

SYNAXON AG

MIT DENKEN HANDELN

Interim Report on 31.03.2009





General economic status and sector development

In the first quarter, the mood of the consumers, according to the specifications of the Association for Consumer Research (GfK), slightly brightened and proved as robust. The development of the factors promoting purchasing power such as a low inflation rate, low prices of energy and first individualized indicator for an economic turnaround let the income- and economic expectations of the consumers rise again from their lowest level in the beginning of the year till April.

On the other hand, the ifo-business climate index sank in course of the first quarters from 83.1 points in January up to 82.2 points in March, while the index in the April was slightly relaxed and rose up to 83.7 points. Also the business expectations of the enterprises polled by the Ifo Institute 2008 rose up to 83.9 points in April after a trough of 76.9 points in the December. The current business position is indeed furthermore estimated as inconvenient; however, the expectations are less pessimistic than in the beginning of the year.

As risk for a revival of the economy, experts particularly consider the increasing unemployment at present.

The recession in the average prices for PCs and Notebooks has continued in Germany even in the first quarter of 2009. Thus, the Federal Bureau of Statistics determined a consumer price index of 43.8 points for PCs and 39.8 points for Notebooks in March. In the previous month of the year, the index value amounted to 53.6 points for PCs and 50.2 points for Notebooks.

The sales measured by the number of units have risen in Germany in the first quarter 2009 according to specifications of the market research institute Gartner by 4.5% compared to the previous year quarter. The growth in quantity has thus indeed slowed down in Germany, but rested quite above the west European average of -0.7%. In particular, the sales in the segment of the Mini-Notebooks and Netbooks had increased again. The share of mobile PCs in the total market increased in comparison to the previous year quarter by 17% to 63%.

According to our estimation, the German IT-market could not achieve any growth of sales despite the growth in number of units shown in the first quarter, as the positive effects from the growth in quantity was consumed by the price drop.

Development of the earning position

The SYNAXON AG recorded a recession in the operating income to 282 TEUR (previous year: 724 TEUR) in the first three months. The consolidated profit amounted to 191 TEUR (previous year: 522 TEUR) at a computed tax rate of 34.1% (previous year: 30.9%)¹ increased compared to the previous year. The company accounted for a profit of 0.06 EUR per share after 0.15 EUR in the previous year.

The operational development in the report period is presented as following:

¹ The rise basically resulted from a relative rise in the non-deductable operational operating expenses.



	Q1/09	Q1/08	+/-
	TEUR	TEUR	in %
Sales Revenues	3,262	3,795	-14.0
Miscellaneous operational earnings capitalized services	260	131	98.1
	262	267	-1.9
Total services	3,784	4,193	-9.8
cost of materials	961	807	19.1
personnel expenditure	1,543	1,372	12.5
depreciations	205	173	18.5
Miscellaneous operational expenses	793	1,117	-29.0
operating income	282	724	-61.1

Growth in the Turnovers

After three months, the concern turnover with 3,262 TEUR was below that in the previous year (3,795 TEUR) by 14.0%. Revenue reserves were to be registered in almost all positions, while the recession in the provisions- and central regulation revenues, advertising subsidies and system fees carried weight in the viewpoint of profits

Partner Developments

Germany

	Status 01.01.2009	Outward	Inward	Status 31.03.2009
Franchise				
PC-SPEZIALIST	71	1	2	72
IT-cooperation				
MICROTREND	1,553	82	80	1,551
iTeam	310	1	6	315
AKCENT	854	18	14	850
	2,717	101	100	2,716
	2,788	102	102	2,788

The total number of partners remained constant compared to the end of year 2008. While the brands PC-SPEZIALIST (+1 Partner) and iTeam (+5 Partner) could register growth, the number of the AKCENT- (-4 Partner) and MICROTREND- (-2 Partner) partners decreased slightly.

By the changed orientation of the franchise system PC-SPEZIALIST to specialized traders and a more attractive form of contract for traders in the past year, the recession in the partner operations could be stopped. In the first quarter, two new shops were opened. In May 2009, three more commercial operations will be added.



