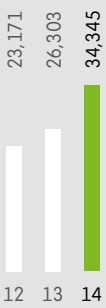


S/Z/G/

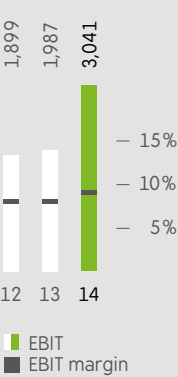
The image features a minimalist abstract design. A thick yellow arc curves from the left edge towards the upper right. At its endpoint is a large, faceted green gemstone. Below the gemstone, three smaller, similar faceted shapes are arranged in a descending line. A thin grey line extends from the top right corner towards the gemstone. In the lower right, a large, wavy green shape curves upwards. A thin grey line also curves from the bottom left towards the green shape. The text 'S/Z/G/' is positioned in the middle left area.

Key financial figures

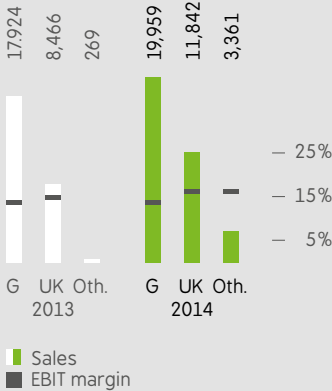
Sales
9M in EUR'000



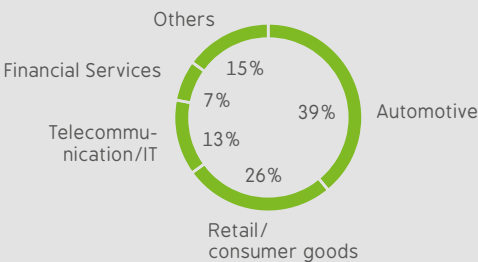
EBIT and EBIT margin
9M in EUR'000



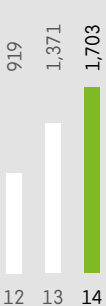
Sales and EBIT margin
by segments
9M in EUR'000



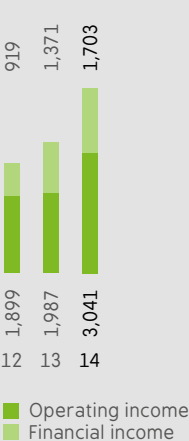
Sales allocation by
vertical markets



Financial income
9M in EUR'000



Ratio of operating income
to financial income
9M in EUR'000



Net income
9M in EUR'000



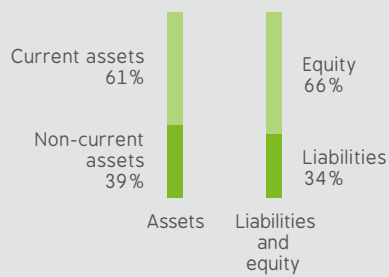
Earnings per share
9M in EUR



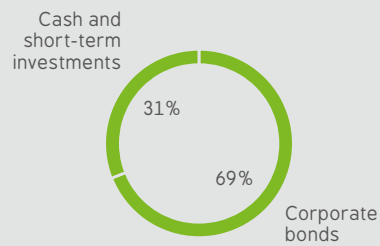
Development of
operating cash flows
9M in EUR'000



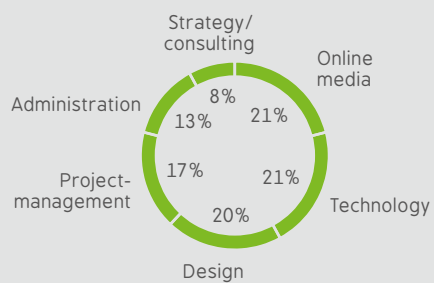
Balance sheet
structure



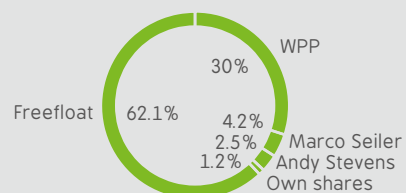
Portfolio structure of
cash and marketable
securities



Employees by
function



Shareholder
structure



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Business development and management report

	3rd Quarter			January-September		
	2014	2013	Change	2014	2013	Change
	TEUR	TEUR		TEUR	TEUR	
Sales	11,772	9,370	26%	34,345	26,303	31%
EBITDA	1,271	858	48%	3,818	2,537	50%
EBITDA margin	11%	9%	+2pp	11%	10%	+1pp
EBIT	1,006	661	52%	3,041	1,987	53%
EBIT margin	9%	7%	+2pp	9%	8%	+1pp
Financial income	545	570	-4%	1,703	1,371	24%
Net income	1,100	852	29%	3,755	2,401	56%
Earnings per share (EUR)	0.08	0.07	14%	0.28	0.19	47%
Employees as per Sept. 30 (incl. Freelancers)	483	341	42%	483	341	42%
Liquid assets	29,278	23,248	26%	29,278	23,248	26%
Operating cash flow	5,574	741	653%	9,369	-308	n.a.

1. General

The following Group 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 Group Management Report is based have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial year corresponds to the calendar year.

The SYZYGY Group's operating units cover the entire digital marketing value chain: from strategic consulting to project planning, concepts and design to technical realisation of brand platforms, business applications, websites, online campaigns and mobile apps. Online media services such as planning, search engine marketing/optimisation and affiliate programmes are also a major business area. Digital illustrations, animations and gaming round off the range of services.

