

# SYNAXON AG

MIT DENKEN HANDELN

Interim Financial Report for the period ending  
September 30, 2010





## Key figures for Synaxon AG (Group)

in TEUR	Q3/2010	Q3/2009	+/-	9-month 2010	9-month 2009	+/-	2009
Turnover	5,822	3,486	67.0	14,720	9,987	47.4	14,460
EBIT <sup>1</sup>	569	343	65.9	684	699	-2.1	1,344
EBITDA <sup>2</sup>	861	589	46.2	1,474	1,374	7.3	2,515
EBIT margin (in %)	9.8	9.8	-0.7	4.6	7.0	-33.6	9.3
Profit after tax	379	228	66.2	456	473	-3.6	897
Cash flow from operating activities	590	59	900.0	947	1,117	-15.2	1,941
Number of employees (average)	126	134	-6.0	126	126	0.0	127
Number of employees (on reporting date)	127	135	-5.9	127	135	-5.9	126

in TEUR	09/30/2010	09/30/2009	+/- in %	12/31/2009
Liquid assets	2,909	2,487	17.0	2,929
Equity ratio (in %)	76.1	77.9	-2.3	76.5

<sup>1</sup> EBIT defined as earnings before interest, taxes and minority interests

<sup>2</sup> EBITDA defined as earnings before depreciation, interest, taxes and minority interests

## Foreword from the Executive Board

Our earnings in the third quarter and the first nine months were significantly higher than forecast. While we previously often only attained the planned income by improving efficiency, and had to accept that planned turnover or project balances would not be met, the situation for the period ending September 30, 2010 is somewhat different.

We had forecasted an operating loss for the first nine months against the background of high investment, particularly in the online business / centrally-invoiced sales. In fact, earnings of 685 TEUR were generated.

We made good progress, particularly in the development of the online business / centrally-invoiced sales. Partner companies find the recently revised services of SYNAXON Online GmbH for central purchasing of goods to be convincing. We have boosted sales in this area from 304 TEUR in the previous year to 4,628 TEUR. We are also on track in the development of other strategic projects for the future such as SYNMARKET (previously: trading platform). These projects are already even better received by our partners than expected.

Partner company sentiment at this year's synIT, the leading trade fair and conference for SYNAXON's partners, which was held after the reporting period, was summed up as very positive. Most of the over 800 participants were very satisfied with their own economic situation. Our partners in the B2B segment in particular reported very full order books.

Optimism about market development at the synIT is also reflected in the market and purchasing data we collected ourselves for the first nine months.

Both average purchase prices and sales quantities rose for the product categories we analyzed, thus bucking and even reversing for nine consecutive months the constant downward trend that has persisted over the last nine years.

We have continued to concentrate consistently on increasing the purchasing volume of our partner portfolio and no longer focus on the number of partners in absolute terms. As a result, the number of partners has risen only slightly, but the purchasing volume saw a relatively sharp increase as new partners were acquired, thus halting a persistent downward trend in this area as well.

Despite all the positive signs, we nevertheless face enormous challenges for us and our partner companies in the future:

- We are currently assuming that the trend towards falling purchasing prices has only halted temporarily but will continue in the long-term.



- The value added and thus the focus of our partners' business will continue to gravitate increasingly towards services.
- After pressure on hardware margins as a result of the Internet, the next pressure on value added will come from cloud computing.
- The relevance of store-based specialized retail trading continues to dwindle.

By launching centrally-invoiced commodity trading, developing SYNMARKET and focusing on specialist dealers at PC-SPEZIALIST with a good track record going back a number of years, we have taken important steps to help us meet these challenges. They are all showing the first signs of success, in some cases already very considerable success. Nonetheless, we will still have to remain development-intensive in the next few years.

Bielefeld, November 2010

The Executive Board



## **The General Economic Situation and Development of the Sector**

Germany's economic recovery continued into the third quarter of 2010.

The Federal Statistical Office calculated an increase of 3.9% in GDP in real terms compared to the same quarter of the previous year.

