PRICEWATERHOUSECOOPERS

Executed copy of Certificate

Synaxon AG
Bielefeld

Consolidated group financial statement per 31st of December 2009
and Consolidated Management Report and Group Management Report for the 2009 Fiscal Year

Auditor's report

Table of Contents

Synaxon AG Consolidated Management Report and Group Management Report for the 2009 Fiscal Year

1 Business and Economic Conditions

1.1 Growth of the Sector and Macroeconomic Situation

The year 2009 was defined by probably the most serious recession since the end of World War Two and the related uncertainties in all markets. The German economy contracted for the first time in six years. Whereas gross domestic product (GDP) grew in 2007 (+2.5%) and 2008 (+1.3%), it decreased, adjusted for price changes, by 5.0% in the past fiscal year, according to the calculations of the Federal Statistical Office. German economic activity particularly collapsed in the first quarter of 2009, although it stabilized in the following quarters at a low level. Government interference, a low inflation rate and comparably stable consumer climate contributed to lessen the overall economic downturn.
German retail sales in 2009 were nominally 2.4% lower than in 2008, according to preliminary results of the Federal Statistical Office. In real terms, however, the decline was only 1.8%.

1.2 IT Market in Germany

The sales figures for PCs continued to increase in 2009 despite the economic crisis. Growth was primarily driven by clearance sales in the notebook segment (+10%). The number of sold desktop PCs decreased by 8%, according to the information of the Market Research Institute Gartner. In total, year on year, the number of sales rose by approximately 3%.
On account of ongoing sinking prices, sales revenue could not keep up with the number of sales. According to the calculations of the Federal Statistical Office, the average price for a desktop PC declined by 17% in the course of the year and the price for a notebook declined by 14%. Although the ongoing decline in prices in the sector represents a challenge for IT market participants, the exceptionally attractive prices for IT goods from the customers' point of view had a positive impact on unit growth in 2009 in our opinion. The exceptional effect of the economic crisis was reduced overall by this.

1.3 Company Profile

Synaxon AG operates the franchise system PC-SPEZIALIST and the IT cooperation MICROTREND. In addition, it organizes the cooperation business of the brands iTeam – the IT partner network – and AKCENT Computerpartner Deutschland [Computer partners Germany] via subsidiaries. SYNAXON had unified a total of 2,712 partner businesses via all its brands as of Dec. 31, 2009 Thus the SYNAXON buying group is the largest network of legally autonomous IT-retailers in Europe. The partners connected to SYNAXON cover the entire spectrum of the IT-trade and IT-solutions sector. This ranges from end-client oriented IT retailers with retail outlets to online-shop operators with an emphasis on IT development, IT specialty retailers, value-added resellers and medium-size IT computer retailers.

After almost 20 years of concentrating on stationary retailers, the company also restarted its activities in online retail under the brand PC-SPEZIALIST in the fourth quarter of 2009 after intense preparation. The central online shop www.pcspezialist.de is based on a largely virtual inventory and logistics structure as opposed to other online retailers.
Visitors and customers of the shop also receive valuable decision support in product selection from an expert community integrated into the shop. The performance of the Group will significantly improve in the coming years thanks to the online retail activities.

Organization of the Purchasing Process in the Buying Group

SYNAXON operates a decentralized purchasing system that is unique in this sector. The partners of the buying group can exclusively access the online purchasing and information platform EGIS that we have developed and purchase at a discount from over 100 contractual suppliers in the buying group. Started as a pure purchasing solution to order products online at real-time prices and to check the availability of IT-products, EGIS was further developed into a full-service platform for IT retailers. Proposals, logistics, marketing and members exchanging experiences are only a few of the features that the system offers today. Today, EGIS is a leading purchasing solution for independent IT retailers and the computer retailer area with more than 4,000 users and 300,000 deliverable articles. Since the fourth quarter of 2009, partners in the buying group can also acquire an exclusive range of articles directly from SYNAXON where SYNAXON negotiated special conditions with the manufacturers.

1.3.1 The Brands in the SYNAXON Group

Focus of the Brands

Today, the SYNAXON Group offers its buying group services in the segments Franchise and cooperation.

Franchise

The franchise association PC-SPEZIALIST (business unit of Synaxon AG) is a reliable partner for IT retailers who are established on the market and want to further professionalize their business by using the brand PC-SPEZIALIST. The uniform brand appearance throughout Germany, the established business processes and the focus on uniform guidelines and standards demonstrably lead to greater customer satisfaction and better sales and earnings for retailers.

Cooperation

The IT cooperation MICROTREND (business unit of Synaxon AG) is focused on IT retailers who pay special attention to cooperative information and knowledge management systems. Beside the offer of comprehensive services for the affiliated retailers, the achievement of purchasing advantages remains primarily in focus.

AKCENT Computerpartner Deutschland [Computer Partners Germany] are predominantly IT retailers and IT solution providers affiliated with a focus on commercial clients. Beside a likewise comprehensive service spectrum for the affiliated retailers, the topic purchase financing/central administration is very significant particularly for the cooperation partners. The AKCENT business in the Group is organized via AKCENT Computerpartner Deutschland AG, Bielefeld, a 100% subsidiary of Synaxon AG.

The iTeam Systemhausverbund [computer retailer association] is the largest association of independent mid-sized computer retailers in Germany. The iTeam computer retailers focus on the requirements of upper middle class customers and collectively form a comprehensive service network in Germany. Contractually regulated policies for collaboration consequently let mostly locally operating iTeam computer retailers support their customers throughout Germany by integrating other iTeam computer retailers in accordance with their needs. The cooperation business of iTeam is organized via the 100% subsidiaries of Synaxon AG.

In the English market, the Group operates its cooperation business via SYNAXON UK Ltd., Warrington, under the brand name SYNAXON. Besides the purchasing model known in Germany, EGIS provides English retailers primarily with services for operating online shops.

E-commerce / Online Retail

Besides the classic buying group business, the SYNAXON Group has been operating a centralized online shop for IT goods since the fourth quarter of 2009 under www.pcspezialist.de. Originally, the shop was started under the brand name “snippr” at the request of our PC-SPEZIALIST retailers due to the feared channel conflicts between online and stationary retailers. In the middle of 2009, over 80% of the PC-SPEZIALIST retailers voted for a change in the brand to PC-SPEZIALIST. A major pillar of our online strategy is that customers receive valuable decision support during product selection before purchasing in the online shop thanks to the PC-SPEZIALIST community. PC-SPEZIALIST retailers in turn profit primarily from the strength of the brand PC-SPEZIALIST and participation in the retail revenues of the retail subsidiary SYNAXON Online GmbH, which operates the online shop.