2. Group profile

2.1 Business activities and structure

The SYZYGY Group is an international provider of creative, technological and media services for digital marketing. The Group consists of SYZYGY AG as the holding company and eight subsidiaries. Overall, the Group has around 500 employees at locations in Germany, the UK, Poland and the US.

The Group's focus is on the automotive, telecommunications/IT and retail and consumer goods industries, as well as financial services.

2.2 Group management

The SYZGY Group has a decentralised organisational structure. As the management holding company, SYZGY AG manages the subsidiaries on the basis of financial and corporate targets (management by objectives). The management teams in the individual companies operate largely independently, within the constraints of their targets and budgets.

A control and reporting system is in place for management and monitoring purposes. It compares the financial figures against the budget on a monthly basis, while also highlighting key opportunities and risks. The key financial metrics are sales, earnings before taxes and interest (EBIT) and, for SYZGY AG, financial income.

3. Economic report

3.1 General economic development

Economic research institutes and international organisations believe that the Eurozone economy grew only very moderately overall in the period under review. While Spain and the Netherlands showed signs of recovery, the major economies of France and Italy were again unable to make any contribution towards boosting the Eurozone's gross domestic product (GDP).

Following 0.2 per cent growth in the first quarter and stagnation in Q2, the ifo Institute, INSEE and ISTAT forecast growth of only 0.2 per cent for the Eurozone in the third quarter. In light of the disappointing figures, which were attributed in part to ongoing geopolitical conflicts, many experts lowered their forecasts for the full year.

Although Germany continued to be the driving force of the European economy, it was unable to meet the high expectations generated by a strong first quarter. The rise in production of 0.8 per cent at the beginning of the year was followed by a surprising fall in economic output of 0.2 per cent. The above-mentioned institutes expect stagnation in the third quarter. Sentiment also deteriorated among businesses: the ifo business climate index fell in September for the fifth time in a row, to its lowest level since April 2013. When asked about the current situation and also looking ahead to the next six months, respondents assessed the position as worse than in the spring.

In the UK, all the indicators continued to point towards growth, driven in particular by consumer spending. According to preliminary estimates, economic output increased by 0.7 per cent in Q3, having grown by 0.8 per cent in each of the first two quarters. Companies' willingness to invest, hitherto criticised as too low, was well above the level of previous years during the reporting period, thus also contributing to the positive performance.

3.2 Advertising market performance

Most statistics on the development of the online advertising market typically include spending on digital display advertising and search engine marketing; in contrast, creative and IT services, as provided by the agencies in the SYZGY Group, are not taken into account. Different survey methods also make it difficult to compare individual studies and lead to a wide range of results. For this reason, SYZGY regards the absolute validity of the statistics as limited for the purposes of forecasting the Group's future development. The data does nevertheless illustrate the fundamental change in the way that different communication channels are prioritised, as advertisers respond to changes in user behaviour among their target groups.

In Germany, gross online advertising spending (i.e. list prices without discounts and special terms) increased by 5 per cent in the first nine months of the year to a total of EUR 2.1 billion, according to market research firm Nielsen. The OVK Online Report 2014/02 found that the Internet again took second place in the media mix behind television: including search engine marketing, the online channel now accounts for a quarter of all net advertising spend.

While the pace of growth slowed in the “traditional” banner formats for desktop PCs, advertising on mobile devices is growing at a prodigious rate. Although the absolute figures, estimated at EUR 107 million in 2014, are still relatively low (source: MAC Mobile Report 2014/02), growth of 65 per cent compared with 2013 demonstrates the increasing importance of smartphones and tablets for brand communication and sales.

In the UK, too, Internet advertising budgets saw a further rise. The UK’s Internet Advertising Bureau reported a 17 per cent increase in total spending on digital advertising (including mobile) for the first half of 2014, to a record level of GBP 3.5 billion. Mobile formats saw significantly above-average growth of 68 per cent. At GBP 707 million, these formats already account for a fifth of online spending.

3.3 Performance and situation of the Group

3.3.1 Sales

SYZYG reports billings and sales. The sales figures are arrived at by deducting media costs from billings. Media costs are incurred in the online marketing subsidiaries as transitory items on the revenue and expenses side.

The acquisition of new clients and expansion of existing customer relationships to other markets resulted in a sharp increase in both billings and sales in the reporting period. Full consolidation of Polish agency Ars Thanea also contributed to the very positive performance.

Billings were up 39 per cent in the 9-month period, to EUR 93.2 million, with the third quarter seeing an increase of 47 per cent to EUR 34.5 million. Extending the business relationship with AVIS to the North American market led to particularly strong growth.

Group sales improved to EUR 34.3 million, 31 per cent above the figure at September 30, 2013. Quarterly analysis shows that the very good results of the first two quarters of 2014 were exceeded. The figure of EUR 11.8 million in Q3 (up 26% compared with Q3 2013) represents a new all-time high for the SYZYG Group. Organic growth excluding the contribution made by Ars Thanea was 17 per cent in the third quarter, and 23 per cent for the 9-month period.

The automotive industry continues to be of major importance to the Group. SYZYG generated around 39 per cent of its sales with automotive clients, 4 percentage points more than in 2013.

