defines the individual companies as cash generating units. The values in use are 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 financial and assets positions and results of operations. Past experience, knowledge of current operational results and management estimates of future developments are all reflected in this planning. Management estimates of future developments in particular, such as sales performance, involve a high degree of uncertainty. If the carrying amount to be tested exceeds the recoverable amount according to the DCF method, impairment applies and the value 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 between three and thirteen years.

If unscheduled impairment losses on fixed assets occur, a decision needs to be made in accordance with IAS 36 as to whether the fixed assets concerned should be written down to their market value or fair value. This is the case if the recoverable amount is lower than the carrying amount. If reasons for unscheduled write-downs of fixed assets – except for goodwill – cease to apply, the write-downs are reversed.

2.2 FINANCIAL INSTRUMENTS

Financial instruments with respect to Syzygy include securities and derivative financial instruments.

Securities classified as available-for-sale in accordance with IAS 39 are carried at cost when first reported and subsequently at fair value. The current values of securities usually correspond to market values in the financial markets. Unrealised gains and losses are reported in the "Other net income" item in equity capital and in the statement of comprehensive income in "Change in unrealised gains and losses on securities which does not affect income". Exceptions include non-temporary impairment losses, and gains and losses from foreign currency translation of monetary items, which are recognised in the income statement. If a financial instrument is sold or impairment is detected, the gains and losses previously accumulated in the revaluation reserve for financial investments are recognised in net income. Impairment of equity instruments

recognised in income in the past is not reversed in net income. In contrast, reversals of impairment losses on outside capital instruments are recognised in net income.

For certain financial investments it is both intended and expected with reasonable certainty that they will be held to maturity. These financial assets are valued at acquisition cost at the time of acquisition; they are subsequently valued using the effective interest method.

Changes in interest rates may lead to fluctuation in the price of fixed-income securities, depending on their duration. No interest rate hedging is entered into. Derivative financial instruments are accounted for at fair value and recognised in net income.

2.3 ACCOUNTS RECEIVABLE

Accounts receivable are recorded at the time of sales recognition or on performance. Recognisable risks are taken into account by making value corrections. Accounts receivable are stated at their nominal value if no allowances are necessary due to default risk. Receivables due after more than one year are discounted in line with market rates. Services performed as part of 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, Revenue recognition).

2.4 TREASURY STOCK

Treasury stock is reported as a reduction in equity. Accordingly, buying back shares leads to lower equity. The total purchase cost is disclosed as an item to be deducted from equity.

Gains from the sale of treasury stock are allocated to additional paid-in capital such that net income is not affected.

2.5 STOCK-BASED COMPENSATION

Syzygy has set up 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 is determined 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 accordance with IFRS and the tax accounts.

Deferred tax assets and liabilities are shown separately in the balance sheet, unless they can be offset against each other for submission to the same tax authority. Deferred taxes are stated using the statutory tax rates expected to apply in the countries in question at the time of realisation.

The carrying amount of 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 repayment amount or settlement amount, which approximates to their market value. Non-current liabilities are determined according to the effective interest method by discounting the settlement amount, a process which is continued until maturity.

In accordance with IAS 37, other provisions are only formed if a corresponding legal or de facto obligation to a third party is incurred, the claim is probable and the amount payable can be reliably assessed. In determining other provisions, all applicable costs are taken into consideration.

2.8 OTHER ASSETS AND LIABILITIES

Other assets and liabilities are recognised at their nominal value or settlement amount. Any impairments of other assets are taken into account through individual value adjustments.

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 services are rendered in accordance with the terms of the contractual agreement, the payment is reasonably assured and the budget is fixed or determinable.

Consulting services on a fixed-price basis are realised according to the percentage of completion method. 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 updated planning. Provisions for expected losses on contracts are established in the period in which such losses become apparent.

With some projects, milestones are specified. In these cases, sales associated with a particular milestone are recognised when the Company has performed all work 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 when placing the advertising campaign in online portals. The invoice amounts are reported as gross sales in the income statement, including media purchases. Accordingly, the "Net sales" item shows the gross sales less direct costs for purchasing advertising space. Sales are realised when the campaign in question is run.

Income from interest and comparable items is recognised on an accrual basis.

2.10 ADVERTISING EXPENSES

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

2.11 INCOME TAXES

Actual income taxes are determined on the basis of the tax rules applicable in the countries in which the respective company operates. In accordance with IAS 12, calculation of deferred taxes includes 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 or income unless they are associated with items whose changes in value are recognised directly in equity. In such cases, the deferred tax is also recognised directly in equity.

2.12 EARNINGS PER SHARE

Earnings per share are calculated in accordance with IAS 33 and correspond to total net income of the Group divided by the weighted average number of shares in circulation during the financial year. The acquisition of treasury stock reduces the number of shares in circulation 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 are taken into consideration when calculating diluted earnings. The intrinsic value is the difference between the fair value and exercise price of an option. The number of additional shares to be taken into consideration according to this principle 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 as the 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 SHEET



3.1 GOODWILL

Reported goodwill of kEUR 19,249 arose from acquisition of unikedigital GmbH in Hamburg, Unique Digital in London and Hi-ReS!. Goodwill includes exercising the option to acquire the outstanding 20 per cent of shares in Hi-ReS! as well as the earn-out liabilities payable up to December 31, 2009 to the shareholders of Unique Digital, London, and Hi-ReS!

Syzygy defines the individual companies as cash generating units. The values in use are 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 financial and asset positions and results of operations. In the course of determining the EBIT figures, the underlying planning was adjusted accordingly.

The adjustments to the earn-out payments and option entitlement led to an addition to goodwill of kEUR 1,122 in the 2009 financial year. Goodwill was allocated to the respective cash generating unit in accordance with the field of activity of the acquired companies.

Goodwill and intangible assets with indefinite useful lives acquired in the course of business combinations were allocated to the following cash generating units for impairment testing:

- unikedigital GmbH
- Unique Digital Marketing Ltd.
- Hi-ReS! London Ltd.

The following table shows the carrying amounts of the goodwill allocated to the cash generating units and of intangible assets.