Change in Partner Totals

	Jan. 1, 2009	Loss	Addition	Dec. 31, 2009
Franchise				
PC-SPEZIALIST	71	6	21	86
IT-Cooperation				
MICROTREND	1,553	332	274	1,495
iTeam	310	74	27	263
AKCENT	854	73	87	868
	2,717	479	388	2,626
	2,788	485	409	2,712

In 2009, the partner totals were slightly influenced by the impact of the economic crisis. Overall, the number of partners in the SYNAXON Group decreased from 2,788 to 2,712 partners.

The brand PC-SPEZIALIST performed positively as it was able to grow again for the first time in eight years with an increase of 15 locations. AKCENT also performed well, expanding with an increase of 14 partner businesses. The participation in the central administration, which is very common among AKCENT partners, had a stabilizing impact due to the better planning for the financing of goods.

The Group suffered declines in the cooperation brands MICROTREND (-58 partners) and iTeam (-47 partners). In the SYNAXON buying group, MICROTREND was impacted the most by the economic environment, which also caused a reduction in the number of partners. At iTeam, the upheaval that occurred as a result of the last reshuffling could not be sufficiently reduced due another change in the CEO. We have set a positive course for 2010 with the begun revision of the support concept and the modernization of the service pledges.

Activities Abroad

The Group created the conditions for a successful expansion of the cooperation business in England with the launch of the EGIS software for the English market at the beginning of 2009. SYNAXON UK Ltd., Warrington, has worked with a small team of six people on the conclusion of framework agreements with English distributors and their integration in the EGIS system and primarily on the sharpening of the service pledges for the member companies. Making things more difficult is the strong influence of the financial crisis, which had an especially hard impact on the English market as compared to other European countries. Despite the short amount of market history, the English team was able to obtain its first notable success with the nomination for the UK CRN Channel Award as “Service Company of the Year 2009” by the acclaimed professional magazine “Computer Reseller News.” At the end of the year, 579 English IT retailers were registered at the company.

1.4 Presentation of the Internal Control System

Synaxon AG possesses an internal control system that is adjusted to the size of the Group and that supports the management in the controlling of the Company and the subsidiaries as well as in the achievement of short- and medium-term performance targets over the long term.

Reporting

The object of the Group reporting consists of the national (HGB) and international (IFRS) financial statements for the parent company and the Group companies. These financial statements are prepared on an annual, quarterly and monthly basis. Furthermore, the management reporting includes standardized reports for the operating areas of the Group,

operational and process-related performance indicators as well as individual reports that are included for supporting decisions.
With rolling forecasts, an ongoing comparison is made with the targets for the year.

Group Planning

The Group plans its business for three years. The operational planning for the first year of the planning period takes place in a countercurrent process. Overarching goals are targeted by management on the basis of assessments by market researchers and the expectations of management. A plausibility check of these goals is then undertaken with a bottom-up plan. The incentive system for the Group's management was consciously selected independently of the planning system and is primarily based on long-term key performance indicators. The goal is to achieve a stronger connection between operational planning and medium- and long-term corporate strategy. The planning for the following years after the three-year planning horizon is derived from the one-year planning.

Control Variables

The Group primarily monitors its business with the key indicators of sales revenue, EBITDA and EBIT. The planned expansion of the online retail business means that primarily the net working capital will also play a major role in the future against the backdrop of the changing balance sheet parameters.

Investment Strategy / Controlling

We focus our investments primarily on projects that make a difference in competition and positively contribute to increasing the value of the company and the market position of the SYNAXON Group. Investment projects are subject to ongoing monitoring and are only executed if the returns are attainable and they are significantly greater than the capital costs of the company.

Strategy

SYNAXON is the leading IT buying group in Europe. The Company has systematically expanded its market position in recent years and consolidated on an high level. The major driver of sales in the past was the positive performance of the partner totals and the decentralized purchasing volume (purchasing volume of the partner companies for contractual suppliers of the company), which continually increased through organic growth, acquisitions and the started internationalization. With the expansion of our online retail activities we want to enrich our business by adding a central component with its own retail sales revenue. By combining centralized and decentralized revenue, we see great improvement potential for us and our partner companies, which increases the added value in the flow of goods. To achieve our overarching goals and the related, significant increase in the value of the company, we will make high investments in our operating areas over the next two years.

2 Financial Report

2.1 Company's Performance in 2009

in EUR '000	2009	Share in %	2008	Share in %	Change in results	
					+/-	in %
Sales revenue	14,460	100.0	15,299	100.0	-839	-5.5
Other operational earnings	693	4.8	509	3.3	184	36.1
Capitalized services on own account	1,200	8.3	1,268	8.3	-68	-5.4
Total performance	**16,353**	**113.1**	**17,076**	**111.6**	**-723**	**-4.2**
Material expenditure	-4,245	-29.4	-3,555	-23.2	-690	19.4
Personnel expenditure	-6,441	-44.5	-5,615	-36.7	-826	14.7
Depreciation and amortization	-1,171	-8.1	-1,414	-9.2	243	-17.2
Other operational expenditures	-3,152	-21.8	-4,393	-28.7	1,241	-28.2
EBIT / operational earnings	**1,344**	**9.3**	**2,099**	**13.7**	**-755**	**-36.0**
Income from financial assets and income from associated companies	72	0.5	185	1.2	-113	-61.1
Income before taxes and minority interests:	**1,416**	**9.8**	**2,284**	**14.9**	**-868**	**-38.0**
Taxes	-511	-3.5	-667	-4.4	156	-23.4
Income of non-controlling shareholders from partnerships	-8	-0.1	3	0.0	-11	-366.7
Annual net profit of the Group	**897**	**6.2**	**1,620**	**10.6**	**-723**	**-44.6**
Share of earnings due to non-controlling shareholders	65	0.4	-26	-0.2	91	-350.0
Share of earnings due to shareholders of the parent company	962	6.7	1,594	10.4	-632	-39.6

2.2 Profit Situation

The SYNAXON Group generated earnings of EUR 1,416,000 before taxes and minority interests in 2009 (2008: EUR 2,284,000) and thus performed significantly better than was expected in the forecast of the annual report for 2008. We originally anticipated balanced earnings in light of the economic disruptions in 2008 and the fact that the Group had planned high counter-cyclical investments in its operating areas (here primarily the new operating area of E-commerce/online retail). We did not completely undertake the planned investment activities, but we have significantly expanded our team in the personnel area to take advantage of business opportunities.

The annual net profit of the Group amounted to EUR 897,000 (2008: EUR 1,620,000) and takes into consideration the losses from non-controlling shareholders of the subsidiaries for EUR 66,000 (2008: profits of EUR 26,000) and the profits from the shareholders of Synaxon AG, amounting to EUR 962,000 (2008: EUR 1,594,000).