The proportion of sales attributable to clients in the retail and consumer goods sectors remained constant at 26 per cent, while 13 per cent of sales were generated with companies in the telecommunications/IT industry (previous year: 12%). Projects for financial services providers accounted for around seven per cent of sales, a decline of three percentage points. The remaining 15 per cent are attributable to companies that cannot be assigned to any of these four core sectors.

The SYZGY Group generated 65 per cent of its sales with its ten largest clients in the period under review, up five percentage points on the previous year. A large proportion of these sales was generated in the platform business, which is generally associated with very long-term client relationships. This provides a stable foundation for the Group's ongoing positive development. Gaining new clients is nonetheless an important element in the Group's growth strategy in order to continually differentiate and expand the client base.

3.3.2 Operating expenses and depreciation

At EUR 24.5 million, the cost of sales in the 9-month period was 28 per cent above the prior-year figure. This increase was slightly below the rate of increase in sales, resulting in gross margin moving up two percentage points to 29 per cent.

In contrast, sales and marketing costs were up 43 per cent to EUR 3.5 million. While the additional expenses in the first half of the year were mainly due to the cost of holding the Digital Innovation Day and intensive promotional activity by Ars Thanea, additional expenditure was incurred in the third quarter when the new New York office was opened.

With regard to administration, economies of scale meant that costs rose at a lower rate than sales, increasing 15 per cent to EUR 3.5 million.

At EUR 0.8 million, depreciation of fixed assets was 41 per cent above the previous year's figure. The main reason here was the cost of moving into new premises in New York and Warsaw, in addition to expansion of the Berlin office.

3.3.3 Operating income (EBIT) and EBIT margin

SYZGY continued to build on the outstanding results achieved in the first half of the year, posting operating income of EUR 1.0 million in the third quarter (up 52% compared with Q3 2013). EBIT totalled EUR 3.0 million in the 9-month period, which corresponds to a rise of 53 per cent compared with the same period of the previous year.

The EBIT margin rose by one percentage point to 9 per cent. The higher profitability is due to the elimination of adverse factors in Germany and the UK, in addition to economies of scale in administration.

3.3.4 Financial income

SYZGY again generated strong financial income of EUR 0.5 million in the third quarter (-4% compared with Q3 2013) through active management of available liquid funds. Looking at the 9-month period, income rose by 24 per cent to EUR 1.7 million. The annualised return on the average available liquid funds of EUR 26.3 million was thus 8.7 per cent.

3.3.5 Income taxes, net income, earnings per share

Earnings before tax amounted to EUR 5.4 million in the period under review, 61 per cent more than in the same period of the previous year. In addition to strong financial and operating income, a special factor also contributed to a lesser extent: due to full consolidation of Ars Thanea, assets increased in the first quarter by around EUR 0.7 million. When this figure is stripped out, the increase in consolidated earnings is 41 per cent.

After deduction of income taxes amounting to EUR 1.3 million, net income from continuing operations was EUR 4.1 million (+70%); the tax rate is 28 per cent. Winding up the non-operational company Mediopoly Ltd resulted in currency losses, which reduced income by EUR 0.3 million. Total net income for the period was therefore EUR 3.8 million (+56%), corresponding to diluted and basic earnings per share of EUR 0.28 (+47%). This calculation is based on an average number of shares of 12.7 million (basic) and 12.8 million (diluted).

3.3.6 Segment reporting

In line with the management approach, SYZGY uses geographical criteria to report segments and thus distinguishes between Germany and the UK. "Other segments" are also reported since the first quarter of 2014, comprising the Polish agency Ars Thanea and Hi-ReSi New York. Neither company fulfils the size criteria set out in IFRS 8.13 to qualify as an independent geographical segment.

All segments performed very well during the period under review. The UK segment experienced a particularly high growth rate due to the acquisition of significant new clients and outstanding levels of business with existing clients. Sales increased by 40 per cent to EUR 11.8 million. EBIT rose disproportionately by 53 per cent to EUR 1.9 million.

The German segment performed very well, with sales up 11 per cent to EUR 20.0 million and EBIT reaching EUR 2.8 million (+13%).

The other segments contributed sales of EUR 3.4 million and operating income of EUR 0.5 million to the overall result. Of these amounts, EUR 2.1 million and EUR 0.3 million, respectively, are attributable to Ars Thanea.

In percentage terms, the contribution made by the individual segments was as follows: the German companies generated 57 per cent of sales, the British agencies provided 34 per cent, while 10 per cent of total sales were attributable to Ars Thanea and Hi-ReSi New York. A similar picture with almost identical proportions applies with regard to operating income. Here, the respective shares are 54 per cent (Germany), 36 per cent (UK) and 10 per cent (other segments).

The profitability of the UK segment and of other segments in the reporting period was 16 per cent, slightly better than in Germany, where the EBIT margin was 14 per cent.

3.3.7 Financial position and cash flow

Due to exceptionally strong operating cash flow in the third quarter, the SYZGY Group's liquidity reserves have risen sharply: as at September 30, liquid funds and securities totalled EUR 29.3 million. This equates to EUR 4.5 million or 18 per cent more than at year-end 2013.

31 per cent of the funds (EUR 9.1 million) were held in bank and overnight deposits, while 69 per cent (EUR 20.2 million) were invested in corporate bonds. The bonds had an average residual maturity of 7.7 years.