EUR'000	UNIKEDIGITAL GMBH			UNIQUE DIGITAL MARKETING LTD			HI-RES! LONDON LTD.		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Goodwill	8,841	8,842	7,922	7,963	6,278	5,558	2,445	3,007	0
Intangible assets (indefinite useful life)	0	0	0	121	114	160	164	156	0

An impairment test of goodwill on December 31, 2009 revealed that there was no need to recognise an impairment loss. The recoverable amount for the cash generating units was calculated on the basis of the value in use using cash flow forecasts as at December 31. The forecasts are based on financial planning approved by management for a period of five years, updated each year. The most important assumptions underlying the determination of fair value include assumptions of growth rates, margin development and discount rate.

In the case of the Unique Digital Marketing and Hi-ReS! cash generating units in the UK, an interest rate for risk-free 30-year government bonds of 4.4 per cent, a risk premium of 5.0 per cent and a sector beta of 0.8 were used as a basis, producing a WACC (Weighted Average Cost of Capital) of 8.4 per cent after tax, or 11.7 per cent before tax. An average tax rate of 28 per cent was applied. The relevant business plans are based on expected sales growth of 5 or 10 per cent p.a. for the years 2010 to 2014, and 0 per cent as terminal value. Market research institutes expect growth of 8 per cent in the UK for 2010. Based on the underlying information, management did not identify any need in the updated analysis for impairment either at Unique Digital Marketing or Hi-ReS!. Goodwill of kEUR 7,963 for Unique Digital Marketing and kEUR 2,445 for Hi-ReS! is allocated to the respective cash generating units.

In the case of unquedigital in Germany, an interest rate for risk-free 30-year government bonds of 4.1 per cent, a risk premium of 5.0 per cent and a sector beta of 0.8 were assumed, producing a WACC (Weighted Average Cost of Capital) of 8.1 per cent after tax, or 11.6 per cent before tax. An average tax rate of 30 per cent was applied. The business plan envisages sales growth of 20 per cent p.a. for the years 2010 and 2011, and 10 per cent p.a. for the years 2012 to 2014, and 0 per cent as terminal value. Market research institutes expect growth of between 14 and 20 per cent in Germany for 2010. Based on the underlying information, management did not identify any need in the updated analysis for impairment at unquedigital, to which goodwill of kEUR 8,841 is allocated.

If the key assumptions regarding interest rates, growth rates and margin development change, different values in use for the cash generating units will result. A 1 per cent rise in the interest rate for 30-year government bonds would result in a rise in WACC of 1.6 percentage points in Germany and consequently a 12 per cent drop in values in use due to the higher discounting factor. The effect on values in use in the UK would be similar.

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

Fixed assets changed as follows in the previous year:

EUR'000	GOODWILL	INTANGIBLE ASSETS	LEASEHOLD IMPROVEMENTS	OPERATIONAL AND OFFICE EQUIPMENT	TOTAL
Cost January 1, 2008	13,480	746	534	3,724	18,484
Additions	2,669	51	176	964	3,859
Disposals	0	-58	-40	-66	-164
Net additions from Hi-ReS!	3,344	232	0	105	3,681
Exchange rate changes	-1,366	-133	-27	-357	-1,883
Cost December 31, 2008	18,127	838	643	4,370	23,977
Accumulated amortisation, depreciation and write-downs January 1, 2008	0	482	421	2,425	3,328
Additions	0	96	42	556	694
Disposals	0	-58	-40	-54	-152
Net additions from Hi-ReS!	0	0	0	64	65
Exchange rate changes	0	-37	-4	-147	-188
Accumulated amortisation, depreciation and write-downs December 31, 2008	0	483	419	2,844	3,747
Carrying amount at December 31, 2007	13,480	264	113	1,299	15,156
Carrying amount at December 31, 2008	18,127	355	224	1,524	20,230

Changes in fixed assets in the financial year are as follows:

EUR'000	GOODWILL	INTANGIBLE ASSETS	LEASEHOLD IMPROVEMENTS	OPERATIONAL AND OFFICE EQUIPMENT	TOTAL
Cost January 1, 2009	18,127	838	643	4,370	23,977
Additions	914	99	90	539	1,642
Disposals	0	-119	0	-362	-481
Exchange rate changes	208	26	5	74	313
Cost December 31, 2009	19,249	844	738	4,621	25,452
Accumulated amortisation, depreciation and write-downs January 1, 2009	0	483	419	2,844	3,747
Additions	0	64	65	581	710
Disposals	0	-119	0	-357	-476
Exchange rate changes	0	8	1	32	41
Accumulated amortisation, depreciation and write-downs December 31, 2009	0	436	485	3,100	4,021
Carrying amount at December 31, 2008	18,127	355	224	1,524	20,230
Carrying amount at December 31, 2009	19,249	408	253	1,521	21,431

Intangible assets include brand equity of kEUR 286 (prior year: kEUR 270) after foreign currency effects. This brand equity is due to first-time consolidation of Hi-ReSI and Unique Digital and has an indefinite useful life. Operational and office equipment mainly refers to hardware and office fittings. There were no indications of a need for unscheduled amortisation in the financial year.

3.3 OTHER NON-CURRENT ASSETS

Other non-current assets include securities classified as held-to-maturity of kEUR 2,578 (prior year: kEUR 0), which are shown in the securities table under 3.5, as well as rent deposits of kEUR 462 (prior year: kEUR 435), which were almost completely attributable to Syzygy UK.

3.4 DEFERRED TAX ASSETS

Due to different valuations of Syzygy UK and Syzygy Deutschland GmbH's fixed assets, deferred tax assets amount to kEUR 68 (prior year: kEUR 50). In the previous year there were also deferred tax assets of kEUR 60 resulting from non-tax deductible provisions, which no longer exist in 2009. The composition of deferred tax assets is disclosed in section 5.7, Income taxes.

3.5 FINANCIAL ASSETS AND FINANCIAL INSTRUMENTS

Cash, bank deposits and time deposits with maturities under 3 months are shown in the table below:

EUR'000	2009	2008
Cash and cash equivalents	5,747	10,991

Cash and cash equivalents are measured at fair value on each reporting date and recognised in net income.

The fund disclosed in the consolidated statement of cash flows comprises exclusively the amounts indicated in this balance sheet item. There are no restrictions on disposal of the assets indicated here.