Sales Revenue

The Group's sales revenue decreased year on year by EUR 839,000 to EUR 14,460,000 in particular due to lower revenue tied to purchasing volumes (2008: EUR 15,298,000). The Group generated centralized revenue through its online retail activities with IT retail goods of EUR 930,000.

Other Operational Earnings

Other operational earnings increased by EUR 184,000 to EUR 693,000 (2008: EUR 509,000) primarily due to earnings from the release of accruals as well as earnings from a business management agreement for iTK-Community GmbH & Co. KG, which does not belong to the buying group (iTK-Community is a buying group for telecommunications companies).

Capitalized Services on Own Account

The capitalized services on own account for software developed by the Group amounted to EUR 1,200,000 in the 2009 fiscal year and decreased slightly year on year (2008: EUR 1,268,000).

Total Performance

The Group's total operating performance fell to EUR 16,353,000 in 2009, slightly below last year's level of EUR 17,076,000.

Material Expenditure

The material expenditure of the SYNAXON Group rose from EUR 3,555,000 to EUR 4,245,000 in 2009 and consist of expenditures for purchased goods of EUR 3,784,000 and expenditures for purchased services of EUR 461,000. The increase in material expenditures resulted in particular from the expansion of the logistics business (arranging inexpensive parcel shipping conditions for partner companies) and the purchase of goods for online retail.

Personnel Expenditure

The personnel expenditure of the Group rose by 14.7% to EUR 6,441,000 (2008: EUR 5,615,000) due to the investment strategy for the further development of the Company's own software EGIS, as presented in the 2008 annual report, the expansion of the online retail activities and the ongoing rollout of the buying group service in England.

In EUR	Average number of employees (not including trainees)		Level at the end of the year (not including trainees)	
	2009	2008	Dec. 31, 2009	Dec. 31, 2008
SYNAXON Group	**127**	**110**	**126**	**120**
Synaxon AG (controlling company)	115	93	117	104
Other Group companies	12	17	9	16

In total, the SYNAXON Group employed an average staff of 127 people in the 2009 fiscal year (2008: 110), of which 6 worked abroad (2008: 1 employee), not including the members of the Board of Directors. While the average number of staff in the Group's parent company rose from 93 employees in 2008 to 115 employees in 2009, the average number of employees in the subsidiaries declined to 12 employees in 2009 (2008: 17 employees).

As at balance sheet date, 126 employees, not including the Board of Directors, worked in the Group in 2009 (2008: 120 employees), of which 117 people (2008: 104) were employed at the parent company and 9 people worked (2008: 16) in the subsidiaries.

Depreciation and Amortization

Depreciation and amortization decreased by EUR 243,000 in 2009 and amounted to EUR 1,171,000 (2008: EUR 1,414,000). Reduced recoverability of assets resulted in the unscheduled amortization of intangible assets (partner agreements of iTeam Systemhauskooperation GmbH & Co. KG). At EUR 230,000, these were however below the level from 2008 (EUR 613,000). Synaxon AG reviews the capitalized intangible assets annually for signs of a reduction in their recoverability. In 2009, the review yielded an impairment due to a greater loss of partners on account of another change in the CEO as well as a lower increase in iTeam's partner contracts.

The depreciation rate of the Group (depreciations based on the capital assets without goodwill) sank to 23.6% (2008: 29.6%). The depreciation consists of depreciation of property, plant and equipment for EUR 189,000 (2008: EUR 193,000) and amortization of intangible assets of EUR 982,000 (2008: EUR 1,221,000). The scheduled amortization of intangible assets consists of the amortization of partner agreements for EUR 160,000 (2008: EUR 215,000), software produced by the Company for EUR 496,000 (2008: EUR 300,000), other software for EUR 35,000 (2008: EUR 75,000) and licenses for EUR 61,000 (2008: EUR 16,000).

Other Operational Expenditures

Other operational expenditures decreased in 2009 by EUR 1,241,000 to EUR 3,152,000 (2008: EUR 4,393,000). In particular, there was a decline in agency staff costs to EUR 564,000 (2008: EUR 1,147,000), advertising and travel costs to EUR 401,000 (2008: EUR 688,000), vehicle costs to EUR 235,000 (2008: EUR 249,000), legal, consulting and audit costs to EUR 143,000 (2008: EUR 232,000) and occupancy costs to EUR 288,000 (2008: EUR 306,000).

EBIT

Earnings before interest and taxes (EBIT) amounted to EUR 1,344,000 in 2009 (2008: EUR 2,099,000).

Income from Financial Assets and Associated Companies

in EUR ‘000	**2009**	**2008**	**Change in results**	
			+/-	**in %**
Net interest income	65	168	-103	-61.3
Income from associated companies	7	17	-10	-58.8
Income from financial assets and associated companies	**72**	**185**	**-113**	-61.1

In 2009, the general interest rate for cash deposits sharply declined. Against this backdrop and the overall low level of liquid assets, the net interest income declined to EUR 65,000 (2008: EUR 168,000). The income from associated companies declined to EUR 7,000 (2008: EUR 17,000).

Profit of Non-Controlling Shareholders

The profit of non-controlling shareholders of partnerships amounted to EUR 8,000 (2008: loss of EUR 3,000), while the loss of non-controlling shareholders was EUR 66,000 (2008: profit of EUR 26,000 for non-controlling shareholders).

Taxes

The tax expenditure of the Group was reduced in 2009 to EUR 511,000 (2008: EUR 667,000). The book value of the tax rate (quotient of taxes on earnings before taxes and minorities shares) amounted to 36.1% (2008: 29.2 %).

2.3 Net Asset Position

in EUR '000	2009	Share in %	2008	Share in %	Change +/-	Change in %
Assets						
Long-term asset						
Capital assets	13,390	62.7	13,204	61.8	186	1.4
Tax refund claims	247	1.2	275	1.3	-28	-10.2
Deferred taxes	333	1.5	36	0.2	297	825.0
Other long-term assets	64	0.3	35	0.1	29	82.9
	14,034	65.7	13,550	63.4	484	3.6
Current assets						
Trade receivables from customers	3,040	14.2	2,842	13.3	198	7.0
Other assets	1,337	6.3	1,922	9.0	-585	-30.4
Liquid assets	2,929	13.7	3,039	14.2	-110	-3.6
Securities	14	0.1	7	0.1	7	100.0
	7,320	34.3	7,810	36.6	-490	-6.3
	21,354	**100.0**	**21,360**	**100.0**	**-6**	**0.0**
Liabilities						
Equity	16,341	76.5	16,148	75.6	193	1.2
Long-term debt capital						
Deferred taxes	1,915	9.0	1,811	8.5	104	5.7
Current debt capital						
Trade payables	878	4.1	771	3.6	107	13.9
Accruals	266	1.2	320	1.5	-54	-16.9
Tax liabilities	34	0.2	239	1.1	-205	-85.8
Other liabilities	1,920	9.0	2,071	9.7	-151	-7.3
	3,098	14.5	3,401	15.9	-303	-8.9
	21,354	**100.0**	**21,360**	**100.0**	**-6**	**0.0**

The Group's total assets and liabilities as of Dec. 31, 2009, remained almost the same year on year at EUR 21,354,000 (2008: EUR 21,360,000). The Group's equity increased by EUR 193,000 to EUR 16,341,000 (2008: EUR 16,148,000). This led to an increase in the equity ratio to 76.5% (2008: 75.6%).

