

SYNAXON AG

MIT DENKEN HANDELN

Interim Report as of 30 June 2009





General economic status and sector development

The German economy is still in a deep recession. The decrease in the macroeconomic performance in Germany has, however, slowed down in the second quarter of 2009 according to the specifications of the federal bank. After the GDP sank in the first quarter of 2009 further by 3.8% compared to the previous quarter, the experts expected a reduction of the GDP for the second quarter by 0.5% compared to the previous quarter. In fact the Federal Bureau of Statistics surprisingly announced a slight GDP-growth of 0.3%.

Furthermore additional indicators hint at the arrival of the economic rock bottom. The IFO business climate index could slightly increase in the second quarter and the respondent companies estimate the business development for the coming half-year also less skeptically than in the previous months. The current situation is judged by the survey participants furthermore as critical, only in July a slight improvement in the situation estimation was observed. Favored by low rates in price increase, the uptrend in the consumption climate index in the past months continued according to the specifications of the Association for Consumer Research (GfK).

In particular, hesitant borrowings as well as the strained situation in the job market can disturb the revival of the economy according to the opinion of experts.

The fall in price of IT-products had slowed down in the exhausted quarter, but remained furthermore on a very high level. The Federal Bureau of Statistics determined in June a reduction in the consumer price index for PCs by 14.8% and for Notebooks by 15.5% compared to the previous month of year. In March of this year, the price fall had been at 18.3% for PCs and at 20.7% for Notebooks in comparison to March 2008.

The sales of PCs and Notebooks measured in numbers of unit sunk in Germany in the second quarter of 2009 according to the calculations of the market research institute Gartner by 2.7% compared to the previous year quarter, in the first quarter had risen by 4.5% compared to the previous year. While the sales figures of PCs decrease by 14.8%, the sales of Notebooks rose in the second quarter by 6.6%. If the German IT-market could not achieve any sales growth in the first quarter despite a slight growth in number of units according to our estimates, the situation in the second quarter may be intensified due to the first-time downturn in the number of units. Thus, also according to Gartner, the sales of the manufacturers in the second quarter should nosedive by 25%.

Business Model of SYNAXON AG

The SYNAXON AG operates the franchise system PC-SPEZIALIST and the IT-cooperation MICROTREND. It organizes over subsidiary companies in addition the cooperation business of the brands iTeam – the IT partner network as well as AKCENT Computerpartner. SYNAXON unified till 30.06.2009 over all brands in total of 2,771 partner operations (previous year: 2,740). Thus SYNAXON is the group of companies of the largest federation of legally independent IT-traders in Europe. SYNAXON affiliates spans over the total spectrum of the IT-trade and IT-solution sector. This spans from end-customer oriented IT-traders with shops over Online-Shop operator with concentrated IT-establishments, IT-professional traders and Value-Added-Resellers up to medium-size IT-system houses.

According to their self-concept, SYNAXON AG considers itself as IT-platform operator. In this function, it conjugates the IT-market participants, without having them to lead– in contrast to cooperation central. The goal is to produce and forward competitive advantages for the affiliate enterprises.

Development in the Profit Situation

The SYNAXON AG observed after six months a downturn in the operational earning to 356 TEUR (previous year: 1,015 TEUR). The after-tax earnings of 245 TEUR (previous year: 770 TEUR) was negatively affected by a higher calculated tax rate of 34.0% (previous year: 30.3%). The rise in the tax rate was due to the relative increase in expenses non-deductible from tax.

Each share accounts for the company after six months a profit of 0.07 EUR after 0.22 EUR in the previous year.

	Q2/09	Q2/08	+/-	6-Mon 09	6-Mon 08	+/-
	TEUR	TEUR	in %	TEUR	TEUR	in %
Sales Revenues	3,239	3,628	-10.7	6,501	7,423	-12.4
Miscellaneous operational earnings	179	131	36.6	439	262	67.6
Capitalized services	313	334	-6.3	575	601	-4.3
Total services	3,731	4,093	-8.8	7,515	8,286	-9.3
Cost of materials	976	903	8.1	1,937	1,710	13.3
Personnel expenditure	1,640	1,645	-0.3	3,183	2,872	10.8
Depreciations	224	178	25.8	429	351	22.2
Miscellaneous operational expenses	817	1,076	-24.1	1,610	2,338	-31.1
Operating income	74	291	-74.6	356	1,015	-64.9

Development in the Sales Revenues

After six months, the concern revenues amounted to 6,501 TEUR with 12.4% below the previous year (7,423 TEUR), while after three months yet another downturn by -14% was observed. Downturns were chronicled due to the economic situation in almost all positions.