UK

The English partners are not declared in the partner overview for the time being, as the business model here intends free-of-charge memberships in starting, which then should successively converted in form of upgrades for the use of certain services (EGIS, Marketing, Web-Shop etc.) liable to pay costs. Till 31.03.2009, SYNAXON UK counted 340 fully profiled members. 15 members had changed up to this moment from the free-of-charge status into a membership liable to pay costs.

Development of the Expenses

The total expenditure of the concern has risen by 1.6% compared to the previous years.

The increase in the expenditures compared to the previous year basically resulted from higher personnel expense due to new appointments, increased material costs due to the construction of the Logistics- (Packet Shipment)-business and the merchandise purchases for snippr as well as higher regular depreciations of the concern.

Development of Employees

In the first quarter 2009, the concern employed on average 113 employees (previous year: 103 employees) and 6 trainees (previous year: 7 trainees). On the record date 31.03.2009, the number of employees amounted to 116 employees (previous year: 104 employees) and 6 trainees (previous year: 8 trainees).

The SYNAXON AG (single entity) employed (previous year: 84) employees on average in the report period 102. The rise resulted in particular from the additional demand for employees for the investment projects of the company as well as a relocation of the activities from the subsidiary companies into the parent enterprise.

Development of the segments

The profit of the segments Franchise, Cooperation and Miscellaneous are presented on 31.03.2009 as following:

	Franchise		Cooperation		Miscellaneous*		Sum	
	Q1/09	Q1/08	Q1/09	Q1/08	Q1/09	Q1/08	Q1/09	Q1/08
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Sales Revenues	536	984	2,633	2,807	93	4	3,262	3,795
Segment profit	-50	112	520	697	-188	-85	282	724

*The values of the segments "snippr" and "SYNAXON UK" situated in the construction are summarized under Miscellaneous.



Financial and Assets Position

The equity of the concern amounted to 16.341 TEUR on 31.03.2009 (31.12.2008: 16.148). The equity ratio amounted to 79.3% (31.12.2008: 75.6%). The balance sheet total of the concern receded to 20.609 TEUR (31.12.2008: 21.360 TEUR).

The Cash flow from the running business activity were reduced to 282 TEUR (previous year: 725 TEUR) due to the profit drop.

The Cash flow from the investment activity amounted to -258 TEUR (previous year: -301 TEUR) on record date.

The available currency and cash equivalents (funds for financing purposes) amounted to 3,199 TEUR (previous year: 4.805 TEUR, 31.12.2008: 3.039 TEUR) on 31.03.09. In the funds for financing purposes, the own shares held by the company are not considered. Till 31.03.2009, the company held 352,500 own shares without change. The exchange rate value of the papers amounted to 1,269 TEUR (XETRA closing price on 31.03.2009: 3.60 EUR) on record date.

Risk report

Disclosure Case by Franchisees before the District Court of Dortmund

On 23rd April 2009, a further principal hearing took place before the District Court of Dortmund.

Finally, the hearing existed almost exclusively in the attempt of the chairperson, to make the dubious legal status accessible for the claimants and to suggest them the statement of a settlement. She expounded it very thoroughly and in all clarity to the claimants that the decision of the District Court of Dortmund, which will grant the claim partially, will not necessarily hold before the higher levels of jurisdiction, that the lawsuit can prolong for years until a conclusive final judgment and that the claimant do not receive any money immediately in case of a partially positive adjudication in the first level of jurisdiction.

In regard to the counterclaims of the company (fulfillment or compensation), which are already partially legally entitled and which also clearly surmount the amount to be expected by the claimants according to the statement of the chairperson, she has suggested the statement of statement to the claimants again.

The company has affirmed to further stand by its offer of settlement submitted in the year 2008, so that now it is up to the claimants to resort to the company due to possible discussion on settlement.

For the rest, the chairperson has settled a hearing for promulgation of a decision on the 25th June 2009.