The inventory of trade receivables amounted to EUR 3,040,000 as of Dec. 31, 2009 (2008: EUR 2,842,000). On the other hand, the trade payables amounted to EUR 878,000 (2008: EUR 771,000).

2.4 Financial Position

The following cash flow statement sheds light on the growth of liquidity at the Company:

in EUR ‘000	2009	2008
EBIT	**1,344**	**2,099**
Cash flow from operational activities	1,941	2,427
Cash flow from investment activities	-1,343	-2,363
Cash flow from financing activities	-708	-1,463
Change in liquidity	**-110**	**-1,399**
Cash and cash equivalents at the beginning of the period	3,039	4,438
Cash and cash equivalents at the end of the period	**2,929**	**3,039**

The cash and cash equivalents at the end of the fiscal year decreased by EUR 110,000 to EUR 2,929,000 (2008: EUR 3,039,000). Consequently, the decline in cash and cash equivalents slowed as compared to 2008.
In the 2009 fiscal year, the company paid a dividend distribution of EUR 708,000 for the 2008 fiscal year (2008: EUR 1,415,000).

2.5 Value Added Statement

In economic considerations, the value added is the difference between production values and intermediate input by third parties. It forms a significant indicator for the economic performance of a company and provides information on what effective added value has been created by the company through its own performance. Moreover, it shows how this added value was used in the fiscal year.

in EUR ‘000	2009	Share in %	2008	Share in %
Creation of the added value				
Company performance (sale revenue + profits + services on own account)	16,418	100.0	17,260	100.0
./. Intermediate input (materials)	4,245	25.9	3,555	20.6
./. intermediate input (other)	3,152	19.2	4,393	25.5
./. Depreciation	1,171	7.1	1,414	8.2
Net value added	**7,850**	**47.8**	**7,898**	**45.8**
Distribution of the added value				
Employees (personnel expenditures)	6,441	82.1	5,615	71.1
Public authority (taxes)	511	6.5	667	8.4
Lenders (interests)	-	-	17	0.2
Income from non-controlling shareholders + income from associated companies	-64	-0.8	6	0.1
Companies and shareholders	962	12.3	1,593	20.2
Net value added	**7,850**	**100.0**	**7,898**	**100.0**

The value added ratio of the SYNAXON Group amounted to 47.8% in 2009 (2008: 45.8%). The net value added amounted to EUR 7,850,000 (2008: EUR 7,898,000). The share of the new value added due to the company and the shareholders amounted to 12.3 % (2008: 20.2%) The public authority had a share of 6.5% (2008: 8,4%). In 2009, the Group paid a dividend distribution of EUR 708,000 for the 2008 fiscal year. Thus 9.0% of the net value added from 2008 went directly to the shareholders.

2.6 Individual Financial Statements of Synaxon AG

The financial statements of Synaxon AG as an individual company are prepared in accordance with the accounting regulations of HGB.

2.6.1 Profit Situation of Synaxon AG (Individual Company)

in EUR '000	2009	Share in %	2008	Share in %	Change in results	
					+/-	in %
Sales revenue	7,321	100.0	8,950	100.0	-1,629	-18.2
Other operational earnings	1,597	21.8	406	4.5	1,191	293.3
Total performance	**8,918**	**121.8**	**9,356**	**104.5**	**-438**	**-4.7**
Material expenditure	-1,157	-15.8	-1,081	-12.1	-76	7.0
Personnel expenditure	-5,882	-80.3	-4,739	-52.9	-1,143	24.1
Depreciation and amortization	-251	-3.4	-210	-2.3	-41	19.5
Other operational expenditures (incl. other taxes)	-2,557	-34.9	-3,735	-41.7	1,178	-31.5
EBIT / operational earnings	**-929**	**-12.7**	**-409**	**-4.6**	**-520**	**127.1**
Financial and equity investment earnings	1,812	24.8	529	5.9	1,283	242.5
Earnings before income taxes	**883**	**12.1**	**120**	**1.3**	**763**	**635.8**
Income taxes	-	-	188	2.1	-188	-100.0
Net profit for the year	**883**	**12.1**	**308**	**3.4**	**575**	**186.7**

The net profit of Synaxon AG (individual company) rose in the fiscal year by EUR 575,000 to EUR 883,000. As compared to 2008, the company profited in particular from the rise in other operational earnings, higher equity investment earnings and lower amortization of shares held by the company.

Sales Revenue

The sales revenue of Synaxon AG (individual company) declined by EUR 1,629,000 to EUR 7,321,000 in 2009 (2008: EUR 8,950,000). The reason for this was an overall decline in the revenue of the PC-SPEZIALIST franchise system and the MICROTREND IT cooperation.

Other Operational Earnings

The company's other operational earnings increased by EUR 1,191,000 to EUR 1,597,000 in the 2009 fiscal year (2008: EUR 406,000). The increase primarily resulted from the rendering of services due to business management agreements with subsidiaries and external companies.

Expenditures

Material expenditure increased slightly in 2009 and amounted to EUR 1,157,000.

Personnel expenditure of Synaxon AG (individual company) increased in the past fiscal year and rose by EUR 1,143,000 to EUR 5,882,000. Personnel cost intensity (personnel expenditure in proportion to sales revenue) rose in 2009 to 80.3% (2008: 52.9%). In 2009, the company particularly built up the personnel for the further development of the company's own software EGIS and for the expansion of the retail business and the online retail and consulting platform PC-SPEZIALIST.de. On average, Synaxon AG (individual company) employed a staff of 115 people and 5 trainees, not including the members of the Board of Directors, in the past fiscal year (2008: 93 employees and 5 trainees). As of Dec. 31, 2009, 117 employees and 6 trainees (Dec. 31, 2008: 104 employees and 5 trainees) were working for Synaxon AG (figures do not include members of the Board of Directors).

In the reporting period, other operational expenses declined from EUR 3,735,000 to EUR 2,557,000. The reason for this was primarily the decline in expenditures for agency staff to EUR 487,000 (2008: EUR 995,000), the decline in advertising- and travel costs to EUR 615,000 (2008: EUR 1,005,000) and external data maintenance for IT applications to EUR 77,000 (2008: EUR 216,000).