Partners Developments

Germany

	Status 01.01.2009	Outward	Inward	Status 30.06.2009
Franchise				
PC-SPEZIALIST	71	1	5	75
IT-Cooperation				
MICROTREND	1,553	185	156	1,524
iTeam	310	7	15	318
AKCENT	854	39	39	854
	<u>2,717</u>	<u>231</u>	<u>210</u>	<u>2,696</u>
	<u>2,788</u>	<u>232</u>	<u>215</u>	<u>2,771</u>

The total number of partners decreased in the first half of the year 2009 by 17 partners. While growth could be observed for the brands PC-SPEZIALIST (+4 partners) and iTeam (+8 partners), the number of the MICROTREND-partners decreased by 29 partners. The AKCENT-partner number remained unchanged.

For the brands MICROTREND and AKCENT, we observed increased departures (MICROTREND 1st HY 08: 148 departures, AKCENT 1st HY 08: 24 departures) compared to the previous year period, which we assume to be due to economic situation.

For PC-SPEZIALIST, the downturn in the partner operation could be stopped due to the changed orientation of the franchise system PC-SPEZIALIST to professional trader and a more attractive contract design for traders. In the first half-year, five new shops were opened. In total, 16 signed contracts were present so far for 2009.

United Kingdom

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 30.06.2009, SYNAXON UK counted 428 fully profiled members. 14 members had changed up to this moment from the free-of-charge status into a membership liable to pay costs. Furthermore, up to the end of the reporting periods, contract with 18 distributors and long-term negotiations with 10 manufacturers were done.

Development of Expenditures

Miscellaneous operational expenses has reduced in the first six months compared to the previous year period. This resulted from low expenditures for external personnel, from reduced advertising and travel costs as well as from the downturn in the expenditures for repair and servicing. Compared to this, higher personnel expenditures due to new appointments, rising material expenditures due to the restructuring of Logistics- (packet shipping)business and the goods purchase for snippr as well as higher scheduled depreciations of the concern was observed.

Development of Employees

In the first half of 2009, the concern employed on average 122 employees (previous year: 106 employees) and 6 trainees (previous year: 8 trainees). On the record date 30.06.2009, the number of employees amounted to 132 employees (previous year: 118 employees) and 6 trainees (previous year: 8 trainees).

The SYNAXON AG (single entity) employed (previous year: 88) employees on average in the report period 109. 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 30.06.2009 as following:

	Franchise		Cooperation		Miscellaneous*		Sum	
	Q2/09	Q2/08	Q2/09	Q2/08	Q2/09	Q2/08	Q2/09	Q2/08
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Sales Revenues	1,157	1,822	5,135	5,558	209	43	6,501	7,423
Segment profit	-73	180	872	1,062	-443	-227	356	1,015

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

Asset and Financial Status

The equity of the concern amounted to 15,679 TEUR (31.12.2008: 16,148) on 30.06.2009. The equity rate thus amounted to 77.6% (31.12.2008: 75.6%). The balance sheet total of the concern reduced to 20,201 TEUR (31.12.2008: 21,360 TEUR).

The cash flow from the running business activities was reduced due to the drop in profits, the low decrease in the inventories and trade receivables as well as the higher decrease in the trade payables to 1,058 TEUR (previous year: 2,321 TEUR).



The cash flow from the investment activities amounted to -572 TEUR (previous year: -1,217 TEUR) on call date. The downturn in the investment can be explained by the fact that the company has acquired the rest of the shares in the previous year of the iTeam in accordance with options contract from 2004. The investments in the EGIS-software as well as the snippr-Onlineshop have increased from 469 TEUR in the previous year to 575 TEUR in the running year.

The cash flow from financing activities amounted to -708 TEUR (previous year: -1,463 TEUR). The downturn resulted from the bisection of the dividends for the business year of 2008 to 0.20 EUR per share, after 0.40 EUR per share in the previous year.

The available cash and cash equivalents (financial fund) amounted to 2,817 TEUR (previous year: 4,079 TEUR, 31.12.2008: 3,039 TEUR) on 30.06.2009. In the financial fund, the own shares held by the company are not considered. On 30.06.2009, the company held unchanged 352.500 own shares, the exchange rate value of which amounted to 1,269 TEUR (XETRA settlement price on 30.06.2009: 3.60 EUR) on call 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 shifted a hearing for promulgation of a decision from the 25th June 2009 to 27th August 2009.

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 spite of slight sign of arriving at the economic rock bottom the leading economic research institutes forecast a reduction in the German GDP by more than 6.0% for 2009. For the coming year, stagnation or a slight increase in the macroeconomic production is expected. In particular, the increasing unemployment is considered as the danger for the recovery of the German economy.