Cash inflows from operations totalled EUR 5.6 million in Q3. The main factors were the high net income (EUR 1.1 million) and timing-related effects in the online marketing business. These resulted in an increase of EUR 1.4 million in accounts payable and other provisions, while receivables were reduced by around EUR 2.0 million. Advance payments of EUR 0.3 million received from clients additionally boosted operating cash flow.

Since the beginning of the year, the Group has received cash inflows from operations amounting to EUR 9.4 million. Total cash flow was also very substantial, at EUR 1.9 million.

3.3.8 Investments, research and development

The SYZGY Group invested EUR 1.0 million in intangible and tangible assets in the reporting period, some 60 per cent more than in the same period last year. This was due to the leasing and equipping of new offices for Hi-ReSI New York, Hi-ReSI Berlin and Ars Thanea. Routine amounts were also invested in equipment for employees.

No research and development expenses were incurred.

3.3.9 Net assets and balance sheet position

The SYZGY Group's total assets increased significantly to EUR 75.5 million during the reporting period. This equates to 14 per cent or EUR 9.4 million more than at December 31, 2013.

The strong increase in non-current assets is primarily due to goodwill, which totalled EUR 23.7 million as at the reporting date, representing a rise of 21 per cent or EUR 4.2 million. EUR 3.5 million of this amount is attributable to Ars Thanea, while currency effects account for EUR 0.7 million.

Intangible assets and fixed assets increased by 33 per cent to EUR 3.5 million, likewise due to full consolidation of the new subsidiary. Conversely, long-term investments decreased from EUR 0.6 million to zero.

Current assets rose by a total of EUR 4.9 million. The principal factor in this respect was the large increase in liquid funds and securities by a total of EUR 4.5 million (+18%). Accounts receivable also contributed to expansion of the balance sheet, increasing by EUR 2.2 million to EUR 15.1 million in accordance with the higher volume of business.

Other assets were down by 55 per cent to EUR 1.4 million due to tax refunds.

On the liabilities side, the biggest impact of the growth in total assets was seen in current liabilities. At EUR 24.0 million, they were 39 per cent above the figure as at December 31, 2013.

Accounts payable increased marginally by 5 per cent to EUR 8.6 million. Other provisions rose by EUR 3.7 million to a total of EUR 7.9 million, notably due to the particular reporting date and strength of the online marketing segment.

The advance payments of EUR 4.7 million (+56%) received from clients and the disclosure of VAT liabilities totalling EUR 2.2 million (+61%) also contributed to the sharp rise in current liabilities.

Equity remained largely constant (+3%), totalling EUR 49.9 million. Currency effects had a positive impact, leading to an increase in other net income to EUR 0.9 million.

The implementation of a share buyback programme increased the relevant deduction item to EUR 0.8 million, with 100,000 SYZGY shares being purchased on the stock market in the third quarter.

The equity ratio of 66 per cent corresponds to a drop of eight percentage points compared with year-end 2013.

3.3.10 Employees

Full consolidation of Ars Thanea and the positive overall development of the business resulted in the headcount of the SYZGY Group increasing by 30 per cent year-on-year to a total of 483. Of this total, 447 were permanent employees, while 36 worked for the Group on a freelance basis.

237 employees, around half of the permanent staff, worked for the German companies (53%), and 132 were employed in the three UK agencies (30%). The headcount at Ars Thanea was 69 persons (15%) as at the balance sheet date. Hi-ReS! New York remained the smallest unit in the Group, with nine employees (2%).

The acquisition of Ars Thanea and expansion of Hi-ReS! Berlin resulted in changes in the distribution of employees by role, particularly in the areas of design and technology. The proportion of employees working in these areas increased year-on-year from 14 to 19 per cent and from 17 to 21 per cent, respectively. The number of project managers developed in line with overall growth, with the proportion thus remaining unchanged at 17 per cent. The increase in headcount in administration and strategy was slightly below average. The proportion fell by one percentage point in each case, to 13 per cent and 8 per cent, respectively. The number of employees engaged in online marketing remained constant in absolute terms, with the result that the proportion declined from 30 per cent to 21 per cent.

The average headcount was 445 in the period covered by the report, including freelancers. Annualised sales per head were therefore EUR 103,000.

4. Outlook

As with any private-sector business, the SYZGY Group is subject to factors over which it has no control. Changes in the general economic environment and sentiment, both actual and perceived, can have a positive or negative impact on the Group's growth.

All statements about the future of the Group are based on information and findings that were known and available at the time this report was prepared. Since this information is subject to constant change, forecasts invariably involve a number of uncertainties. As a result, actual results may differ.

The SYZGY Group draws up its forecasts on the basis of its organic development. Acquisitions can have a positive or negative 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.

4.1 General economic situation

Economists currently see more risks than opportunities with regard to the future development of the global economy. The armed conflicts in the Middle East and the unresolved crisis in Ukraine have led to significant uncertainty among companies and investors. The latest economic data from Japan shows that the country's gross domestic product (GDP) has fallen sharply, which also dampens expectations. Sentiment indicators bear witness to this, as do falling stock market prices.

Growth forecasts have been slashed across the board. The Organisation for Economic Co-operation and Development (OECD) expects weaker growth in almost all member countries of the European currency union, and cut its growth forecast by 0.4 percentage points to 0.8 per cent. The International Monetary Fund published similar figures in the October edition of its World Economic Outlook.