Compared with the strong growth of the previous quarter, the upturn in the German economy slowed somewhat as expected. After adjustment for price, season and variations in the number of working days, GDP climbed another 2.3% in the second quarter on the basis of revised figures, while growth in the third quarter was 0.6% in comparison to the previous quarter.

The ifo Business Climate Index paints a positive picture of the German economy. Starting off at 95.9 points at the beginning of the year, it rose to 106.8 points in September. Significant factors in the economic recovery included rallying export and private consumption.

Increases in consumer prices remained only moderate and were up 1.3% in September compared with the same month of the previous year. The labor market has also recovered in recent months. Despite fears at the beginning of the year that unemployment would rise further to up to 5 million in the course of the year, the figure in September 2010 stood at around 3 million, roughly 0.3 million less than the same month of the previous year.

Price levels in the IT segment seem to be stabilizing again for the first time in a long time. The Federal Statistical Office calculated a reduction of 4.6% in the consumer price index in September for PCs and 8.6% for notebooks compared with the same month of the previous year. In June, the price index for PCs and notebooks was still around 15% down on the same month of the previous year. According to the SYNAXON Group's own findings, marked price increases have already been calculated for individual product groups in recent months.

The Gartner market research company put growth in sales of PC and notebooks at 10.1% for the first nine months compared to the same period of the previous year. The number of notebooks sold grew in particular, with an increase of 14.7%, while the number of PCs sold only edged up 1.7%.

In the third quarter, however, Gartner calculated a decrease of 2.4% in sales in Germany compared with the previous year. It thus reports that portable computer sales are down 3.4% and the number of desktop PCs sold has dropped by 0.4%.



According to the GfK (Market Research Association), sales of IT Hardware grew 10% in the nine-month period and 15.1% in the third quarter compared with the same period of the previous year. Turnover from sales of desktop PCs increased in particular. GfK calculated a 23% rise for the nine-month period and growth of 25% in the third quarter compared with the same period of the previous year. Turnover from the sale of notebooks rose by 4% in the first nine months of 2010 and 11% in the third quarter of 2010 compared with the previous year.

### **Synaxon AG Business Model**

Synaxon AG operates the PC-SPEZIALIST franchise system and the MICROTREND IT Cooperation. It also organizes the cooperation business for the brands iTeam - the IT partner network - and AKCENT Computerpartner Deutschland through its subsidiaries. With all brands, SYNAXON united over 2,700 partner companies for the period ending September 30, 2010. This makes the SYNAXON Group Europe's largest association of legally-independent IT dealers. SYNAXON's partners cover the entire spectrum of the IT trade and solutions. These range from end customer-oriented IT dealers with retail outlets, online shop operators focusing on IT, IT specialists and value added resellers, as well as medium-sized IT system houses.

At the beginning of 2009, the Group started to roll out the cooperation business in the UK market under the SYNAXON brand name through a subsidiary.

After concentrating on store-based trading for almost 20 years, the company launched its online trading activities under the PC-SPEZIALIST brand for the first time in the fourth quarter of 2009 after intensive preparation. Unlike other online dealers, the central online shop, [www.pcspezialist.de](http://www.pcspezialist.de), builds on a mainly virtual warehousing and logistics structure. Furthermore, visitors and customers of the shop are provided with valuable support in their decision-making by a community of experts built into the shop. Online trading activities will significantly increase the Group's total operating revenue in coming years.



## Development of the Earning Position

in TEUR	Q3/10	Q3/09	+/- in %	9-month 2010	9-month 2009	+/- in %
Sales revenue	5,822	3,486	67.0	14,720	9,987	47.4
Other operating income	218	18	1,111.1	420	457	-8.1
Internally produced and capitalized assets	280	305	-8.2	777	880	-11.7
<b>Total operating revenue</b>	<b>6,320</b>	<b>3,809</b>	<b>65.9</b>	<b>15,917</b>	<b>11,324</b>	<b>40.6</b>
Material expenses	3,333	768	334.0	7,471	2,705	176.2
Personnel expenses	1,549	1,576	-1.7	4,843	4,759	1.8
Depreciation	292	246	18.7	789	675	16.9
Other operating expenses	577	876	-34.1	2,130	2,486	-14.3
<b>Operating profit</b>	<b>569</b>	<b>343</b>	<b>65.9</b>	<b>684</b>	<b>699</b>	<b>-2.1</b>