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%.

The sales development in the German IT-market is non-uniformly estimated on basis of current forecasts by experts; while the inter-trade organization BITKOM has counted with a decrease in the sales in the German IT-market by 2.2% for 2009, the market research institute IDC expects a downturn by 12.2%.

We expect corresponding to our statements in the prospect of the annual report furthermore a recession in the business volume. To what extent the scheduled moderate rise in the number of partners at the end of the year could be achieved, depends on how the economic situation of the professional trade will further grow in the coming months.

Due to the incalculable economic situation, the enterprise has not produced any concrete forecast for the business year of 2009, rather only communicated the expectation of at least a balanced outcome. Due to the still almost incalculable economic situation, we would like further to refrain from producing any forecast for the business year. Similarly we assume that we may at least achieve a balanced profit at the end of the year. Due to the seasonality of our business, the business earnings of the SYNAXON AG can be influenced in the fourth quarter particularly.

We intend to extrapolate the investment in the EGIS-software, the snippr-concept and in the new business in UK as scheduled, these serve the safeguarding of the existing market position on one hand and the opening of new sales- and profit fields on the other.

Bielefeld, August 2009

The Board of Directors



Concern balance according to IFRS as of 30 June 2009

Assets

	<u>30.06.2009</u>	<u>31.12.2008</u>
	EUR	TEUR
A. Short-term assets		
I. Cash balance and Bank balance	2,816,701.18	3,039
II. Bonds	8.200,00	7
III. Trade accounts receivable	1,530,918.02	2,842
IV. Accounts receivable from associated enterprises	0.00	17
V. Inventories	54.315,45	54
VI. claims for profits tax reimbursement	1,213,133.64	1,007
VII. Miscellaneous assets	829,676.25	844
	<u>6,452,944.54</u>	<u>7,810</u>
B. Long-term assets		
I. Tangible assets	363,353.42	438
II. Immovable properties held as financial investment	179,665.27	183
III. Intangible assets	12,582,053.10	12,346
IV. Financial assets		
1. Shareholdings	15,388.91	15
2. Shares in associated enterprises	224,539.35	223
V. Claims for profits tax reimbursement	275,426.18	275
VI. Miscellaneous assets	33,480.46	34
VII. Deferred taxes	74,402.78	36
	<u>13,748,309.47</u>	<u>13,550</u>
	<u>20,201,254.01</u>	<u>21,360</u>



Concern balance according to IFRS as of 30 June 2009

Liabilities

	30.06.2009	31.12.2008
	EUR	TEUR
A. Short-term liabilities		
I. Trade payables	505,015.27	771
II. Accrued liabilities	270,000.00	320
III. Liabilities relating to tax on earnings	103,706.00	239
IV. Miscellaneous liabilities	1,740,555.43	2,071
	2,619,276.70	3,401
B. Long-term liabilities		
Deferred taxes	1,903,357.32	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	9,426,769.30	8,721
V. Concern profit carried forward	1,514,314.84	1,321
VI. Concern annual net profit	244,993.32	1,594
	15,678,619.99	16,129
VII. Shares of the minority shareholders	0.00	19
	15,678,619.99	16,148
	20,201,254.01	21,360



Concern Profit and Loss Statement according to IFRS as of 30 June 2009

	30.06.2009	30.06.2008
	EUR	TEUR
1. Sales Revenues	6,500,881.88	7,423
2. Miscellaneous operational earnings	439,479.25	262
3. Other capitalized service	574,638.44	601
	<u>7,514,999.57</u>	<u>8,286</u>
4. Cost of materials		
a) Expenses for related merchandises	-1,648,742.80	-1,536
b) Expenses for related services	-288.054.93	-174
5. Personnel expenditure		
a) Salaries and wages	-2,759,371.93	-2,450
b) Social security costs	-424,028.77	-422
6. Depreciations in intangible assets of the fixed assets and tangible assets	-428,448.72	-351
7. Miscellaneous operational expenses	-1,610,165.28	-2,338
	<u>356,187.14</u>	<u>1,015</u>
8. Miscellaneous interests and similar revenues	20,560.19	114
9. Interests and similar expenses	-13.04	-12
10. Profit before tax and minority equities	<u>376,734.29</u>	<u>1,117</u>
11. Taxes from income and from profit	-127,909.27	-339
12. Earning/expense from profit claim of minority shareholders of partnerships	-3,831.70	-8
13. Consolidated Profit	<u>244,993.32</u>	<u>770</u>
Average number of circulating shares	3,538,500	3,538,500
profit per share (undiluted/diluted)	0.07	0.22
Diluted		
Total profit	0.07	0.22
profit from continued activities	0.07	0.22
Diluted		
total profit	0.07	0.22
profit from continued activities	0.07	0.22