As a heavyweight of the European economy, Germany has a significant impact on the wider development. Here too, the forecasts have been reduced substantially, with the German federal government, the country's leading economic research institutes and the KfW bank all cutting their estimates by 0.6 per cent to figures of between 1.2 and 1.4 per cent.

The British economy only returned to the pre-crisis level of Q1 2008 earlier this year and is expected to achieve strong growth in 2014. The International Monetary Fund forecasts a rise in output of 3.2 per cent. The average of independent forecasts calculated by the UK Treasury is 3.0 per cent.

Overall, SYZGY expects that economic weakening within the parameters outlined above will have no significant impact on the performance of the Group in the short and medium term.

4.2 Advertising market

According to the latest estimate by the German Online Marketing Group (OVK), online advertising in Germany (including mobile) is set to grow almost 7 per cent to EUR 1.4 billion. Spending on mobile advertising formats will rise at an above-average rate, increasing by 65 per cent compared with 2013 to reach EUR 107 million.

In the UK, eMarketer forecasts that GBP 7.3 billion will be spent on online advertising. This would represent an increase of 15 per cent over 2013. All in all, digital channels would thus account for just under half of all advertising spending. Here again, mobile advertising formats and video ads in particular are the main drivers of this dynamic trend.

4.3 Performance of the SYZYGY Group

The use of digital media has become part of daily life for (almost) all age groups. Fast data connections and the proliferation of powerful smartphones have helped to make the Internet an established part of our professional and private lives. Consequently, the Web is evolving into a central interface between people and brands. Digital brand platforms, such as those that SYZYGY develops for companies like BMW, Jägermeister, Dr. Oetker and Mazda, are becoming the focal point of communication and marketing campaigns.

SYZYGY believes that online will continue to gain huge importance in brand communication. As an international service group with in-depth IT expertise, a design team that regularly wins prestigious awards, and extensive industry expertise, SYZYGY is exceptionally well positioned to provide long-term support for international companies facing the challenges of the digital transformation.

Due to the strong performance of the business, SYZYGY is again raising the forecast for the full year: SYZYGY expects to increase sales by 26 per cent to EUR 44.0 million (previous estimate: EUR 42.5 million), with EUR 2.5 million of this amount being attributable to Ars Thanea. Operating income is expected to be EUR 3.6 million (previously: EUR 3.5 million), representing strongly disproportionate growth of 80 per cent. The forecast for earnings per share before special factors is being raised by one cent to EUR 0.33.

Bad Homburg v. d. H., October 31, 2014
SYZYGY AG

The Management Board

Consolidated balance sheet

ASSETS	09/30/2014	09/30/2013	12/31/2013
	EUR'000	EUR'000	EUR'000
Non-current assets			
Goodwill	23,716	19,447	19,537
Fixed assets, net	3,525	2,840	2,657
Fixed asset investments	0	668	641
Other assets	636	498	583
Deferred tax assets	1,845	2,046	1,845
Total non-current assets	29,722	25,499	25,263
Current assets			
Cash and cash equivalents	9,113	4,488	6,728
Marketable securities	20,165	18,760	18,078
Accounts receivable, net	15,133	11,655	12,944
Prepaid expenses and other current assets	1,406	1,920	3,124
Total current assets	45,817	36,823	40,874
Total assets	75,539	62,322	66,137
EQUITY AND LIABILITIES			
	EUR'000	EUR'000	EUR'000
Equity			
Common stock*	12,828	12,828	12,828
Additional paid-in capital	20,294	20,207	20,207
Own shares	-831	-275	-554
Accumulated other comprehensive income	892	-744	-355
Retained earnings	16,769	15,885	16,789
Minorities	-52	-294	-238
Total equity	49,900	47,607	48,677
Non-current liabilities			
Long term liabilities	1,512	134	132
Deferred tax liabilities	136	88	88
Total non-current liabilities	1,648	222	220
Current liabilities			
Tax accruals and liabilities	2,162	1,778	1,344
Accrued expenses	7,922	3,744	4,240
Customer advances	4,707	2,539	3,023
Accounts payable	8,559	6,051	8,118
Other current liabilities	641	381	515
Total current liabilities	23,991	14,493	17,240
Total liabilities and equity	75,539	62,322	66,137

* Contingent capital EUR 1,200,000 (prior year: EUR 1,200,000).
The accompanying notes are an integral part of the financial statements.