The SYNAXON Group's sales continued their upward trend in the third quarter and were up 47.4% on the same period of the previous year (9,987 TEUR) in the nine-month period at 14,720 TEUR. Sales totaled 5,822 TEUR in the third quarter and at that level were up 36.3% up from the first quarter of 2010 (4,273 TEUR), up 25.9% from the second quarter of 2010 (4,625 TEUR) and up 67.0% from the previous year (3,486 TEUR).

The Group's operating income was significantly higher than forecast after nine months. In view of the start-up costs for the online business in particular, Group planning for the period ending September 30, 2010 had anticipated an operating loss. In fact, the Group generated an operating income of 684 TEUR in the nine-month period of 2010, only just below the previous year's figure of 699 TEUR.

The Group benefited from a significant upturn in demand for IT products in the third quarter, with a simultaneous stabilization in the price level, which had a positive effect overall on the development of the retail cooperative business and on online selling.

### **Sales Trends**

#### The Group's Sales Trends

The rise in Group sales both for the quarter and for the nine-month period was primarily due to the increase in sales from the online sale of goods (Q3: +2,243 TEUR, 9-month



period: +4,324 TEUR). Revenues connected with the purchasing volume of partners have also gone up.

Other income (Q3: +75 TEUR, 9-month: +459 TEUR) also posted growth as a result of the favorable development of the EGIS Logistics business (procurement of shipment volumes).

### ***Partner development***

#### Germany

	As of Jan. 1, 2010	Disposals	Additions	As of Sept. 30, 2010
<b>Franchise</b>				
PC-SPEZIALIST	86	6	12	92
<b>IT Cooperation</b>				
MICROTREND	1,495	217	217	1,495
AKCENT	868	55	57	870
iTeam	263	7	24	280
	2,626	279	298	2,645
	2,712	285	310	2,737

The number of partners with the SYNAXON Group in Germany increased after December 31, 2009 (2,712 partners) to 2,737 partners. PC-SPEZIALIST was able to acquire 12 new partners, taking its total to 92 partners (Dec. 31, 2009: 86 partners). While the number of MICROTREND partners for the period ending September 30, 2010 remained at the same level as at the beginning of the year, the number of AKCENT partners rose slightly (+2).

The number of iTeam partners grew, and stood at 280 partners at the end of the third quarter of 2010. However, when considering the number of iTeam partners, it should be kept in mind that contracts generally can only be terminated by December 31 of each year. Ten more site openings are planned for PC-SPEZIALIST in the fourth quarter, which will put us over the one hundred partner mark in the coming months.



UK

The number of SYNAXON Technology Partners (STP) increased by 38 from 579 to 617 in the first nine months of 2010. A further 34 dealers had signed up for a fee-based membership (SYNAXON Technology Premium Partner) as of September 30, 2010.

***Expenditure Development of Expenses***

The total expenditure of the SYNAXON Group went up 4,608 TEUR to 15,233 TEUR in the nine-month period (previous year: 10,625 TEUR). The increase mainly resulted from the 4,766 TEUR increase in material expenses due to central commodity trading. Depreciation was up 114 TEUR compared with the same period of the previous year and ran to 789 TEUR in the first nine months of 2010 (previous year: 675 TEUR). Personnel expenses were also higher than in the previous year in the nine-month period (+84 TEUR).

Nevertheless, the Group posted cost reductions in other operating expenses, which fell by 356 TEUR.