Financial and Equity Investment Earnings

The financial and equity investment earnings rose by EUR 1,283,000 to EUR 1,812,000 (2008: EUR 529,000).

in EUR ‘000	2009	2008	Change in results	
			+/-	in %
Net interest income	31	149	-118	-79.2
Amortization of securities	-141	-629	488	-77.6
Equity investment earnings	1,922	1,009	913	90.5
Financial and equity investment earnings	**1,812**	**529**	**1,283**	**242.5**

While interest income decreased to EUR 31,000 (2008: EUR 149,000) primarily due to the lower interest rate, the company’s equity investment earnings rose by EUR 913,000 to EUR 1,922,000 (2008: EUR 1,009,000) due to the higher distribution of profits from subsidiaries for the 2008 fiscal year.
Amortization of securities was lower year on year at EUR 141,000 (2008: EUR 629,000).

The major equity investments of Synaxon AG (individual company) ended the 2009 fiscal year as follows:

in EUR ‘000	Income from ordinary operational activities (before taxes)		Change in results	
	2009	2008	+/-	in %
iTeam Systemhauskooperation GmbH & Co. KG	807	505	302	59.8
AKCENT AG	1,677	1,667	10	0.6

Taxes

The company did not have to pay any taxes in the 2009 fiscal year due to negative earnings. In 2008, the tax refund claims from previous years led to tax income of EUR 188,000 due to the not recognized consolidation for tax purposes and the resulting failure to recognize a profit and loss agreement.

2.6.2 Net Assets and Financial Position of Synaxon AG (Individual Company)

Net Asset Position

in EUR '000	2009	Share in %	2008	Share in %	Change in results +/-	Change in results in %
Assets						
Capital assets	12,610	65.6	12,702	65.7	-92	-0.7
Current assets						
Trade receivables	2,134	11.1	2,061	10.7	73	3.5
Trade receivables from affiliated companies	1,490	7.8	774	4.0	716	92.5
Securities	1,286	6.7	1,421	7.4	-135	-9.5
Liquid assets	512	2.7	944	4.9	-432	-45.8
Other assets	1,188	6.2	1,417	7.3	-229	-16.2
	6,610	34.4	6,617	34.3	-7	-0.1
	19,220	**100.0**	**19,319**	**100.0**	**-99**	**-0.5**
Liabilities						
Equity	15,509	80.7	15,334	79.4	175	1.1
Debt capital (current)						
Accruals	974	5.1	1,170	6.1	-196	-16.8
Trade payables	522	2.7	608	3.1	-86	-14.1
Liabilities to affiliated companies	1,679	8.7	1,843	9.5	-164	-8.9
Other liabilities	536	2.8	364	1.9	172	47.3
	3,711	19.3	3,985	20.6	-274	-6.9
	19,220	**100.0**	**19,319**	**100.0**	**-99**	**-0.5**

The total assets and liabilities of Synaxon AG (individual companies) remained almost the same at EUR 19,220,000 as compared to 2008 (EUR 19,319,000). Capital assets decreased to EUR 12,610,000 (2008: EUR 12,702,000) due to a lower stock of property, plant and equipment and intangible assets. Current assets declined slightly to EUR 6,610,000 (2008: EUR 6,617,000). While trade receivables and receivables from affiliated companies rose, securities and liquidity declined. The equity capital rose to EUR 15,509,000 (2008: 15,334,000) due to an increase in profit reserves as well as a higher net profit. The equity ratio increased to 80.7% (2008: 79.4%) as of Dec. 31, 2009. At the end of the 2009 fiscal year, the company disclosed trade receivables of EUR 2,134,000 (2008: EUR 2,061,000) and trade payables of EUR 522,000 (2008: EUR 608,000).

Financial Position

The following cash flow statement sheds light on the change in the company's liquidity:

in EUR '000	2009	2008	Change in results	
			+/-	in %
Net profit for the year	**883**	**308**	**575**	**186.7**
Cash flow from ongoing business activities	432	889	-457	-51.4
Cash flow from investment activities	-156	-1,099	943	-85.8
Cash flow from financing activities	-708	-1,415	707	-50.0
Decrease in cash and cash equivalents	**-432**	**-1,625**	**1,193**	**-73.4**
Cash and cash equivalents as of Jan. 1	944	2,569	-1,625	-63.3
Cash and cash equivalents as of Dec. 31	**512**	**944**	**-432**	**-45.8**

Cash and cash equivalents declined by EUR 432,000 to EUR 512,000. Consequently, the decline in cash and cash equivalents slowed as compared to 2008.

In the 2009 fiscal year, the company paid a dividend of EUR 708,000 for the 2008 fiscal year.

2.6.3 Risk Report for the Individual Company

The declaration on the risks of the Group, which was issued as part of the Group management report under Section 7: Risk Report, also takes into consideration the risks of the individual company.

3 Research and Development

SYNAXON is a knowledge-based and technology-oriented company. We view our innovation as an essential element for business success and the very good positioning of the SYNAXON Group in the sector.

EGIS

Our company's own software EGIS, which gives the partners of our buying group exclusive access, has created a full-service platform for professional IT retail business and computer retailers that has had a sustained impact on the German purchasing market. Today, 80-90% of the purchasing volume of our purchase-focused buying group brands is initiated over the platform. For this reason, EGIS is significant and essential for partner businesses, manufacturers and wholesalers. The EGIS system provides process cost benefits for all participants and represents a major variable for optimization due to the low margins for IT hardware. In 2009, we have expanded EGIS by adding an auction option that permits our partner businesses to start reverse auctions. Suppliers and manufacturers can make bids for posted shopping carts. In the future, we also want to make it possible for our retailers to trade goods and services among each other via the EGIS retail platform.

BPM

Besides EGIS, we have created a customer relationship management solution with our own software BPM, which allows us to efficiently manage the buying group business.

We view our software solutions as an essential factor in positively differentiating SYNAXON from buying group competitors. Almost 20 years of experience in the buying group business has flowed into EGIS and BPM. This guarantees that the software is tailored to the needs of our buying group and thus eliminates typical limitations that usually come with standard solutions. We have established that buying groups from other sectors are increasingly expressing interest in implementing our solution in their own companies. Although we want to concentrate on our own IT business in the meantime, we will continue to review a rollout in other sectors.

E-commerce / Online Retail

In the expansion of our online retail business, we are systematically pursuing our long-term development plan. We do not want to be any old online retailer. Our goal is much more through a mixture of classical online retail, social commerce and our stationary business to create an service that offers customers additional benefits. Only in this way can positive results emerge in the low-margin online business. Generally, the barriers to market entry are lower on the internet than in stationary retail. The online environment is defined by some major providers of IT goods and countless small providers. However, a growing professionalization of online retail is underway and requires greater capital and makes it more difficult for price-aggressive online retailers to keep expanding their business. Consequently we have also identified a growing number of providers up for sale.