The "Securities" item covers debt instruments publicly issued by companies. In 2009, Syzygy AG reclassified securities with a nominal value of kEUR 5,000 from available-for-sale to held-to-maturity since it intends to hold these securities until the end of their respective term. Some of these securities, with a nominal value of kEUR 3,000, were allocated to non-current assets. The remainder continue to be held as current assets. They are valued at amortised cost. At the time of transfer from available-for-sale valuation to held-to-maturity valuation, the new acquisition cost basis must be measured at the level of fair value at the time of reclassification. The reduction in value of kEUR 357 recognised in equity up to the time of reclassification should be reversed over the remaining term using the effective interest method.

Securities classified as available-for-sale are recognised at market value. As can be seen in the following table, the market value of all securities as at December 31, 2009 was kEUR 345 below the acquisition cost (prior year: kEUR 2,457). The previous year's figure was attributable in full to unrealised price losses. Market value is determined using quoted market prices in accordance with Level 1 of the fair value hierarchy. The unrealised price losses are reported in "Change in unrealised gains and losses on securities which does not affect income" in the statement of comprehensive income.

The performance of the securities portfolio is dependent on changes in interest rates and credit spreads. On average, the portfolio has a duration of around 3.6, so a change in valuation parameters of 0.5 per cent results in a corresponding change in the securities portfolio of 1.8 per cent. This means that if credit spreads rise by 50 basis points and interest rates stay the same, the value of the securities portfolio will decline by around 1.8 per cent.

EUR'000	COST	UNREALISED GAINS	UNREALISED LOSSES	PERMANENT IMPAIRMENT	2009	2008
					BOOK VALUE/ MARKET VALUE	BOOK VALUE/ MARKET VALUE
Available-for-sale	10,227	55	-43	0	10,239	15,233
Held-to-maturity	4,907	0	-357	0	4,550	0
Securities	15,134	55	-400	0	14,789	15,223

The following table shows the maturities of securities as per December 31, 2009:

EUR'000	< 1 YEAR	1-5 YEARS	5-10 YEARS	INDEFINITE	TOTAL
	Available-for-sale	2,512	2,121	5,606	0
Held-to-maturity	1,972	971	1,607	0	4,550
Securities	4,484	3,092	7,213	0	14,789

3.6 ACCOUNTS RECEIVABLE

These items comprise the following:

EUR'000	2009	2008
Accounts receivable	16,300	10,996
PoC receivables	488	255
	16,788	11,251

Receivables and sales of kEUR 488 (prior year: kEUR 255) are disclosed in line with the percentage of completion method for services not yet billed. Costs of kEUR 439 were incurred for PoC projects, resulting in a margin of kEUR 49.

According to IAS 39, accounts receivable fall into the "Loans and receivables" valuation category.

The term structure of receivables is as follows: Of which not written down at the reporting date and overdue in subsequent time periods.

Appropriate individual value adjustments are made for recognisable default risks, while uncollectable receivables are written off. In 2009, no such value adjustments had to be made. In 2008, an individual value adjustment of kEUR 36 had to be made at Syzygy Deutschland GmbH. The maximum default risk was estimated at not more than kEUR 36.

3.7 PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets as of December 31, 2009 and 2008 consist of the following:

EUR'000	2009	2008
Tax receivables	1,220	1,587
Interest receivables	452	485
Prepaid expenses	514	330
Other	244	103
	2,430	2,505

EUR'000	0-90 DAYS	91-180 DAYS	181-360 DAYS	MORE THAN 360 DAYS
Accounts receivable (after valuation allowances)				
as at December 31, 2009	16,521	232	35	10
as at December 31, 2008	9,570	1,681	0	0

All other assets are due within 12 months. The interest receivables fall into the "Loans und receivables" valuation category in accordance with IAS 39 and represent realisable financial instruments. They are shown in the following breakdown by maturity:

EUR'000	0-90 DAYS	91-180 DAYS	181-360 DAYS
Interest receivables			
as at December 31, 2009	345	59	48
as at December 31, 2008	205	214	66

Prepaid expenses include advance payments for rent, Internet connections and insurance.

3.8 EQUITY

3.8.1 COMMON STOCK

As of December 31, 2009, common stock comprised 12,078,450 no-par value bearer shares. These shares have a stated value of EUR 1.00; 25,000 of them belonged to treasury stock.

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

In thousands	SHARES	PERCENTAGE
WPP Group (UK) Ltd. (directly and indirectly)	3,570	29.6
Marco Seiler	628	5.2
Free float	7,855	65.0
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 regarding a possible increase in common stock was renewed. Accordingly, the Management Board is authorised, subject to the approval of the Supervisory Board, to issue additional ordinary no-par value bearer shares, which may be issued until the period ending June 30, 2011. Authorised capital totals kEUR 6,000. During the past financial year, no new shares were issued under this authorisation. Furthermore, at the Annual General Meeting on May 29, 2009, the Management Board was authorised to issue a maximum of 1,200,000 additional shares (contingent capital) in connection with the employee stock-based compensation plan. As in the previous year, no options were exercised in the 2009 financial year. There were no share options as at the reporting date.

3.8.3 ADDITIONAL PAID-IN CAPITAL

As in the previous year, there were no effects which had an impact on paid-in capital in 2009.

3.8.4 TREASURY STOCK

On May 29, 2009, the Annual General Meeting authorised the Management Board to acquire a maximum of 10 per cent of the Company's outstanding shares until November 28, 2010. Treasury shares do not entitle the Company to any dividend or voting rights. The Company is authorised to resell or call in treasury shares, to offer them to employees of the Company as compensation, or to offer treasury shares to third parties in the course of acquiring companies.

3.8.5 OTHER NET INCOME

Other comprehensive income summarised under "Other net income" amounted to kEUR 2,446 (prior year: kEUR -5,382) in the 2009 financial year and can be attributed mainly to gains from currency translation (kEUR 334) and unrealised gains or losses from securities (kEUR 2,112).

3.8.6 RETAINED EARNINGS

Dividend distributions are based on the distributable equity disclosed in the annual financial statements of Syzygy AG according to HGB (German Commercial Code). On May 29, 2009, the Annual General Meeting approved a dividend of EUR 0.15 per share, which was distributed on June 2, 2009, with retained earnings of kEUR 1,601 being carried forward to new account. As of December 31, 2009, the financial statements of Syzygy AG showed retained earnings of kEUR 8,880. The consolidated financial statements of the Group show retained earnings of kEUR 8,444.