In the previous year, the costs of the synIT in-house trade fair were also included under this item. Due to the later date of the event in the current year, the costs (as well as the corresponding revenues) of synIT will not be taken into account until the fourth quarter of 2010.

in TEUR	Q3/10	Q3/09	+/- in %	9-month 2010	9-month 2009	+/- in %
Material expenses	3,333	769	333.4	7,471	2,705	176.2
Personnel expenses	1,549	1,576	-1.7	4,843	4,759	1.8
Depreciation	292	246	18.7	789	675	16.9
Other operating expenses	577	876	-34.1	2,130	2,486	-14.3
<b>Total expenses</b>	<b>5,751</b>	<b>3,467</b>	<b>65.9</b>	<b>15,233</b>	<b>10,625</b>	<b>43.4</b>

## Employee Developments

in TEUR	Average Number of Employees (not including trainees)		Number on reporting date (not including trainees)	
	9-month 2010	9-month 2009	09/30/2010	09/30/2009
Synaxon AG (controlling company)	115	113	117	123
Other group companies	11	13	10	12
<b>SYNAXON Group</b>	<b>126</b>	<b>126</b>	<b>127</b>	<b>135</b>

The average number of employees (salaried personnel, not including the Executive Board or trainees) at the SYNAXON Group stood at the same level as the previous year in the nine-month period of 2010 at 126 (previous year: 126). In addition, the Group employed an average of 6 trainees during the reporting period (previous year: 6 trainees). On the reporting date of September 30, 2010, the number of employees (salaried personnel, not including the Executive Board and trainees) in the Group totaled 127 (previous year: 135) and the number of trainees was 8 (previous year: 6). The Group employed an average of 7 employees abroad in the nine-month period and, on the reporting date of September 30, 2010, 7 employees were also working abroad.

## Development of Business Segments

### Business Segments

in TEUR	Franchise		Cooperations		Online business/central goods transactions		Total	
	9-month 2010	9-month 2009	9-month 2010	9-month 2009	9-month 2010	9-month 2009	9-month 2010	9-month 2009
Sales revenue	1,481	1,643	8,448	8,040	4,791	304	14,720	9,987
Segment result	-12	-43	1,528	1,165	-832	-423	684	699

An overview of the segments indicates that the Group succeeded in increasing sales in the Cooperation and Online Business/Central Goods Transactions segment compared to the same period of the previous year, while a drop was reported in the Franchise segment. The segment result for the Franchise segment remained slightly above the previous year's level, while the Cooperations segment increased significantly. In Online Business, the segment result was down from the previous year as expected, due to increased start-up

costs/investments.

### Geographical segments

in TEUR	Germany		UK		Total	
	9-month 2010	9-month 2009	9-month 2010	9-month 2009	9-month 2010	9-month 2009
Sales revenue	14,427	9,859	293	128	14,720	9,987
Segment result	753	884	-69	-185	684	699

The SYNAXON Group has its geographical focus in Germany. In the Germany segment, an increase in sales was achieved despite the decrease in the segment result.

In the UK segment, sales grew by 145 TEUR. At the same time, the segment loss of -185 TEUR for the previous year fell to -69 TEUR.

### **Assets and financial position**

The Group's equity for the period ending September 30, 2010 came to 16,821 TEUR (December 31, 2009: 16,341 TEUR). The equity ratio stood at 76.1% (December 31, 2009: 76.5%). The Group's balance sheet total climbed to 22,106 TEUR (December 31, 2009: 21,354 TEUR).

In the nine-month period of 2010, the Group reported that its cash flow from operating activities was down to 947 TEUR (previous year: 1,117 TEUR).

The cash flow from investment activities was at roughly the same level as the previous year on the reporting date at -967 TEUR (previous year: -961 TEUR).

The Group had no cash flow from financing activities in the nine-month period of 2010. Synaxon AG's entire balance sheet profit for 2009 was allocated to retained earnings by resolution of the 2010 Annual General Meeting, while the company had distributed a total dividend of 708 TEUR to shareholders in the previous year.

The available cash and cash equivalents (cash funds) ran into 2,909 TEUR at the end of the nine-month period of 2010 (previous year: 2,487 TEUR, 31.12.2009: 2,929 TEUR). Cash funds do not include treasury shares held by the company. As of September 30, 2010, the number of treasury shares held by the company remained unchanged at 352,500 with a market value of 1,763 TEUR on the reporting date.