Concern cash-flow Statement according to IFRS as of 30 June 2009

	01.01. 2009 - 30.06.2009	01.01.2008. – 30.06.2008
	TEUR	TEUR
profit before income taxes and interests	356	1,015
Share options program	0	2
depreciations in intangible assets and tangible assets	428	351
	<u>784</u>	<u>1,368</u>
Profit (previous year: loss) from asset disposals	-9	-4
Decrease in accruals	-50	-30
Decrease in inventories, accounts receivable as well as other assets	1,098	1,536
Decrease in trade payables as well as other liabilities	-658	-312
Received interests	21	114
Paid interests	0	-12
Income taxes	-128	-339
Cash flow from current business activity	<u>1,058</u>	<u>2,321</u>
Payments from asset disposals	47	58
Payments from at enterprises balanced at equity	6	6
Payments for tangible assets	-50	-812
Payments for intangible assets	-575	-469
Cash flow from investments	<u>-572</u>	<u>-1,217</u>
Cash flow from financing activities	<u>-708</u>	<u>-1,463</u>
Net decrease (previous year: Net decrease) of currency and Cash equivalents	-222	-359
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)	2,817	4,079



Statement of changes in shareholders' equity according to IFRS as of 30 June 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	-	-	-	-	-	-	-	-	-	-70	-70
share options program	-	-	-	-	-5	-	-	-	-5	-	-5
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	-	-	-	-	713	-	-	-713	-	-	-
Disbursement	-	-	-	-	-	-	-	-708	-708	-	-708
Change in shares of companies	-	-	-	-	-	-	-	21	21	-	21
Concern annual net profit	-	-	-	-	-	-	-	245	2245	-19	229
Miscellaneous	-	-	-	-	-	-	-8	-	-8	-	-8
Status 30.06.2009	3,891	-4,046	4,648	42	9,407	-7	-16	1,760	15,679	0	15,679



Statement of income and accumulated earning as of 30 June 2009

	01.01. 2009 - 30.06.2009	01.01.2008. – 30.06.2008
	TEUR	TEUR
1. Concern earning	245	770
2. Miscellaneous overall earnings after taxes		
+/- difference in foreign currency	-8	0
+/- changes in shares of other shareholders	-19	-44
= miscellaneous overall earnings after taxes	-27	-44
	<u>218</u>	<u>726</u>



Concern Annex SYNAXON AG as of 30 June 2009

Consolidation-, Balance- and Evaluation Principles

The concern interim report of the SYNAXON AG on 30th June 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 30th June 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

On 17th June 2009, the general meeting has decided on the appropriation of net profits of the company in amount of 925 TEUR and the disbursement of a dividend in amount of 0.20 Euro per share for the expired business year 2008. 3,538,500 shares were entitled to dividend in total, the sum of the dividend disbursement amounted to 708 TEUR. The disbursement of dividends occurred on 18th June 2009. The dividends apportionable to the own shares held by the company in amount of 71 TEUR were positioned in other accruals.

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 30th June 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/BPM in amount of 462 TEUR as well as the snippr-Onlineshop in amount of 113 TEUR accrued in the report period 2009, were capitalized. The book value of the already capitalized modules amounted to 2,999 TEUR till 30th June 2009 and is regularly depreciated over a period of 5 up to 10 years. From the presented facts, depreciations in amount of 211 TEUR resulted till 30th June 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.

Specifications on relations to close enterprises and persons

All business relations to close enterprises and persons are negotiated contractually and are rendered to prices, as also negotiated with external third parties. In the reporting period, the incurred expenses amounted to 204 TEUR.

Supplementary report

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



Assurance of the legal representatives

“We ensure to the best of knowledge, that according to the accounting principles to be used for the consolidated financial statements of the concern interim report, an illustration of the assets, finance and profit situation of the concern corresponding to the actual circumstances is arranged and presented in the concern status report of the course of business including the business income and the status of the concern in such a manner that an image is created corresponding to the actual circumstances, as well as the essential opportunities and risks of the prospective growth of the concern in the current business year are described.”

Frank Roebbers (CEO and Chairman of Board of Directors)

Andreas Wenninger (COO), member of the Board of Directors

Mark Schröder (CFO), member of the Board of Directors



Corporate Calendar

24 November 2009

Publication of 9-months statement 2009

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