3.9 STOCK-BASED COMPENSATION

On May 29, 2009, the Company's shareholders approved an employee stock option plan. Under this plan, each stock option may be exercised in exchange for one share of Syzygy AG over a period yet to be determined and subject to a vesting requirement of two years.

No stock options were granted during the reporting period.

3.10 ACCOUNTS PAYABLE AND OTHER PROVISIONS

As at December 31, 2009 and 2008, accounts payable and other provisions consisted of:

EUR'000	2009	2008
Accounts payable	12,450	7,921
Other provisions:		
- Obligations towards other parties	1,056	1,961
- Personnel-related provisions	582	538
- Investor relations and financial reporting	200	331
	14,288	10,751

Obligations towards other parties essentially relate to outstanding invoices and customer bonuses, while personnel-related provisions comprise employee bonuses and holidays. All accounts payable and other provisions are due within one year and can be allocated to the "Financial liabilities at cost" valuation category.

Statement of changes in provisions as of December 31, 2008	BOOK VALUE 1.1.2008	USAGE	REVERSAL	ADDITION	BOOK VALUE 31.12.2008
EUR'000					
Obligations towards other parties	1,505	-1,133	0	1,589	1,961
Personnel-related provisions	429	-429	0	538	538
Investor relations and financial reporting	243	-243	0	331	331
	2,177	-1,805	0	2,458	2,830

Statement of changes in provisions as of December 31, 2009	BOOK VALUE 1.1.2009	USAGE	REVERSAL	ADDITION	BOOK VALUE 31.12.2009
EUR'000					
Obligations towards other parties	1,961	-1,690	-272	1,057	1,056
Personnel-related provisions	538	-404	0	448	582
Investor relations and financial reporting	331	-320	0	189	200
	2,830	-2,414	-272	1,694	1,838

3.11 TAX PROVISIONS AND LIABILITIES

The breakdown of tax provisions and liabilities is shown in the following table:

EUR'000	2009	2008
British VAT	1,275	1,367
German income taxes	640	701
British income taxes	336	634
German VAT	294	535
	2,545	3,237

The provisions created as at the previous year's reference date from the above-mentioned tax position were fully consumed in the financial year, at kEUR 3,237.

3.12 OTHER LIABILITIES

The components of other liabilities are detailed in the following:

EUR'000	2009	2008
Obligations from earn-out payments	5,236	5,048
Social security, salary and church taxes	341	373
Obligations from call options	0	5,853
Obligations from services not yet performed	0	277
Other	436	1,028
	6,013	12,579

The obligation arising from earn-out payments in respect of the acquisition of Unique Digital Marketing Ltd falls due in 2010. Other liabilities no longer contains an obligation resulting from an interest-rate swap (prior year: kEUR 90). The obligation arising from the acquisition of Hi-ReS! London Ltd. depends on business performance in 2010 and the first quarter of 2011; it falls due in 2011. In respect of Hi-ReS! London Ltd., there is also a mutual option to acquire the outstanding 20 per cent of the shares which must be exercised by 2015 at the latest. Due to the long time spans, both the earn-out obligation and the mutual option are shown as non-current liabilities.

The following table shows the maturities of other liabilities and non-current liabilities as at December 31, 2009:

EUR'000	< 1 YEAR	1-5 YEARS	5-10 YEARS	INDEFINITE	TOTAL
Other liabilities	6,013	0	0	0	6,013
Non-current liabilities	0	954	272	0	1,226

The following table shows the maturities of other liabilities and non-current liabilities as at December 31, 2008:

EUR'000	< 1 YEAR	1-5 YEARS	5-10 YEARS	INDEFINITE	TOTAL
Other liabilities	7,238	0	0	0	7,238
Non-current liabilities	0	5,048	293	0	5,341

Other liabilities have been valued on the basis of the "Financial liabilities at cost" valuation category.

Non-current liabilities were discounted insofar as their maturity was more than one year. The addition of accrued interest in the financial year produced an amount of kEUR 209. The nominal values are as follows:

EUR'000	2009	2008
Obligations from earn-out payments	1,007	5,694
Obligations from call options	364	502
	1,371	6,196

4. SEGMENT REPORTING

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

As the holding company, Syzygy AG delivers services to the operating units and therefore needs to be considered separately. The UK segment consists of Syzygy UK Ltd, Unique Digital UK Ltd., Hi-ReS! London Ltd. and Mediopoly Ltd. Germany comprises Syzygy Deutschland GmbH and unikedigital Hamburg GmbH. The individual segments apply the same accounting principles as the consolidated entity.

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

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

Segment investments comprise investments in intangible assets and fixed assets.

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

31.12.2009	GERMANY	UNITED KINGDOM	CENTRAL FUNCTIONS AND CONSOLIDATION	TOTAL
EUR'000				
Sales, gross	36,655	44,747	-915	80,487
Media costs	-20,492	-31,162	0	-51,654
Sales, net	16,163	13,585	-915	28,833
Internal sales	303	461	0	764
Operating income (EBIT)	3,005	2,133	-1,582	3,556
Financial income	48	51	1,239	1,338
Net result for the period	0	1,930	1,401	3,331
Assets	17,655	27,591	16,469	61,715
Of which goodwill	8,841	10,408	0	19,249
Investments	573	1,065	5	1,643
Depreciation and amortisation	464	239	7	710
Segment liabilities	8,391	19,494	-2,025	25,860

31.12.2008	GERMANY	UNITED KINGDOM	CENTRAL FUNCTIONS AND CONSOLIDATION	TOTAL
EUR'000				
Sales, gross	37,604	44,444	-925	81,123
Media costs	-22,197	-27,580	361	-49,416
Sales, net	15,407	16,864	-564	31,707
Internal sales	90	173	0	263
Operating income (EBIT)	3,419	3,664	-1,920	5,163
Financial income	192	233	539	964
Net result for the period	1,642	2,702	-77	4,267
Assets	19,271	24,094	17,380	60,745
Of which goodwill	8,842	9,285	0	18,127
Investments	1,761	5,758	21	7,540
Depreciation and amortisation	423	262	9	694
Segment liabilities	15,244	14,916	-1,440	28,720

Syzygy generated more than 10 per cent of consolidated gross sales with one client in the UK segment (prior year: 1 client in the UK segment).