Consolidated statement of comprehensive income

	3rd Quarter			January-September		
	2014	2013	Change	2014	2013	Change
	EUR'000	EUR'000		EUR'000	EUR'000	
Billings	34,499	23,410	47%	93,245	66,975	39%
Media costs	-22,727	-14,040	62%	-58,900	-40,672	45%
Sales	11,772	9,370	26%	34,345	26,303	31%
Cost of revenues	-8,484	-6,956	22%	-24,483	-19,085	28%
Sales and marketing expenses	-1,217	-820	48%	-3,515	-2,461	43%
General and administrative expenses	-1,153	-1,090	6%	-3,515	-3,062	15%
Other operating income/expense, net	88	157	-44%	209	292	-28%
Operating profit	1,006	661	52%	3,041	1,987	53%
Financial income, net	545	570	-4%	1,703	1,371	24%
Special items	0	0	-	650	0	-
Income before taxes	1,551	1,231	26%	5,394	3,358	61%
Income taxes	-451	-379	19%	-1,324	-957	38%
Net income of the period from continuing operations	1,100	852	29%	4,070	2,401	70%
Profit or loss from discontinued operations	0	0	-	-315	0	-
Total net income of the period	1,100	852	29%	3,755	2,401	56%
Items that will not be reclassified to profit and loss:	0	0	-	0	0	-
Items that will or may be reclassified to profit and loss:						
Currency translation adjustment	350	287	22%	1,367	-344	-
Net unrealized gains/losses on marketable securities, net of tax	-300	200	-250%	-120	-135	-11%
Other comprehensive income	50	487	-90%	1,247	-479	-
Comprehensive income	1,150	1,339	-14%	5,002	1,922	160%
thereof income share to other shareholders	65	17	282%	197	-34	-
thereof income share to shareholders of SYZGY AG	1,085	1,322	-18%	4,805	1,956	146%
Earnings per share from total operations (basic in EUR)	0.08	0.07	14%	0.28	0.19	47%
Earnings per share from total operations (diluted in EUR)	0.08	0.07	14%	0.28	0.19	47%
Earnings per share from continuing operations (basic in EUR)	0.08	0.07	14%	0.30	0.19	58%
Earnings per share from continuing operations (diluted in EUR)	0.08	0.07	14%	0.30	0.19	58%

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

Statement of changes in equity

							Accum. other compre- hensive income			
	Number of shares	Common stock	Additional paid-in capital	Own shares	Retained earnings	Foreign exchange currency	Unrealised gains and losses	Equity attributable to shareholders of SYZYGY AG	Minority interest	Total equity
	in 1,000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Jan. 01, 2013	12,828	12,828	20,207	-116	16,651	-1,393	1,128	49,305	-260	49,045
Comprehensive income					3,339	-218	128	3,249	22	3,271
Dividend					-3,201			-3,201		-3,201
Purchase of own shares				-438				-438		-438
Dec. 31, 2013	12,828	12,828	20,207	-554	16,789	-1,611	1,256	48,915	-238	48,677
Jan. 01, 2014	12,828	12,828	20,207	-554	16,789	-1,611	1,256	48,915	-238	48,677
Comprehensive income					3,558	1,367	-120	4,805	197	5,002
Changes from first consolidation and in shares									-11	-11
Dividend					-3,578			-3,578		-3,578
Sale of own shares			87	328				415		415
Purchase of own shares				-605				-605		-605
Sept. 30, 2014	12,828	12,828	20,294	-831	16,769	-244	1,136	49,952	-52	49,900

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

Consolidated statement of cash flows

	09/30/2014	09/30/2013	2013
	EUR'000	EUR'000	EUR'000
Period net income	3,755	2,401	3,361
Adjustments to reconcile income from operations to net cash provided by operating activities			
– Writedown of marketable securities	57	0	0
– Depreciation on fixed assets	777	550	754
– Profit and loss on sale of securities	-868	-760	-980
– Profit (-)/loss (+) on sale of fixed assets	52	9	262
– Revaluation effects from first consolidation of Ars Thanea	-650	0	0
– Non-cash related currency differences from liquidation of Mediopoly Ltd	315	0	0
– Income of at equity investments	-63	0	-99
– Other non-cash income and expenses	506	265	250
Changes in operating assets and liabilities:			
– Accounts receivable and other assets	-723	-2,057	-3,542
– Customer advances	1,633	-77	434
– Accounts payable and other liabilities	3,798	-1,182	1,312
– Tax accruals and payables, deferred taxes	780	543	-458
Cash flows provided by operating activities	9,369	-308	1,294
Changes in other non-current assets	-13	6	-69
Investments in fixed assets	-996	-618	-892
Purchases of marketable securities	-27,962	-21,187	-24,074
Proceeds from sale of marketable securities	26,206	23,751	27,898
Acquisition of consolidated entities	-987	0	0
Income from at equity investments	63	0	114
Cash flows used in investing activities	-3,689	1,952	2,977
Dividend	-3,578	-3,201	-3,201
Cash inflows from issuance of share capital from minority shareholders	-11	0	0
Changes in treasury stock	-190	0	-438
Cash flows from financing activities	-3,779	-3,201	-3,639
Total	1,901	-1,557	632
Cash and cash equivalents at the beginning of the period	6,728	6,103	6,103
Changes from first consolidation	44	0	0
Exchange rate differences	440	-58	-7
Cash and cash equivalents at the end of the period	9,113	4,488	6,728

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

Notes to the Consolidated Quarterly Financial Statements as at October 31, 2014

Accounting

Pursuant to the provisions of section 37 y WpHG (German Securities Trading Act) in conjunction with Article 37 w para. 2 WpHG, the financial report of SYZYGY AG for the first nine months of 2014 comprises interim consolidated financial statements and an interim Group Management Report. The interim consolidated financial statements were prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) for interim financial reporting as applicable within the European Union. The interim financial statements were prepared in compliance with IAS 34. Accordingly, the company elected to produce a short-form report, compared with the consolidated financial statements as at December 31, 2013. The Management Report was prepared in accordance with the applicable requirements of the WpHG.

The same accounting and consolidation principles were applied as described in the notes to the financial statements in the 2013 annual report. Individual items in the balance sheet and consolidated statement of comprehensive income are likewise presented using the same valuation principles as described and applied in the annual report for 2013. The financial figures and associated information must therefore be read in conjunction with the annual report on the consolidated financial statements for 2013.