Action for rescission and nullity against resolutions of the general meeting 2008

The SYNAXON AG had announced on 04.09.2008 that the company Pomoschnik Rabotajet GmbH, Berlin, represented by its managing director Mr. Tino Hofmann, has filed an action for rescission and nullity before the District Court of Bielefeld against resolutions of the regular general meeting of the SYNAXON AG on 12th June 2008.



The lawsuit between the Pomoschnik Rabotajet GmbH against the SYNAXON AG as well as the interveners on behalf of the respondent Mr. Frank Scheunert, Chriesmattweg 26. 8600 Dübendorf, Switzerland and the Gastro Beteiligungs AG, Karmeliter Straße 13.47608 Geldern was registered under the file number 17 O 132/08.

After the oral negotiation on 17.03.2009, on 07.04.2009 the following verdict was promulgated:

- The complaint is rejected.
- The costs of the litigation and the interventions by the third party on behalf of the defendant are to be carried by the claimant.
- The verdict is temporarily enforceable against security deposit in amount of the figure to be enforced due to the verdict.

The estimate of the Board of Directors on the further risks of the SYNAXON concern has not changed significantly compared to the statements in the business report 2008.

Events after the balance sheet date

After the balance sheet date, there was no reportable event.

Prospects

In their collective estimation of the economic situation, the leading economic research institutes forecast a reduction in the German GDP by 6.0% for 2009. The experts do not expect any recovery even for the year 2010 and anticipate a decrease in the GDP by further 0.5 %. The German Federal Government likewise assumes a recession of the GDP by 6.0% in its spring forecast, however, anticipates an increase by 0.5% again in 2010.

Thus the current forecasts are leaning on the expectations that were incorporated in the final report in 2008. Till that moment, the estimations assumed a recession of the GDP between 2-2.5%.

We expect corresponding to our statements in the prospect of the annual report of 2008 furthermore a recession in the business volume in the current year with simultaneously moderately increasing number of partners. This is also due to the background that market researcher have a pessimistic look at the German IT-market for the second half of the year. In the first quarter 2009, the German IT-market grew with a growth in number of units of 4.5 % Europe-wide at best, while the English market registered the heaviest recession with 5.1%.

In total, the economic situation for enterprises is always almost incalculable. Hence, we would like to refrain from producing any further concrete forecast for the business year. Furthermore, we assume that we may at least achieve a balanced profit at the end of the year. Due to the seasonality of our business, temporary re-initialization can occur for periods less than a year. We want to continue the investment without reduction in the EGIS-Software, the snippr-



concept and in the new business in UK at this moment, which serve on one hand to the safeguarding of the existing market position and on the other, the coverage of new turnover- and profit fields.

Bielefeld, May 2009

The Board of Directors



Concern balance according to IFRS on 31st March 2009

Assets

	31.03.2009	31.12.2008
	EUR	TEUR
A. Short-term assets		
I. Cash balance and Bank balance	3,199,212.25	3,039
II. Bonds	7.350	7
III. Trade accounts receivable	1,753,465.78	2,842
IV. Accounts receivable from associated enterprises	0.00	17
V. Inventories	73,886.00	54
VI. claims for profits tax reimbursement	1,007,398.54	1,007
VII. Miscellaneous assets	807,711.30	844
	6,849,023.87	7,810
B. Long-term assets		
I. Tangible assets	405,078.32	438
II. Immovable properties held as financial investment	181,277.28	183
III. Intangible assets	12,449,017.36	12,346
IV. Financial assets		
1. Shareholdings	15,388.91	15
2. Shares in associated enterprises	223,942.62	223
V. Claims for profits tax reimbursement	275,426.18	275
VI. Miscellaneous assets	34,688.66	34
VII. Deferred taxes	175,930.48	36
	13,760,749.81	13,550
	20,609,773.68	21,360