5. NOTES ON THE STATEMENTS OF COMPREHENSIVE INCOME



5.1 SALES

The sales figures include sales revenue from the product areas online marketing and design and technical realisation. In 2009, Syzygy AG generated gross sales of kEUR 21,473 from design and technical realisation (prior year: kEUR 23,856) and kEUR 59,095 (prior year: kEUR 57,580) from online marketing. Online marketing includes media costs of kEUR 51,654 (prior year: kEUR 49,416), resulting in net sales of kEUR 7,441 (prior year: kEUR 8,164). Intercompany sales amounted to kEUR 81 (prior year: kEUR 313).

5.2 OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses consist of the following:

EUR'000	2009	2008
Release of provisions	272	0
Exchange rate effects	-64	234
Employee usage of company cars	45	29
Other	215	206
	468	469

5.3 COST OF PURCHASED SERVICES

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

EUR'000	2009	2008
Cost of purchased services	4,294	3,892

5.4 PERSONNEL EXPENSES

Personnel expenses, which are included in various items within the consolidated statement of comprehensive income, are as follows:

EUR'000	2009	2008
Salaries and wages	13,614	14,686
Social security	1,866	1,949
	15,480	16,635

In 2009, the average number of full-time employees in the Syzygy Group was 262 (prior year: 261 employees).

By the end of the 2009 financial year, the total number of Syzygy employees had fallen to 250. The employees are distributed across the following functional areas within the Company:

Number of persons	2009	2008
Strategy / consulting / project management	60	83
Online marketing / online media	54	52
Technology	52	58
Design	47	48
Administration	37	35
	250	276

5.5 DEPRECIATION AND AMORTISATION

Depreciation and amortisation comprises the following:

EUR'000	2009	2008
Amortisation of intangible assets	64	96
Depreciation of fixed assets	646	598
	710	694

5.6 FINANCIAL INCOME

EUR'000	2009	2008
Interest and similar income	1,196	1,465
Income from the sale of securities, net	322	10
Interest expense and similar expenses	-180	-511
	1,338	964

Income from the sale of securities comprises gains of kEUR 474 and losses of kEUR 152.

Interest and similar income includes income from an interest-rate swap of kEUR 90 (prior year: kEUR 98).

In accordance with IFRS 7.20, net gains and losses must be broken down according to valuation category:

Interest and similar income, interest expense and similar expenses and income from the sale of securities are all derived in full from the available-for-sale valuation category. Income from the interest rate swap falls into the valuation category "Financial liabilities at fair value through profit or loss".

5.7 INCOME TAXES

EUR'000	2009	2008
Domestic income taxes	972	571
Foreign income taxes	624	1,202
Deferred taxes	-33	87
	1,563	1,860

In Germany, a uniform corporation tax rate of 15 per cent applies effective January 1, 2008. The tax rate amounts to 15.8 per cent when one includes the solidarity surcharge of 5.5 per cent. The tax rate for trade tax was unchanged at 14.9 per cent, with a local multiplier of 350 per cent applying at the Company's registered office (Bad Homburg). This results in a combined corporate income tax rate of 30.7 per cent in Germany.

Deferred tax assets and liabilities can be summarised as follows:

EUR'000	2009	2008
Deferred taxes (assets):		
Provisions	0	60
Fixed assets (Syzygy Deutschland)	68	43
Fixed assets (Syzygy UK)	0	7
	68	110
Deferred taxes (liabilities):		
Foreign currency gains (Syzygy AG)	0	92
Effects from first-time consolidation of Hi-ReS!	50	47
Current assets (securities)	17	0
	67	139

The deferred tax assets at Syzygy Deutschland are the result of different useful lives of the assets in IFRS and the tax accounts.

The deferred tax liabilities result from first-time consolidation of Hi-ReS! and from unrealised price gains on securities, which are not accounted for tax purposes.

Tax transfer:

EUR'000	2009	2008
Income before taxes	4,894	6,127
Non deductible expenses	244	116
Taxable income	5,138	6,243
Expected tax expense	1,579	1,918
Foreign tax rates differential	-63	12
Tax refunds	-42	-128
Tax effect on loss carry-forwards for which no deferred tax assets were recognised	0	588
Tax effect from the use of loss carry-forwards for which no deferred taxes were so far recognised	-564	0
Tax effect on fluctuations in the value of securities held as current assets	649	-526
Other	4	-4
Tax charge	1,563	1,860

The tax rate differences result in particular from higher trade tax rates in Hamburg, while in the UK the standard tax rate is 28 per cent.

5.8 NOTES ON CURRENCY TRANSLATION

In accordance with IAS 21.52 in conjunction with IAS 39.9, currency translation differences of kEUR 334 are recorded in the statement of comprehensive income such that net income is not affected.

6. OTHER NOTES

6.1 EARNINGS PER SHARE

Earnings per share – diluted and basic – are calculated in accordance with IAS 33 as follows:

	2009	2008
Weighted average number of shares (in thsd.)	12,053	12,053
Net income in EUR'000	3,331	3,631
Number of options issued	0	0
Earnings per share, basic and diluted (EUR)	0.28	0.30

6.2 CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows was prepared in accordance with IAS 7 by applying the indirect method. In 2009, operating cash flow amounted to EUR 0.2 million (prior year: EUR 9.5 million). The funds exclusively comprise liquid assets. Further information is given in the Group Management Report.

6.3 RISK AND CAPITAL MANAGEMENT

With regard to assets, liabilities and planned transactions, Syzygy is subject to risk arising from changes in currency and interest rates as well as the creditworthiness of securities issuers.

6.3.1 CURRENCY RISK

Syzygy generates around half of its sales in the UK, so exchange rate fluctuations between sterling and the euro can affect sales and annual net income positively or negatively in the event of deviation from the rate used for planning purposes. The assets and liabilities of the British companies are translated into the reporting currency at the balance sheet date and are therefore subject to translation risk. The Syzygy Group does not hedge this risk. In terms of operations, the Group companies conduct their activities predominantly in their respective functional currency. For this reason, Syzygy does not enter into any hedging transactions because currency risk does not exceed annual net income/the cash flows of Syzygy AG. Syzygy chooses not to hedge these cash flows since the costs and benefits of such cash flow hedges do not appear appropriate and the risk to net assets, financial position and results of operations is regarded as immaterial.