Business activities of the SYZYGY Group

The SYZYGY Group is an international provider of creative, technological and media services for digital marketing. SYZYGY AG acts as a management holding company by providing central services relating to strategy, planning, technology development, accounting, IT infrastructure and finance. SYZYGY AG also supports the subsidiaries in new business activities and generates sales from projects with third parties. As operating entities, the subsidiaries are responsible for providing consultancy and other services. With branches in Bad Homburg, Berlin, Frankfurt/Main, Hamburg, London, New York and Warsaw, the Group's subsidiaries cover the entire digital marketing value chain: from strategic consulting to project planning, concepts and design to technical realisation of brand platforms, business applications, websites, online campaigns and mobile apps. Online media services such as planning, search engine marketing/optimisation and affiliate programmes are also a major business area. Digital illustrations, animations and gaming round off the range of services. The Group's business focus is on the automotive, telecommunications/IT, retail and consumer goods, and financial services industries.

Scope of consolidation and principles

As at September 30, 2014, the following subsidiaries were included in the consolidated financial statements of SYZYGY AG and fully consolidated:

- (1) Ars Thanea ska, Poland
- (2) Hi-ReSI Berlin GmbH, Germany
- (3) Hi-ReSI London Ltd, UK
- (4) Hi-ReSI New York Inc, United States
- (5) SYZYGY Deutschland GmbH, Germany
- (6) SYZYGY UK Ltd, UK
- (7) uniquedigital GmbH, Germany
- (8) Unique Digital Marketing Ltd, UK

In order to strengthen and extend the range of services and achieve greater international expansion, SYZGY AG acquired a further 44 per cent stake in Ars Thanea on February 6, 2014. SYZGY now holds 70 per cent of the shares. Control of financial and corporate policy was transferred on February 6, 2014. Under IFRS 3.62, the takeover led to an increase in liquid assets of kEUR 44, the acquisition of current assets of kEUR 593 and of non-current assets of kEUR 93. Liabilities totalling kEUR 766 were also acquired. Distribution of the entire profit reserves to shareholders in form of a dividend, which was approved on February 5, 2014, and a loss in January 2014 led to negative equity of kEUR 36.

Up to this point in time, SYZGY has paid a purchase price of kEUR 987 in cash for Ars Thanea. In return, Ars Thanea's other shareholders undertook to purchase a total of 75,000 shares from SYZGY. This transfer was completed in February 2014. The purchase price will increase under corresponding earn-out clauses if defined income targets are achieved between 2016 and 2018. Based on the latest budgeting, the company expects to make an earn-out payment of around kEUR 1,512 in 2019.

The "old" shares (26 per cent) were revalued at fair value, resulting in a figure of kEUR 1,181. The difference of kEUR 650 between this amount and the acquisition costs of PLN 2,400,000 (kEUR 531 as at the date of acquisition) was recorded in special items. There were also exchange rate effects of kEUR 35, which were recognised in the income statement in other operating income.

A difference of around kEUR 3,751 was allocated to a trademark right (kEUR 200), the development of an intangible asset (kEUR 132), the stated earnings before taxes for the order backlog (kEUR 35) and reverse deferred tax liabilities (kEUR 70). The residual difference is reported as goodwill of kEUR 3,454, denominated in PLN. In line with IFRS 3, the final purchase price allocation must be concluded no later than one year after the transaction has been completed and will therefore be verified as at December 31, 2014.

Mediopoly Ltd was wound up on May 19, 2014 and deconsolidated. The shares held by Mediopoly Ltd in SYZGY UK Ltd were transferred to Unique Digital Marketing Ltd as a dividend in kind. In connection with winding up Mediopoly Ltd, currency losses of kEUR 315 are being reported as income from discontinued divisions which were previously recorded in equity such that net income was not affected. The currency differences reported in this manner were due to currency rate changes between the British pound and the German mark / the euro between the year 2000 and May 19, 2014.

Hi-ReSI Hamburg GmbH was retroactively merged with SYZGY Deutschland GmbH as acquiring legal entity with effect from January 2, 2014. The merger application was made on August 26, 2014 and the merger was entered in the commercial register on September 23, 2014. All assets and liabilities were transferred from Hi-ReSI Hamburg GmbH to SYZGY Deutschland GmbH. The merger does not have any impact on the Group's net assets, financial position or results of operations.

Information on general consolidation principles is provided in the 2013 annual report from page 51 onwards.

Segment reporting

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

The Germany segment comprises SYZYGY Deutschland GmbH, uniquedigital GmbH and Hi-ReSI Berlin GmbH. The UK segment consists of SYZYGY UK Ltd, Unique Digital Marketing Ltd and Hi-ReSI London Ltd. Due to their size, Hi-ReSI New York Inc and Ars Thanea ska fail to qualify as independent geographical segments. As they cannot be allocated to either of the geographical segments, they are summarised in other segments.

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 operating income (EBIT). Transactions between segments, which are charged at market prices, were eliminated.

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

Segment investments comprise investments in intangible assets and fixed assets.