## **Risk report**

### ***Action seeking disclosure by franchisees at the District Court of Dortmund***

On August 19, 2010 partial judgments were rendered regarding disclosure claims, according to which the company was ordered, as per the application, to disclose to the plaintiffs information regarding the purchasing advantages, reimbursements and commission granted to the company by manufacturers and suppliers. Judgments are provisionally enforceable against security.

The company has in the meantime lodged an appeal against the judgments and the dispute will now be taken before the Düsseldorf Higher Regional Court.

A decision at the second level (compensation claims/payment) cannot be rendered until the appeals procedure is complete.

### ***Financial effects of completion of acquisition bid***

As already set out in a joint statement by the Executive and Supervisory Boards on the public mandatory offer of ARF Holding GmbH, as of December 31, 2009 the SYNAXON Group carried forward corporate tax and business tax losses to the amount of just under 3.8 million total. In the Consolidated Balance Sheet for the period ending December 31, 2009, deferred tax assets are capitalized on losses carried forward of 326 TEUR, which in extreme cases would not apply at all as a result of regulations regarding exemption from losses (*Verlustuntergang*) under Article 8 of KStG (German Corporate Tax Act).

Since the "harmful" acquisition of the holding took place after December 31, 2009, our tax advisors are of the opinion that the non-deductible loss can nevertheless be deducted, provided it does not exceed Synaxon AG's (pro-rata) hidden reserves on the date the relevant limit for holdings is exceeded. In this context, tax advisors point out that parts of the newly-introduced regulations are vague and are thus open to interpretation. We have heard that the tax authorities intend to comment on the points at issue in autumn of this year in a circular.

The Executive Board's opinion of the other risks for the SYNAXON Group has not significantly changed since the statements made in the 2009 Annual Report.

## **Events after the balance sheet date**

On August 10, 2010, ARF Holding GmbH, Schloß Holte-Stukenbrock, published an announcement concerning the control gained through Synaxon AG in accordance with Article 35 (1) in conjunction with Article 10 (3) of WpÜG (German Securities Acquisition and Takeover Act). The ARF Holding has issued a mandatory offer for the purchase of all bearer shares in Synaxon AG to all shareholders in accordance with Article 35 (2) of WpÜG after the Federal Financial Supervisory Authority approved publication of the offer document. The offer document has been published on the Internet at [www.arf-holding.de](http://www.arf-holding.de). The acceptance period began on September 8 and ended on October 7, 2010.

On October 15, 2010, the ARF Holding GmbH and Mr. Bruno Fortmeier informed us that their share of voting rights in Synaxon AG on October 14, 2010 had exceeded the thresholds of 50% and 75% and on that date totaled 75.35%. This also included treasury shares of Synaxon AG (9.06%) that were allocated to ARF Holding GmbH as the controlling company.

## **Report on expected developments**

The Federal government revised its growth forecasts for the German economy in 2010 upwards from 1.4% to 3.4% in its autumn projections. For the time being, the government is expecting GDP to grow a further 1.8% for the following year, 2011.

As well as external trade, the domestic economy is also gathering steam. German companies are now more willing to invest thanks to the good sales outlook. In the Federal government's opinion, private consumption too should be boosted by tax relief and wage increases. Experts believe that the unemployment figure will fall below 3 million on average in the coming year.

The high-tech association, BITKOM, has raised its forecast for the German Information Technology and Telecommunication (ITK) market. While the association expected the sector only just to break even in spring, growth of 1.4% is anticipated for the 2010 year. The sales volume is forecast to grow 2.0% in the coming 2011 year. Turnover from information technology in particular is set to rise according to BITKOM and, after an increase of 2.7% in 2010, will grow 4.3% in the coming year. The IT industry is expecting



growth to be fuelled by the business customer segment in particular, since many companies are now relaxing the freeze on investment imposed during the economic crisis.

Synaxon AG benefited from a stabilization of price levels for IT goods in the first nine months and, in the same period, was able to boost its purchasing volumes/sales quantities significantly. This had a positive effect on revenues connected with purchasing volumes. Renewed pressure on margins and prices is to be expected for year-end business, since the fourth quarter is naturally very important for all market players and competition is thus particularly stiff during this period.