Concern balance according to IFRS on 31st March 2009

Liabilities

	31.03.2009	31.12.2008
	EUR	TEUR
A. Short-term liabilities		
I. Trade payables	493,882.18	771
II. Accrued liabilities	294,000.00	320
III. Deferred expenses and accrued income	201,968.00	239
IV. Miscellaneous liabilities	1,425,333.06	2,071
	2,415,183.24	3,401
B. Long-term liabilities		
Deferred taxes	1,853,394.83	1,811
C. Equity		
I. Subscribed capital	3,891,000.00	3,891
II. Own shares	-4,046,066.78	-4,046
III. Capital reserves	4,647,609.31	4,648
IV. Revenue reserves	8,723,087.70	8,721
V. Concern profit carried forward	2,914,894.67	1321
VI. Concern annual net profit	208,031.26	1,594
	16,338,556.16	16,129
VII. Shares of the minority shareholders	2,639.45	19
	16,341,195.61	16,148
	20,609,773.68	21,360



Concern Profit and Loss Statement according to IFRS on 31st March 2009

	31.03.2009	31.03.2008
	EUR	TEUR
1. Sales Revenues	3,262,124.09	3,795
2. Miscellaneous operational earnings	260,265.25	131
3. Other capitalized service	262,116.19	267
	<u>3,784,505.53</u>	<u>4,193</u>
4. Cost of materials		
a) Expenses for related merchandises	-808,102.98	-801
b) Expenses for related services	-152,520.44	-6
5. Personnel expenditure		
a) Salaries and wages	-1,342,891.87	-1,135
b) Social security costs	-200,690.27	-237
6. Depreciations in intangible assets of the fixed assets and tangible assets	-204,971.61	-173
7. Miscellaneous operational expenses	-793,292.70	-1,117
	<u>282,035.66</u>	<u>724</u>
8. Miscellaneous interests and similar revenues	11,197.77	38
9. Interests and similar expenses	-8.44	0
10. Profit from associated enterprises	0.00	5
	<u>293,224.99</u>	<u>767</u>
11. Profit before tax and minority equities	293,224.99	767
12. Taxes from income and from profit	-100,109.80	-237
13. Earning/expense from profit claim of minority shareholders of partnerships	-1,907.18	-8
	<u>-1,907.18</u>	<u>-8</u>
14. Consolidated profit	191,208.01	522
15. profit share minority shareholders (+ Loss/- Profit)	16,823.25	3
16. profit share of the shareholders of the SYNAXON AG	208,031.26	519
Average number of circulating shares	3,538,500	3,538,500
profit per share (undiluted/diluted)	0.06	0.15
Diluted		
Total profit	0.06	0.15
profit from continued activities	0.06	0.15
Diluted		
total profit	0.06	0.15
profit from continued activities	0.06	0.15



Concern cash-flow Statement according to IFRS on 31st March 2009

	01.01. 2009 - 31.03.2009	01.01.2008. - 31.03.2008
	TEUR	TEUR
profit before income taxes and interests	282	725
Share options program	0	1
depreciations in intangible assets and tangible assets	205	173
	<u>487</u>	<u>899</u>
Profit (previous year: loss) from asset disposals	-1	3
Decrease in accruals	-26	-25
Decrease in inventories, accounts receivable as well as other assets	980	519
Decrease in trade payables as well as other liabilities	-934	-529
Received interests	11	38
Income taxes	-100	-237
Cash flow from current business activity	<u>418</u>	<u>668</u>
Payments from asset disposals	26	4
Payments from enterprises balanced at Equity	4	4
Payments for tangible assets	-26	-42
Payments for in tangible assets	-262	-267
Cash flow from investments	<u>-258</u>	<u>-301</u>
Cash flow from financing activities	<u>0</u>	<u>0</u>
Net increase (previous year: Net increase) of currency and Cash equivalents	160	367
Currency and cash equivalents at the beginning of the period	3,039	4,438
Currency and cash equivalents at the end of the period (cash balance and bank balance)	3,199	4,805

Statement of changes in shareholders' equity according to IFRS on 31st March 2009