In 2009 we built up a largely virtual inventory and logistics structure that lets us flexibly control the online business at very low fixed costs for inventory and logistics. On the other hand, we invested in the software systems for the operation of the online shop. We also developed our own solutions at various points and did not resort to standard shop software. For our approach to developing the company, we have to accept slower development in some places. We are confident, however, that the selected approach will give us long–term competitive advantages if we can use this to differentiate ourselves from the standard shops always operating with the same mechanisms. In November 2009 we went online with a new online shop under the name www.pcspezialist.de.

4 Significant Feature of the Internal Control System and the Risk Management System with regard to the Accounting Process

In the (Group) management report, publicly traded companies are to describe “the significant features of the internal control and risk management system” with regard to the (Group) accounting process in accordance with Art. 289 (5) and Art. 315 (2) No. 5 HGB [German Commercial Code] as introduced with the Accounting Law Modernization Act. This should achieve the goal of giving the readers of financial statements a picture of the significant features of the control and risk management system with regard to the (Group) accounting process.

a) The significant features of the internal control system at Synaxon AG with regard to the (Group) accounting process can be described as follows:

- Synaxon AG possesses a clear management (matrix organization) and corporate structure. The subsidiaries of Synaxon AG are primarily controlled in a centralized way by the parent company of the Group.
- The departments involved in the accounting process include Accounting & Taxes, Controlling & Planning as well as Investor Relations, and are clearly structured with regard to leadership and responsibility. The responsibilities with regard to the finances and the accounting are anchored in the company guidelines and rules.
- The data processing financial systems in use are protected against unauthorized access.
- There is a complete set of rules for accounting-relevant processes (e.g. payment guidelines, travel cost guidelines, etc.), which are continually updated.
- The departments and areas involved in the accounting process are suitably equipped in a quantitative and qualitative regard. The employees are appropriately qualified.
- Bookkeeping data are regularly reviewed in spot checks for completeness and accuracy. The used software also allows for partially automated plausibility tests e.g. as part of payment flows.
- The four-eye principle is continuously applied to all accounting-relevant processes.
- The internal and external accounting processes are regularly reviewed.

b) The significant features of the risk management system at Synaxon AG with regard to the (Group) accounting process are:

- The responsibility for setting up and monitoring the risk management system is the responsibility of the Board of Directors. The management of the Group is organizationally responsible for the monitoring of the processes and the assessment of the risks in their areas.

- It is ensured that the transactions are correctly entered, prepared, assessed and included in the accounting at all times.
- The suitable personnel, the use of adequate software and clear statutory and internal requirements form the basis of a proper, standard and continuous accounting process.
- The clear differentiation of the areas of responsibility and the different control and review mechanisms, as they were described in detail before (particularly the plausibility controls and the four-eye principle), ensure correct and responsible accounting.
- In total, it is achieved that the business transactions are recorded, processed and documented in harmony with the statutory requirements, the articles of association and the internal guidelines, and recorded promptly and correctly for the accounting. At the same time, it is ensured that assets and liabilities are appropriately reported, disclosed and recognized in the financial statements and the consolidated financial statements, and that reliable and relevant information is made availably promptly and in its entirety.

5 Additional Disclosures (Art. 315 (2) No. 4 and (4) HGB [German Commercial Code], Art. 289 (2) No. 4 to No. 5 and (4) HGB [German Commercial Code])

Remuneration for the Board of Directors

Synaxon AG has set up an appropriate compensation system in accordance with its size and the boards' areas of responsibility.

The compensation system is based on Art. 87 AktG [German Stock Corporation Act] according to which total compensation of an individual board member must stand in an appropriate relationship to his responsibilities and the state of the company. Total compensation of the Board of Directors includes various components. It is divided into a fixed and a variable component tied to the Group's net profit for the year. Furthermore, ancillary services include remuneration in kind and are primarily composed of providing a company car, life insurance and disability insurance as well as directors & officers insurance (D&O). Furthermore, members of the Board of Directors receive subsidies for health insurance. D&O insurance does not currently include any deductible for members of the Board of Directors. The company will however take into account the altered legal situation from passage of the Law on the Appropriateness of Management Compensation [VorstAG] no later than after the end of the statutory transition period.

There are not pension promises or vested benefits for members of the Board of Directors.

The existing contracts for members of the Board of Directors do not contain any settlement promises in the event of premature termination of the employment contract. The same applies in the event that the employment contract ends in a regular way.

The basic salary is paid in 12 installments to the members of the Board of Directors at the end of every month. The variable component of remuneration is paid out after the approval of the (consolidated) financial statements at the balance sheet meeting of the Supervisory Board for the given fiscal year.

There is no stock option program.

The remuneration of the Board of Directors is disclosed individually for each member of the Board of Directors in the following table.

in EUR '000	Fixed remuneration		Remuneration in kind		Success-related share		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Frank Roebers	210	191	28	24	37	54	275	269
Andreas Wenninger	172	165	30	22	37	54	239	241
Mark Schröder	144	125	21	18	37	54	202	197
Total	**526**	**481**	**79**	**64**	**111**	**162**	**716**	**707**

No loans or advances were made on the remuneration for the Board of Directors in 2009. No member of the Board of Directors received services or promises from third parties for their activities as board member.

The amount and structure of remuneration is reviewed regularly by the Supervisory Board, with the inclusion of external remuneration studies and internal vertical comparative data.

The existing contracts for the Board of Directors were concluded before the release of the recommendations of the Corporate Governance Code as amended on Jun. 18, 2009 and the recommendations of the Corporate Governance Code as amended on Jun. 6, 2008.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is divided into an annual basic remuneration of EUR 10,000 as well as meeting funds of EUR 2,000. The chairman of the Supervisory Board receives double the amount and his deputy one and a half times the amount.

Remuneration is paid after approval of the financial statements. Members of the Supervisory Board who have not belonged to the Supervisory Board for the entire fiscal year receive a proportionate amount of the basic compensation.

The remuneration of the Supervisory Board in the 2009 fiscal year is provided for each individual in the following table:

in EUR ‘000	Basic remuneration		Meeting funds		Total	
	2009	2008	2009	2008	2009	2008
Dr. Günter Lewald	20	20	28	28	48	48
Prof. Dr. Antje Helpup (until Jun. 12, 2008)	-	7	-	12	-	19
Stefan Kaczmarek	15	13	21	17	36	30
Frank Bender (from Jun. 12, 2008)	10	5	14	6	24	11
Total	**45**	**45**	**63**	**63**	**108**	**108**

On Jun. 12, 2008, the deputy chairperson of the Supervisory Board up to that date, Prof. Dr. Anje Helpup, was recalled from her office at the shareholders’ meeting. Mr. Frank Bender was elected to the Supervisory Board in her place.