Synaxon AG's starting position for the Christmas period can nevertheless be described as good. On the one hand, we are expecting continued growth in the sales volume of our central (online) trading activities and, on the other, continued solid and positive development in the retail cooperative business.

Overall, after nine months the company results are already better than forecast.

Against this background and in view of the continuing generally positive market prospects, the Executive Board is raising its profit forecast for the 2010 fiscal year. We are now anticipating an operating income/EBIT of between 800 TEUR and 900 TEUR for the whole year. However, if business goes well at Christmas, we believe that we may attain even higher earnings.

In the coming months, we will continue to concentrate primarily on expanding the central sales volume of the SYNAXON Group further through online business and by improving software solutions for retail cooperative services (particularly the EGIS trading platform/SYNMARKET).

Bielefeld, November 2010

The Executive Board



**Consolidated Balance Sheet in accordance with IFRS for the period ending September 30, 2010**

<b>Assets</b>	<b>09/30/2010</b>	<b>12/31/2009</b>
	<b>EUR</b>	<b>TEUR</b>
<b>A. Non-current assets</b>		
I. Property, plant and equipment	300,535.28	369
II. Property investments	171,605.28	176
III. Intangible assets	12,850,660.08	12,608
IV. Financial assets		
1. Shareholdings	15,388.91	15
2. Shares in associated companies	228,146.64	221
V. Non-current tax receivables	246,950.39	247
VI. Deferred taxes	236,583.20	333
VII. Other assets	55,963.02	64
	<b>14,105,832.80</b>	<b>14,033</b>
<b>B. Current assets</b>		
I. Inventories	974,469.98	88
II. Trade accounts receivable	2,659,082.19	3,040
III. Accounts receivable from associated companies	0.00	0
IV. Current tax receivables	566,379.32	636
V. Other assets	865,482.21	614
VI. Securities	26,000.00	14
VII. Cash in hand and bank balances	2,909,161.73	2,929
	<b>8,000,575.43</b>	<b>7,321</b>
	<b>22,106,408.23</b>	<b>21,354</b>



<b>Liabilities</b>	<b>30.09.2010</b>	<b>31.12.2009</b>
	<b>EUR</b>	<b>TEUR</b>
<b>A. Equity</b>		
I. Subscribed capital	3,891,000.00	3,891
II. Treasury shares	-4,046,066.78	-4,046
III. Capital reserve	4,647,609.31	4,648
IV. Retained earnings	9,462,980.36	9,439
V. Consolidated profit carried forward	2,455,851.21	1,494
VI. Consolidated annual net profit	468,523.10	962
	16,879,897.20	16,388
VII. Shares of minority shareholders	-59,330.19	-47
	<b>16,820,567.01</b>	<b>16,341</b>
<b>B. Non-current liabilities</b>		
Deferred taxes	1,990,147.15	1,915
<b>C. Current liabilities</b>		
I. Trade payables	1,798,258.46	878
II. Current tax liabilities	72,148.29	34
III. Provisions	262,000.00	266
IV. Other liabilities	1,163,287.32	1,920
	<b>3,295,694.07</b>	<b>3,098</b>
	<b>22,106,408.23</b>	<b>21,354</b>





**Consolidated Profit and Loss Account in accordance with IFRS for the period from January 1, 2010 to September 30, 2010**