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

09/30/2014 in EUR'000	Germany	UK	Other segments	Central functions and consolidation	Total
Billings	48,034	27,291	18,737	-817	93,245
Media costs	-28,075	-15,449	-15,376	0	-58,900
Sales	19,959	11,842	3,361	-817	34,345
of which internal sales	644	680	92	-1,416	0
Operating income (EBIT)	2,784	1,882	524	-2,149	3,041
Financial income	37	11	1	1,654	1,703
Assets	26,144	28,961	11,516	8,918	75,539
of which goodwill	8,841	11,374	3,501	0	23,716
Investments	466	152	493	1	1,112
Depreciations and amortisation	450	121	197	9	777
Segment liabilities	14,628	7,058	7,635	-3,682	25,639
Employees as per balance sheet date	217	132	78	20	447

09/30/2013 in EUR'000	Germany	UK	Other segments	Central functions and consolidation	Total
Billings	44,100	22,911	269	-305	66,975
Media costs	-26,176	-14,445	0	-51	-40,672
Sales	17,924	8,466	269	-356	26,303
of which internal sales	2,500	65	0	-2,565	0
Operating income (EBIT)	2,466	1,228	-209	-1,498	1,987
Financial income	51	-4	0	1,324	1,371
Assets	23,377	22,216	150	16,579	62,322
of which goodwill	8,841	10,606	0	0	19,447
Investments	571	42	3	-2	614
Depreciations and amortisation	421	105	13	11	550
Segment liabilities	12,140	8,763	570	-6,758	14,715
Employees as per balance sheet date	201	115	3	22	341

Treasury stock

SYZYG Y is authorised to resell or call in treasury shares or to offer treasury shares to third parties in the course of acquiring companies. Treasury shares do not entitle the Company to any dividend or voting rights. The extent of the share buyback is shown as a separate item to be deducted from equity. During the first quarter of 2014, 75,000 treasury shares were sold to the minority shareholders of Ars Thanea. The profit on sale of treasury shares amounted to kEUR 87 and was accounted in other comprehensive income, not affecting net income.

On June 6, 2014, the Management Board and Supervisory Board of SYZYG Y AG resolved to buy back up to 100,000 of SYZYG Y AG shares (corresponding to 0.78 per cent of the capital stock) via the stock exchange. The share buyback was fully accomplished on August 5, 2014.

The share buyback is in line with the Annual General Meeting's resolution of May 28, 2010, to buy back treasury stock of up to 10 per cent of the capital stock. The shares may be used for all the purposes authorized by the Annual General Meeting on May 28, 2010.

The purchase price for the shares may neither exceed nor fall short of the average share price for the five trading days prior to the purchase commitment by more than 10 per cent. The relevant prices for determining the average are the closing prices for SYZYG Y AG shares in electronic Xetra trading at the Frankfurt Stock Exchange (EUR 6.24).

Until August 5, 2014 the following buy-backs of shares were conducted:

Date*	Shares purchased	Price (EUR)	Buyback volume (EUR)
July 14, 2014	20,000	6.10	122,000.00
July 15, 2014	10,268	6.05	62,121.40
July 22, 2014	29,732	6.05	179,878.60
July 23, 2014	20,000	6.00	120,000.00
July 24, 2014	5,565	5.95	33,111.75
August 05, 2014	14,435	6.00	86,610.00
	100,000		603,721.75

* Value date; purchase date 1-2 days earlier.

As at September 30, 2014, SYZYG Y thus held 150,000 treasury shares at average acquisition costs of EUR 5.54.

Directors' dealings

Transactions in shares in their own organisation by board members of listed companies are called directors' dealings. In the period under review, the chairman of the Supervisory Board, Michael Mädel, acquired 8,000 SYZYG Y shares. Apart from that, board members did not buy or sell any SYZYG Y shares.

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

<i>Management board: shares [number of shares]</i>	Marco Seiler	Andrew Stevens	Total
As per December 31, 2013	538,121	325,000	863,121
Purchases	0	0	0
Sales	0	0	0
As per September 30, 2014	538,121	325,000	863,121

<i>Supervisory board: shares [number of shares]</i>	Michael Mädel	Wlfrid Beeck	Thomas Strerath	Total
As per December 31, 2013	12,000	120,000	0	132,000
Purchases	8,000	0	0	8,000
Sales	0	0	0	0
As per September 30, 2014	20,000	120,000	0	140,000

<i>Management board: options [number of shares]</i>	Marco Seiler	Andrew Stevens	Total
As per December 31, 2013	120,000	120,000	240,000
Granted	0	0	0
Exercised	-48,000	0	-48,000
As per September 30, 2014	72,000	120,000	192,000

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

Shareholder structure

As at September 30, 2014, the shareholders' structure has slightly changed compared to December 31, 2013. The WPP Group held nearly 30 per cent, Marco Seiler continued to hold 4.2 per cent and Andrew Stevens 2.5 per cent of the shares. Due to selling shares to the minority shareholders of Ars Thanea in the course of the acquisition as well as because of the share buyback, treasury stock changed from 0.4 per cent to 1.2 per cent of shares. The free float was thus 62.1 per cent. As at the reporting date, the total number of shares was 12,828,450.

Bad Homburg v. d. H., October 31, 2014
SYZGY AG

The Management Board

Financial calendar

German Equity Forum, Frankfurt	/	November 24-26, 2014
Capital Market Conference (MKK), Munich	/	December 9-10, 2014
Annual Report 2014	/	March 31, 2015
Interim Report as per March 31, 2015	/	April 30, 2015
General Annual Meeting, Frankfurt	/	May 29, 2015
Interim Half-Year Statement 2015	/	July 31, 2015
Interim Report as per September 30, 2015	/	October 30, 2015

SYZYG AG

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