On Jun. 17, 2009, the 2009 shareholders’ meeting re-elected the previous members of the Supervisory Board to that board. Dr. Günter Lewald (Chairman of the Supervisory Board) and Mr. Stefan Kaczmarek (Deputy Chairman of the Supervisory Board) and Mr. Frank Bender were confirmed in their offices.

In the 2009 fiscal year, the company worked together in the area of brand communication and end-client marketing with the agency Pauli-Bach and Lewald GmbH, - agency for brands and communication. The chairman of the Supervisory Board, Dr. Günter Lewald, is the CEO of this agency. Expenditures amounted to EUR 176,000 (2008: EUR 200,000) in total and correspond to the usual market conditions for external third parties.

Composition of the Subscribed Capital

The company has share capital of EUR 3,891,000, which is divided into 3,891,000 no-par value bearer shares. Various categories of shares do not exist.

Restrictions on Voting Rights, Shares with Special Rights and Control of Voting Rights

Shareholders of Synaxon AG are not restricted by German law or the company’s articles of association in their decision to acquire or sell shares. The acquisition and sale of shares does not require approval by a board of the company to be valid. The company does not know any restrictions that concern the transferability of shares.

The voting rights of the shareholders are not subject to restrictions by the law or the company’s articles of association. The voting rights are not limited to a certain number of shares or a certain number of votes. All shareholders that have signed up in time for the shareholders' meeting and have demonstrated their right to participate in the shareholders' meeting and exercise their voting right are entitled to place their vote for all the shares they hold and have registered. The statutory voting right prohibition applies accordingly.

The shares held by the company are not entitled to voting rights and dividends in accordance with Article 71B AktG [German Stock Corporation Act]. As of Dec. 31, 2009, Synaxon AG held 352,500 bearer shares (9.06% of the share capital of the company). Other restrictions that concern the voting rights from shares in the company are not known to the Board of Directors of the company.

Special rights that give shareholders controlling power are not granted. A controlling of voting rights in the event that employees invest in the capital and do not exercise their control rights is also not known.

Direct or Indirect Equity Investments in the Capital of more than 10%

Deutsche Balaton AG, Weberstraße 1. 69120 Heidelberg, holds 14.83 % of the voting rights, according to the knowledge of the Board of Directors. Accordingly, Deutsche Balaton AG is to be apportioned 9.93 % of the votes in accordance with Art. 22 (1) Clause 1 No. 1 WpHG [German Securities Trading Act].

Mr. Wilhelm Konrad Thomas Zours, Werrgasse 9. 69120 Heidelberg, DELPHI Unternehmensberatung GmbH, Weberstraße 1. 69120 Heidelberg, and VV-Beteiligungen AG, Weberstraße 1, 69120 Heidelberg, hold a voting right share of 14.83 % respectively. The votes are entirely apportioned to them respectively in accordance with Art. 22 (1) Clause 1 No. 1 WpHG [German Securities Trading Act].

The ARF Holding GmbH, Schloß Holte, Germany, holds 20.03 % of the shares in Synaxon AG (this corresponds to 779,561 votes), according to the knowledge of the Board of Directors.

Mr. Bruno Fortmeier, Germany, holds 20.03% of the voting rights (this corresponds to 779,561 votes). Thereof, 20.03% is to be apportioned to him (this corresponds to 779,561 votes) by ARF Holding GmbH in accordance with Art. 22 (1) Clause 1 No. 1 WpHG [German Securities Trading Act].

Provisions of the Articles of Association and the Nomination and Recall of Members of the Board of Directors and Amendments to the Articles of Association

The provision for the number as well as the appointment of the regular members of the Board of Directors, the conclusion of employment contracts as well as the revocation of the appointment are handled by the Supervisory Board as is the nomination of a member of the Board of Directors as the Chairman of the Board of Directors.

Amendments to the articles of association are made in accordance with legal regulations. The Supervisory Board is entitled to make amendments to the articles of association that only concern the wording.

Authority of the Board of Directors to Issue and Buy back Stock

The 2008 shareholders' meeting empowered the company in accordance with Art. 71 (I) No. 8 AktG [German Stock Corporation Act] to acquire its own shares amounting to up to ten percent of the present share capital by December 11, 2009. Synaxon AG did not make use of its empowerment.

Furthermore the resolution on a new empowerment of the Board of Directors to increase capital from authorized capital along with amending the articles of associations was passed in the scope of the 2008 general shareholders' meeting.

The Board of Directors is empowered, with the approval of the Supervisory Board,
to increase the share capital of the company by a total of up to EUR 1,945,000.00 (in words: one million nine hundred and forty-five thousand euros) by issuing new shares for cash or contributions in kind one or more times (authorized capital) and to set a new start date in deviation from the law for the profit sharing by June 11, 2013. A subscription right is to be granted to the shareholders.

The Board of Directors is however empowered, with the approval of the Supervisory Board:

(i) to exclude fractional amounts from the subscription rights of shareholders,

(ii) to exempt the subscription rights of shareholders with regard to an amount totaling EUR 389,100.00 in order to issue new shares at an issue price that is not substantially lower than the price on the stock exchange (Art. 203 (1) and (2), Art. 186 (3) Clause 4 AktG [German Stock Corporation Act]),

(iii) to exclude the subscription rights of shareholders in the event of a capital increase for contributions in kind and

(iv) to allow a bank consortium to undertake the subscription of a capital increase so that the bank consortium is obligated to offer the shares to shareholders for acquisition (indirect subscription rights).

The Board of Directors is empowered to decide on the content of the share rights and the conditions of the share issue as well as to determine the details for the execution of the capital increase.
The Supervisory Board is also empowered to change the wording of the articles of association in accordance with the scope of the capital increase for the authorized capital.

Takeover Offers and Changes in Control
Synaxon AG did not make any major agreements that are considered a change of control as a result of a takeover over.

There are no compensation agreements between Synaxon AG and the members of the Board of Directors or employees in the event of a takeover bid.

We do not know of any other circumstances that must be reported pursuant to Art. 289 (4) and Art. 315 (4) HGB [German Commercial Code].

6 Declaration on Corporate Governance

The declaration on corporate governance was published on the internet site of Synaxon AG (www.synaxon.de) in the area of “Investor Relations”.