	01/01/ 2010 - 09/30/2010 EUR	01/01/ 2009 - 09/30/2009 TEUR
1. Sales revenue	14,720,137.91	9,987
2. Other operating income	419,512.28	457
3. Other internally produced and capitalized assets	777,497.36	880
	15,917,147.55	11,324
4. Material expenses		
a) Costs of goods purchased	-7,335,504.36	-2,561
b) Costs of services purchased	-135,842.85	-144
5. Personnel expenses		
a) Wages and salaries	-4,153,090.86	-4,113
b) Social security contributions	-689,361.37	-646
6. Depreciation	-789,124.08	-675
7. Other operating expenses	-2,129,859.62	-2,486
<b>Operating results/EBIT</b>	<b>684,364.41</b>	<b>699</b>
8. Other interest and similar income	28,887.26	33
9. Interest and similar expenses	-675.20	0
10. Result from associated companies	-8,703.93	0
<b>11. Profit before taxes and minority interests</b>	<b>703,872.54</b>	<b>732</b>
12. Tax expenses	-241,559.76	-253
13. Profit attributable to minority shareholders of partnerships	-6,196.54	-6
<b>14. Profit for the period</b>	<b>456,116.24</b>	<b>473</b>
Profit for the period attributable to		
minority shareholders	-12,406.86	-38
shareholders of the parent company	468,523.10	511
Average number of current shares	3,538,500	3,538,500
Earnings per share (diluted)	0.13	0.14
Earnings per share (basic)	0.13	0.14
Other profit (after tax)		
Foreign exchange differences	15,167.40	30
Changes in valuation surplus	12,250.00	7
Income tax on parts of other income	-3,650.50	-2
15. Other net income after tax	23,766.90	35
<b>16. Net income</b>	<b>479,883.14</b>	<b>508</b>
Net income attributable to		
minority shareholders	-11,615.01	-30
shareholders of the parent company	491,498.15	539



## Consolidated Cash Flow Statement in accordance with IFRS for the period from January 1, 2010 to September 30, 2010

in TEUR	01.01. 2010 - 30.09.2010	01.01.2009. - 30.09.2009
Earnings before Interest and Tax	684	699
Depreciation of property, plant and equipment	789	674
<b>Cash flow</b>	<b>1,473</b>	<b>1,374</b>
Profit from asset disposals	-3	-18
Decrease in provisions	-4	-50
Decrease (previous year: increase) in inventories, trade receivables and other assets	-583	706
Increase (previous year: decrease) in trade payables and other liabilities	109	-764
Interest received	29	33
Interest paid	-1	0
Income tax	-74	-165
<b>Cash flow from operating activities</b>	<b>947</b>	<b>1,117</b>
Incoming payments from asset disposals	23	59
Payments from companies accounted for using the equity method	-15	-12
Payments for property, plant and equipment	-297	-128
Payments for intangible assets	-678	-880
<b>Cash flow from investment activities</b>	<b>-967</b>	<b>-961</b>
Payout to shareholders	0	-708
<b>Cash flow from financing activities</b>	<b>0</b>	<b>-708</b>
<b>Net decrease in cash and cash equivalents</b>	<b>-20</b>	<b>-552</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>2,929</b>	<b>3,039</b>
<b>Cash and cash equivalents at the end of the period (cash in hand and bank balances)</b>	<b>2,909</b>	<b>2,487</b>

**Statement of changes in equity in accordance with IFRS for the period ending September 30, 2010**

in TEUR	Subscribed capital	Treasury shares	Capital reserve	Statutory reserve	Retained earnings	Valuation surplus	Foreign currency translation reserve	Consolidated profit carried forward	Profit for the period	Stock not including minority shareholders	Stock of other shareholders	Total
<b>01.01.2009</b>	<b>3,891</b>	<b>-4,046</b>	<b>4,648</b>	<b>42</b>	<b>8,694</b>	<b>-7</b>	<b>-8</b>	<b>1,322</b>	<b>1,594</b>	<b>16,130</b>	<b>19</b>	<b>16,149</b>
Allocation to other retained earnings	-	-	-	-	714	-	-	880	-1,594	-	-	-
Payout	-	-	-	-	-	-	-	-708	-	-708	-	-708
Net income	-	-	-	-	-	3	1	-	962	966	-66	900
<b>For period from Dec. 31, 2009 to Jan. 1, 2010</b>	<b>3,891</b>	<b>-4,046</b>	<b>4,648</b>	<b>42</b>	<b>9,408</b>	<b>-4</b>	<b>-7</b>	<b>1,494</b>	<b>962</b>	<b>16,388</b>	<b>-47</b>	<b>16,341</b>
Allocation to other retained earnings	-	-	-	-	-	-	-	962	-962	-	-	-
Net income	-	-	-	-	-	9	15	-	469	493	-12	480
<b>As of Sept. 30, 2010</b>	<b>3,891</b>	<b>-4,046</b>	<b>4,648</b>	<b>42</b>	<b>9,408</b>	<b>5</b>	<b>8</b>	<b>2,456</b>	<b>469</b>	<b>16,881</b>	<b>-59</b>	<b>16,821</b>