IFRS 7 requires the use of market risk sensitivity analysis to show the effects of hypothetical changes to relevant risk variables on profit or loss and equity. It is assumed that the portfolio as at the reporting date is representative of the year as a whole. Currency sensitivity analysis is based on the following assumptions:

The major non-derivative financial instruments (liquid assets, receivables, interest-bearing securities, accounts payable and other liabilities) are directly denominated in the functional currency. Changes in exchange rate therefore have no effect on profit or loss and equity.

Interest income and expenses from financial instruments are also recognised directly in the functional currency, so there is no currency risk.

Syzygy is only exposed to currency risk with regard to net income denominated in foreign currency and the associated distributions.

6.3.2 INTEREST RISK

Syzygy is only subject to interest risk with regard to securities. There are no financial liabilities which can create interest risk, and liquid assets were invested at variable rates on overnight terms.

Sensitivity analyses regarding interest rate changes must be presented in accordance with IFRS 7. Because Syzygy classifies securities as available-for-sale or (in some cases) as held-to-maturity as per IAS 39, interest rate changes have no immediate impact on the Company's earnings. Unrealised gains and losses are reported in "Accumulated other comprehensive income", which is a separate component of equity.

As at the balance sheet date, around EUR 14.8 million was invested in a securities portfolio with a duration of around 3.6. 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 1.8 per cent. This would lead to a change in the fair value of around kEUR 266. Increases in interest rates have a negative effect on performance of the portfolio, while decreases have a positive effect.

6.3.3 CREDIT AND DEFAULT RISK – RISK OF CHANGES IN CREDIT SPREADS

Syzygy is exposed to credit and default risk from operations and also with regard to securities investments. Syzygy reduces default risk on securities by ensuring that a rating of at least BBB- is required in the case of new investments. All investments are continually monitored with regard to changes in rating and the investment decision is reviewed. As a matter of policy, maximum exposure to a single issuer is limited to EUR 2.0 million. In the case of new investments with a BBB- rating, exposure is limited to EUR 1.0 million. All securities are also subject to price changes which depend on credit spread changes and the remaining term to maturity. A widening of credit spreads in a risk class leads to a corresponding price decrease, depending on the duration of a security. If the duration of the securities portfolio is 3.6 and average credit spreads widen by 200 basis points, the portfolio's value would fall by 7.2 per cent. This would lead to a change in fair value of around kEUR 1,065 for Syzygy.

On the operational side, default risk is continuously monitored at the level of the individual companies. Syzygy mainly works for large customers with excellent credit ratings and thus did not suffer any bad debts. The volume of receivables due from individual customers is also not such that it involves an exceptional concentration of risk.

The maximum default risk is equivalent to the carrying amounts of financial assets in the balance sheet.

6.3.4 DERIVATIVE FINANCIAL INSTRUMENTS

Syzygy uses derivative financial instruments for risk diversification and portfolio structuring in order to gain exposure to variable interest rates in addition to fixed-interest bearing securities, in line with market developments. In the 2009 financial year, income of kEUR 90 (prior year: kEUR 98) was derived from an interest-rate swap. The interest-rate swap was unwound in the course of the financial year, with the result that there were no derivative financial instruments at the balance sheet date.

6.3.5 CAPITAL MANAGEMENT

Syzygy's capital management policy is primarily aimed at financing both organic and inorganic growth and ensuring the ongoing course of business in the operating companies. Syzygy aims to have an equity ratio within the target range of 60 per cent to 80 per cent, since this strengthens the competitiveness of a service provider such as Syzygy. A further capital management objective is to raise the return on equity to over 10 per cent.

The key figures with regard to capital management are as follows:

EUR'000	2009	2008
Equity according to the balance sheet	35,855	31,886
Outside capital	25,860	28,859
Total capital	61,715	60,745
Equity ratio	58%	52%
Net income for the period (before minority interests)	3,331	4,267
Return on equity	9%	13%

Syzygy does not have any liabilities to banks; outside capital primarily comprises accounts payable, future obligations arising from the acquisition of companies and tax liabilities.

6.4 CONTINGENT LIABILITIES

In 2008, Syzygy provided guarantees to the value of kEUR 250 relating to leasing new office space in Hamburg and Bad Homburg. This guarantee remains unchanged.

6.5 OTHER FINANCIAL OBLIGATIONS

The Group companies have concluded leasing and rental agreements with regard to various office premises and vehicles. The future minimum annual payments resulting from these agreements amount to:

Year	2009	2008
	EUR'000	EUR'000
Within 1 year	1,149	714
1 to 5 years	2,981	2,419
More than 5 years	654	25
Total	4,784	3,158

Total expenses for rent in 2009 amounted to kEUR 1,542 (prior year: kEUR 1,526). No income was received from subletting in 2009 (prior year: kEUR 150). In 2009, kEUR 111 (prior year: kEUR 55) were spent on leasing obligations.

6.6 STATEMENT OF CONTROLLED INVESTMENTS

Syzygy AG holds direct or indirect investments in the following companies:

6.7 AUDITOR'S FEE

Auditing company BDO Deutsche Warentreuhand AG received a fee of kEUR 74 (prior year: kEUR 96) for auditing the annual and consolidated financial statements of Syzygy AG for the 2009 financial year. No further work was given to BDO Deutsche Warentreuhand Wirtschaftsprüfungsgesellschaft.

6.8 INFORMATION ON ASSOCIATED COMPANIES AND PERSONS

The associated persons include the boards of Syzygy AG. With the exception of remuneration for members of the Management Board and compensation for the Supervisory Board, no transactions were carried out with associated parties in 2009 and 2008.

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

Syzygy Deutschland GmbH and uniuquedigital GmbH have availed themselves of the exemption according to Article 264 Section 3 of the HGB (German Commercial Code).