	Subscribed capital	Own shares	Capital reserve	Legal reserve	Revenue reserves	Evaluation reserve	Reserves from the foreign currency conversion	Concern profit carried forward	Share without minorities	shares of other companies	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Status 01.01.2008	3,891	-4,046	4,648	42	8,234	-2	0	3,222	15,989	63	16,052
Allocation in other revenue reserves	-	-	-	-	485	-	-	-485	-	-	-
Disbursement	-	-	-	-	-	-	-	-1415	-1415	-	-1415
Evaluation of bonds	-	-	-	-	-	-5	-	-	-5	-	-5
Change in shares of companies share options program	-	-	-	-	-5	-	-	-	-5	-	-5
Withdrawal from other revenue reserves	-	-	-	-	-	-	-	-	-	-	-
Concern annual net profit	-	-	-	-	-	-	-	1,593	1,593	26	1,619
Miscellaneous	-	-	-	-	-20	-	-8	-	-28	-	-28
Status 31.12.2008 / 01.01.2009	3,891	-4,046	4,648	42	8,694	-7	-8	2,915	16,129	19	16,148
Allocation in other revenue reserves	-	-	-	-	-	-	-	-	-	-	-
Disbursement	-	-	-	-	-	-	-	-	-	-	0
Evaluation of bonds	-	-	-	-	-	-	-	-	-	-	0
Change in shares of companies share options program	-	-	-	-	-	-	-	-	-	-	0
Withdrawal from other revenue reserves	-	-	-	-	-	-	-	-	-	-	-
Concern annual net profit	-	-	-	-	-	-	-	208	208	-16	192
Miscellaneous	-	-	-	-	-	-	1	-	1	-	1
Status 31.03.2009	3,891	-4,046	4,648	42	8,694	-7	-7	3,123	16,338	3	16,341



Concern Annex

Consolidation-, Balance- and Evaluation Principles

The concern interim report of the SYNAXON AG on 31st March 2009 was arranged, as already the concern annual statement on 31st December 2008, in agreement with the International Financial Reporting Standards (IFRS) and their interpretations issued by International Accounting Standards Boards (IASB). The issue of the Interim Report on 31st March 2009 occurred in agreement with the specifications of the IAS 34 "Interim Financial Reporting".

In issuing the interim financial statement, basically the same consolidation principles as well as accounting and valuation principles as used in the concern final report 2008. A detailed description of these methods is published in the annex of the concern final report in the business report in 2008.

Basis of consolidation

In the concern report on 31st March 2009, beside the SYNAXON AG, basically all domestic and foreign subsidiary companies were incorporated as parent enterprises, who own indirectly or directly more than 50 percent of the shares or voting rights of SYNAXON AG.

Profit Appropriation

The proposed appropriation of profits of the company intends a disbursement of a dividend in amount of 0.20 Euro per share entitled to dividend for the expired business year 2008. The proposal was decided in the general meeting on 17.06.2009.

Own Shares

By the resolution of the general meeting of the SYNAXON AG on 12th June 2008, the company was empowered to acquire own shares up to 11th December 2009. The acquisition of own shares is restricted to a share of 389,100 shares in the course of this empowerment. The company held till 31st March 2009 in total 352,500 own shares. Own shares were accounted in the balance as deduction from equity in accordance with IAS 32.33.



Intangible Assets

The development expenditures, for the modularly structured relational database system EGIS in amount of 262 TEUR accrued in the report period 2009, were capitalized. The book value of the already capitalized EGIS-modules amounted to 2,803 TEUR till 31. March 2009 and is regularly depreciated over a period of 10 years. From the presented facts, depreciations in amount of 95 TEUR resulted till 31st March 2009.

Segment Reporting

The IFRS 8 is to be used for all periods, which begin on or after 1st January, 2009. The SYNAXON AG uses the IFRS 8 since the beginning of the new business year of 2009.

According to IFRS 8, the reporting has to occur by the economic status of the segments according to the so-called Management Approach, according to which the accrual of the segments and the specifications on the segments are based on the information that are internally used by the Management for the evaluation of the segment performance and the resource allocation.

Supplementary report

Important events were not present after the record date of the quarter.

Frank Roebbers (CEO and Chairman of Board of Directors)

Andreas Wenninger (COO)

Mark Schröder (CFO)