## **Consolidated notes**

### ***Consolidation and accounting policies***

The Synaxon AG Consolidated Interim Financial Report for the period ending September 30, 2010 has been prepared, as were the Consolidated Financial Statements for the period ending December 31, 2009, in accordance with the International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Boards (IASB). The Interim Financial Report for the period ending September 30, 2010 has been prepared in accordance with the requirements of IAS 34, "Interim Financial Reporting".

When preparing the Interim Financial Statements, as a rule the same consolidation and accounting policies were applied as for the 2009 Consolidated Financial Statements. A detailed description of these policies is published in the Notes to the Consolidated Financial Statements in the 2009 Annual Report.

### ***Basis of Consolidation***

Alongside Synaxon AG as the parent company, all domestic and foreign subsidiaries in which Synaxon AG directly or indirectly holds more than 50 percent of shares or voting rights were generally included in the Consolidated Financial Statements for the period ending September 30, 2010.

### ***Profit Appropriation***

The Annual General Meeting on June 25, 2010 accepted the administration's profit appropriation proposal to retain 100% of the balance sheet profit of the parent company of the Group, Synaxon AG, for the 2009 fiscal year and allocate it to retained earnings.

### ***Treasury shares***

The total number of treasury shares for the period ending September 30, 2010 came to 352,500 with a market value of 1,763 TEUR. This is 9.06% of capital stock. Pursuant to IAS 32.33, treasury shares have been reported in the balance sheet as deductions from equity.

### ***Intangible assets***

The following development expenses incurred in the 2010 reporting period were capitalized: the modular, relational database system EGIS to the tune of 354 TEUR, the BPM used internally to the tune of 72 TEUR, the PC-SPEZIALIST online shop totaling 251 TEUR and the business platform that is currently under development amounting to 100 TEUR. The carrying amount of the modules already activated stood at 3,652 TEUR as of September 30, 2010 and will be depreciated over a period of 5 to 10 years. As a result of the facts presented, depreciation for the period ending September 30, 2010 stood at 465 TEUR.

### ***Segment reporting***

IFRS 8 requires the disclosure of information used by the "chief operating decision maker" to assess and review financial performance, and to decide on the allocation of resources.



***Report on post-balance sheet date events***

On August 10, 2010, ARF Holding GmbH, Schloß Holte-Stukenbrock, published an announcement concerning the control gained through Synaxon AG in accordance with Article 35 (1) in conjunction with Article 10 (3) of WpÜG (German Securities Acquisition and Takeover Act). The ARF Holding has issued a mandatory offer for the purchase of all bearer shares in Synaxon AG to all shareholders in accordance with Article 35 (2) of WpÜG after the Federal Financial Supervisory Authority approved publication of the offer document. The offer document has been published on the Internet at [www.arf-holding.de](http://www.arf-holding.de). The acceptance period began on September 8 and ended on October 7, 2010.

On October 15, 2010, the ARF Holding GmbH and Mr. Bruno Fortmeier informed us that their share of voting rights in Synaxon AG on October 14, 2010 had exceeded the thresholds of 50% and 75% and on that date totaled 75.35%. This also included treasury shares of Synaxon AG (9.06%) that were allocated to ARF Holding GmbH as the controlling company.

Frank Roebbers (CEO and Chairman of the Board)

Andreas Wenninger (COO), Board Member

Mark Schröder (CFO), Board Member

## 2011 Financial Calendar

The 2011 financial calendar will soon be available on the company's website ([www.synaxon.de](http://www.synaxon.de)).

## Publication details

Publisher, Concept, Design

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Compiled in November 2010

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The Synaxon AG Interim Financial Report for the period ending September 30, 2010 was published in English and German and is also available online at <http://www.synaxon.de>.

In the event of discrepancies, the Interim Financial Report in German is the definitive version.