	SHARES	EQUITY	NET INCOME
	%	EUR'000	EUR'000
Hi-ReS! London Ltd., London, UK	80	365	190
Mediopoly Ltd., Jersey, UK ¹	100	739	410
Syzygy Deutschland GmbH, Bad Homburg, Germany ²	100	383	0
Syzygy UK Ltd., London, UK	100	874	168
Unique Digital Marketing Ltd., London, UK	100	1,889	1,162
uniuquedigital GmbH, Hamburg, Germany ³	100	40	0

1 – Mediopoly holds 100 per cent of the shares in Syzygy UK Ltd., which operates in the UK. The holding in Syzygy UK is therefore indirect.

2 – There is a profit and loss transfer agreement in place between Syzygy Deutschland GmbH and Syzygy AG in favour of Syzygy AG.

3 – There is a profit and loss transfer agreement in place between uniuquedigital GmbH and Syzygy AG in favour of Syzygy AG.

6.10 EVENTS AFTER THE BALANCE SHEET DATE

There were no material events after the balance sheet date.

6.11 PARENT COMPANY BOARDS

6.11.1 MANAGEMENT BOARD

Marco Seiler

Chairman
Managing Director, Syzygy Deutschland GmbH

Frank Wolfram

Management Board
Managing Director, Syzygy Deutschland GmbH

Andrew Stevens

Management Board
Managing Director, Unique Digital Marketing Ltd.

The members of the Management Board do not hold supervisory board membership or any similar positions.

In 2009, total remuneration of the Management Board amounted to kEUR 494. Marco Seiler received a basic salary of kEUR 220 and a variable salary of kEUR 33. Frank Wolfram had a basic salary of kEUR 210 and a variable portion of kEUR 31. The members of the Management Board received no options in 2009. Andrew Stevens was appointed to the Management Board with effect from January 1, 2010 and consequently did not receive any remuneration in this respect in 2009.

Both the management report and the remuneration report contain further details regarding remuneration of the Management Board. The report is available on the Company's website in the Investor Relations section.

6.11.2 SUPERVISORY BOARD

Michael Mädler

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 with respect to the year 2009. This corresponds to remuneration of kEUR 15 for each member of the Supervisory Board. All remuneration in 2009 comprised fixed payments. Members of the Supervisory Board have no options on Syzygy shares. The remuneration report contains further details regarding remuneration of the Supervisory Board.

6.12 DIRECTORS' DEALINGS

Management Board: Shares [Number of shares]	MARCO SEILER	FRANK WOLFRAM	TOTAL
As per December 31, 2008	622,279	5,500	627,779
Purchases	0	0	0
Sales	0	0	0
As per December 31, 2009	622,279	5,500	627,779

Management Board: Options [Number of shares]	MARCO SEILER	FRANK WOLFRAM	TOTAL
As per December 31, 2008	0	0	0
Additions	0	0	0
Disposals	0	0	0
As per December 31, 2009	0	0	0

Supervisory Board: Shares [Number of shares]	MICHAEL MÄDEL	ADRIAAN RIETVELD	WILFRIED BEECK	TOTAL
As per December 31, 2008	0	10,000	120,000	130,000
Purchases	0	0	0	0
Sales	0	0	0	0
As per December 31, 2009	0	10,000	120,000	130,000

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

Bad Homburg, March 4, 2009

Correction to the disclosure of voting rights of November 27, 2008 under section 26 para. 1 WpHG (German Securities Trading Act)

On March 3, 2009, WPP plc, St Helier, Jersey, United Kingdom, notified us of the following: On November 19, 2008, the share of voting rights in Syzygy AG held by WWP plc exceeded the thresholds of 3%, 5%, 10%, 15%, 20% and 25% and as of this date amounts to 29.64% (equivalent to 3,580,587 voting rights). Pursuant to section 22 para. 1 sentence 1 No. 1 WpHG (German Securities Trading Act), 29.64% of voting rights (equivalent to 3,580,587 voting rights) are attributed to WPP plc.

The voting rights attributed to WPP plc are held via the following subsidiaries controlled by WPP plc whose share of the voting rights in Syzygy AG in each case amounts to 3 per cent or more: WPP Group plc; WPP 2005 Limited; WPP LN Limited; WPP Group (UK) Limited; WPP Spike Limited; WPP Sparky Limited; WPP Magic Limited; WPP Sparkle Limited; Line Exchange Limited; Thistleclub Limited; Readysquare Limited; Eaton Square Limited; WPP Dutch Holdings Limited; WPP 2323 Limited; WPP 2318 Limited; WPP Marketing Communications Spain Limited; Lexington International BV; Arbour Square BV; WPP Luxembourg Europe S.à.r.l.; Vincent Square Holding BV; WPP Marketing Communications Germany BV; Diebitz Stoppler Braun & Kuhlmann Werbeagentur GmbH

Bad Homburg, March 4, 2009

Correction to the disclosure of voting rights of December 1, 2008 under section 26 para. 1 WpHG (German Securities Trading Act)

On March 3, 2009, Syzygy AG was notified of the following:

1. On November 21, 2008, the share of voting rights in Syzygy AG held by WPP Air 1 Limited, Dublin, Ireland, exceeded the thresholds of 3%, 5%, 10%, 15%, 20% and 25% and as of this date amounts to 29.64% (equivalent to 3,580,587 voting rights). Pursuant to section 22 para. 1 sentence 1 No. 1 WpHG (German Securities Trading Act), 29.64% of voting rights (equivalent to 3,580,587 voting rights) are attributed to WPP Air 1 Limited. The voting rights attributed to WPP Air 1 Limited are held via the following subsidiaries controlled by WPP Air 1 Limited whose share of voting rights in Syzygy AG amounts in each case to 3% or more:

WWP Air UK; WPP UK Holdings Limited; WPP Ireland Holdings Limited; WPP 2008 Limited (formerly WPP Group plc); WPP 2005 Limited; WPP LN Limited; WPP Group (UK) Limited; Lexington International BV; Arbour Square BV; WPP Luxembourg Europe S.à.r.l.; Vincent Square Holding BV; WPP Marketing Communications Germany BV; Diebitz Stoppler Braun & Kuhlmann Werbeagentur GmbH

2. On November 21, 2008, the share of voting rights in Syzygy AG held by WWP Air UK, Dublin, Ireland, exceeded the thresholds of 3%, 5%, 10%, 15%, 20% and 25% and as of this date amounts to 29.64% (equivalent to 3,580,587 voting rights). Pursuant to section 22 para. 1 sentence 1 No. 1 WpHG (German Securities Trading Act), 29.64% of voting rights (equivalent to 3,580,587 voting rights) are attributed to WPP Air UK.

The voting rights attributed to WPP Air UK are held via the following subsidiaries controlled by WPP Air UK whose share of voting rights in Syzygy AG amounts in each case to 3% or more:

WPP UK Holdings Limited; WPP Ireland Holdings Limited; WPP 2008 Limited (formerly WPP Group plc); WPP 2005 Limited; WPP LN Limited; WPP Group (UK) Limited; Lexington International BV; Arbour Square BV; WPP Luxembourg Europe S.à.r.l.; Vincent Square Holding BV; WPP Marketing Communications Germany BV; Diebitz Stoppler Braun & Kuhlmann Werbeagentur GmbH

3. On November 21, 2008, the share of voting rights in Syzygy AG held by WPP UK Holdings Limited, Dublin, Ireland, exceeded the thresholds of 3%, 5%, 10%, 15% and 20%, and as of this date amounts to 22.78% (equivalent to 2,751,226 voting rights). Pursuant to section 22 para. 1 sentence 1 No. 1 WpHG (German Securities Trading Act), 22.78% of voting rights (equivalent to 2,751,226 voting rights) are attributed to WPP UK Holdings Limited.

The voting rights attributed to WPP UK Holdings Limited are held via the following subsidiaries controlled by WPP UK Holdings Limited whose share of voting rights in Syzygy AG amounts in each case to 3% or more:

WPP Ireland Holdings Limited; WPP 2008 Limited (formerly WPP Group plc); WPP 2005 Limited; WPP LN Limited; WPP Group (UK) Limited

4. On November 21, 2008, the share of voting rights in Syzygy AG held by WPP Ireland Holdings Limited, Dublin, Ireland, exceeded the thresholds of 3%, 5%, 10%, 15% and 20%, and as of this date amounts to 22.78% (equivalent to 2,751,226 voting rights). Pursuant to section 22 para. 1 sentence 1 No. 1 WpHG (German Securities Trading Act), 22.78% of voting rights (equivalent to 2,751,226 voting rights) are attributed to WPP Ireland Holdings Limited.

The voting rights attributed to WPP Ireland Holdings Limited are held via the following subsidiaries controlled by WPP Ireland Holdings Limited whose share of the voting rights in Syzygy AG amounts in each case to 3% or more:

WPP 2008 Limited (formerly WPP Group plc); WPP 2005 Limited; WPP LN Limited; WPP Group (UK) Limited

5. On November 21, 2008, the share of voting rights in Syzygy AG held by WPP 2008 Limited (formerly WPP Group plc), London, UK, fell below the 25% threshold and as of this date amounts to 22.78% (equivalent to 2,751,226 voting rights). Pursuant to section 22 para. 1 sentence 1 No. 1 WpHG (German Securities Trading Act), 22.78% of voting rights (equivalent to 2,751,226 voting rights) are attributed to WPP 2008 Limited (formerly WPP Group plc).

The voting rights attributed to WPP 2008 Limited (formerly WPP Group plc) are held via the following subsidiaries controlled by WPP 2008 Limited whose share of voting rights in Syzygy AG amounts in each case to 3% or more:

WPP 2005 Limited; WPP LN Limited; WPP Group (UK) Limited

6. On November 21, 2008, the share of voting rights in Syzygy AG held by WPP 2005 Limited, London, UK, fell below the 25% threshold and as of this date amounts to 22.78% (equivalent to 2,751,226 voting rights). Pursuant to section 22 para. 1 sentence 1 No. 1 WpHG (German Securities Trading Act), 17.90% of voting rights (equivalent to 2,161,639 voting rights) are attributed to WPP 2005 Limited.

The voting rights attributed to WPP 2005 Limited are held via the following subsidiaries controlled by WPP 2005 Limited whose share of voting rights in Syzygy AG amounts in each case to 3% or more:

WPP LN Limited; WPP Group (UK) Limited

6.14 DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE IN ACCORDANCE WITH ARTICLE 161, AKTG

The declaration of compliance with the German Corporate Governance Code in accordance with Article 161 of the AktG (German Public Companies Act) was issued on December 10, 2009 and is available to all shareholders on the Company's website.

6.15 DATE OF AUTHORISATION FOR PUBLICATION

The Supervisory Board approved the consolidated financial statements on March 26, 2010.

RESPONSIBILITY STATEMENT BY THE LEGAL REPRESENTATIVES IN ACCORDANCE WITH SECTION 37Y WPHG (GERMAN SECURITIES TRADING ACT) IN CONJUNCTION WITH SECTION 37W PARA. 2 NO. 3 WPHG

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Bad Homburg v. d. H., March 25, 2010

Syzygy AG
The Management Board

Marco Seiler

Frank Wolfram

Andrew Stevens

INDEPENDENT AUDITORS' REPORT

TRANSLATION OF THE GERMAN AUDITORS' REPORT

We have audited the consolidated financial statements prepared by Syzygy AG, Bad Homburg v.d.Höhe, comprising the balance sheet, the statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the consolidated financial statements, together with the group management report for the business year from 1 January 2009 to 31 December 2009. 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 § (article) 315a Abs. (paragraph) 1 HGB (German commercial law) is the responsibility of the parent company's executive board. 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 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standards on Auditing (ISA). 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, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of 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, 2010

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

sgd. Dr. Rosien
Auditor

sgd. ppa. Werner
Auditor

INTERIM REPORT AS PER 03/31/2010

April 29, 2010

GENERAL ANNUAL MEETING, FRANKFURT

May 28, 2010

INTERIM HALF-YEAR STATEMENT 2010

July 29, 2010

SMALL CAP CONFERENCE, FRANKFURT

August 30 – September 1, 2010

INTERIM REPORT AS PER 09/30/2010

October 29, 2010

GERMAN EQUITY FORUM, FRANKFURT

November 22-24, 2010

CAPITAL MARKET CONFERENCE, MUNICH

December 8-9, 2010

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