7 Risk Report

7.1 Risk of Business Activities

7.1.1 Significant Risks of the Business Model

Beside the general economic risks, which have intensified as a result of the financial crisis, the company is confronted by the usual risks in the IT sector in Germany. IT products have been affected for many years by a sharp decline in prices. In the German market, which is the focus of SYNAXON's business, the IT products are primarily sold above the price. The ongoing lower market entry barriers for online retailers and lower profits for shop operators are also fueling competition. These factors lead to disproportionately low margins for market participants in Germany as compared to other countries. The range of services offered by the SYNAXON buying group serves to promote the competitiveness of the IT partner businesses so that the environment produces chances for SYNAXON to grow. At the same time, these market factors, however, have an impact on the average earnings for each member company, which can have a negative influence on the earnings situation in the Group.

The expansion of the online retail business could bring risks in the area of goods inventories. Against the backdrop of high price movements, impairments to inventories could be necessary in the case of misguided action. The company takes this into account with suitable monitoring systems. However risks continue to be present.

7.1.2 Risks due to the Financial Crisis

In this fiscal year, the insolvency rates in the markets of SYNAXON have risen. Market experts assume a renewed increase in 2010. This assessment together with the total decline in the performance of most IT market participants in 2009 leads to more restrictive factoring policies by trade credit insurers. This may result in financial shortages at SYNAXON partner companies and worsen the commercial base and cause more bankruptcies.

A decline in maximum trade credit across the spectrum as well as the high number of bankruptcies among SYNAXON partner companies could have a sustained negative impact on the earnings of the SYNAXON Group.

The SYNAXON Group itself is currently affected less by direct refinancing risks due to its capital structure and high equity ratio of just under 77%. The planned expansion of the online business however also causes an increase in the need for trade credit factoring so that generally restrictive policies by insurers of trade credit could also have a sustained negative impact directly on our sales.

7.1.3 IT Risks

Due to low margins, efficient cost-effective purchasing in the IT sector is only possible with extensive support by software solutions. As part of its IT investment strategy, Synaxon AG has therefore developed the software EGIS. With the help of the EGIS application, the partners of the buying group are networked with contract suppliers and manufacturers. Already today, numerous partners use EGIS as the leading purchasing system and control their purchases as well as other processes developed as part of the solution, such as the logistic business, almost entirely via EGIS. Hence, in particular, this results in high demands on system availability and data security as well as keeping the system up to date. Long-term system failure could lead to economic losses for the company and for the users connected to the system. The company has taken numerous measures in order to reduce the risk of system failure. Still, one hundred percent availability can never be guaranteed due to the system.

7.1.4 Risks in the Legal Area

<u>Lawsuit by Franchisees at the Dortmund Local Court</u>

At the end of the year there were only 13 proceedings from the original 24 individual proceedings with franchisees who had sued the company in 2004 for information and payment for company-awarded purchasing benefits, reimbursements and commissions from manufacturers and suppliers. Settlements were arranged in the other proceedings, which were also tied to an abandonment of the lawsuit. In the other proceedings, the court suggested that the plaintiffs seek a settlement due to the uncertain legal basis and the high – in many parts already bindingly arranged – counterclaims of our company. Particularly, our claims to offer substantially more than the amount anticipated by the plaintiffs, according to the statements of the presiding judge. We have again affirmed our settlement offer extended in 2008. On November 2, 2009, an advisory opinion by the Dortmund Local Court was issued where the court again presented the legal appraisal of the current state of the matter and conflict. The parties made statements on this opinion. New negotiation dates were set for Tuesday, May 4, 2010.

Action for the Revoking and Annulment of Resolutions at the 2008 Shareholders' Meeting

Synaxon AG announced on Sep. 4, 2008, that the company Pomoschnik Rabotajet GmbH, Berlin, represented by its CEO Mr. Tino Hofmann, had filed an action at the Bielefeld local court for the revoking and annulment of the resolutions at the regular shareholders' meeting of Synaxon AG on June 12, 2008. The legal dispute between Pomoschnik Rabotajet GmbH and Synaxon AG as well as the interveners on the side of the defendant Mr. Frank Scheunert, Chriesmattweg 26, 8600 Dübendorf, Switzerland and Gastro Beteiligungs AG, Karmeliter Straße 13, 47608 Geldern was kept under file number 17 0 132/08.

The following ruling was announced on Apr. 7, 2009 after oral negotiations on Mar. 17, 2009:

- The lawsuit is rejected.
- The plaintiff is to bear the costs of the legal dispute and the ancillary interventions.
- The ruling is provisionally enforceable with a payment bond for the amount to be enforced due to the ruling

The ruling is enforceable.

7.1.5 Risks in the Personnel Area

Against the backdrop of the economic downturn, competition for highly qualified professionals and leadership in the IT-sector is still high. In the IT-sector, there is always a labor market with a comparatively low rate of unemployment as well as multiple advertized positions. Synaxon AG cooperates with various universities to draw the attention of graduates to the company at an earlier point in time and to be able to form a bond with them. The need for well educated professionals continues to be especially high in our investment areas. Longer vacancies can have a sustained impact on the speed of implementation and the achievement of goals.

7.1.6 Risks due to Activities Abroad

The market entrance of Synaxon AG in Great Britain through its subsidiary SYNAXON UK Ltd. could result in additional risks. As a rule, the business model in Great Britain is subject to similar risks as those in Germany. The market risks, however, as a result of the weaker economic situation in Great Britain, are to be classified as higher than in Germany. At the same time, the economic recovery on the English market should occur more quickly than

in Germany, according to the opinion of market experts. Currently, the impact of the crisis is still very evident and is having an inhibiting affect on the performance of the company.
The company handles the English market with a small team and an overseeable use of resources. As a result, this increases the necessary build-up period to raise the growth potential and simultaneously reduce potential economic risks from expanding abroad.
We consider this approach to be adequate for the risks against the backdrop of additional investment activities by Synaxon AG in the area of software development and the expansion of the online retail activities.
Potential risks can also result from currency fluctuations.

7.2 Risk Management

The risk management system of Synaxon AG is based on the individual risk catalogs that identify potential risks. For each identified individual risk, the probability of occurrence and the probability of risk consequences are qualified and quantified regarding the amount of potential damage by the respective monitoring personnel. By determining suppressive action, preventive measures and test measures, the company continually works to prevent risks or to at least minimize them where prevention is not entirely possible. The individual accountability of each individual within the organization to work together for risk reduction is characteristic of the risk management of the company. Organizationally, the leadership of the company is responsible for the process and risk monitoring in their area. Here, detailed risk declarations are to be issued for each quarter, whose estimates and evaluations are examined monthly. The risk checking method of the company is based on the FMEA (Failure Mode and Effects Analysis) methods, which sets individual risk testing figures as a result for all company areas. The Supervisory Board is regularly informed of the risk situation of the company and the Group. The Board of Directors sees no risks to the going concern of the company at the time of issuing the summarized management report.

8 Events after the Balance Sheet Date

There were no events that must be reported.

9 Forecast

General Economic Environment

After the German economy suffered a decline of 5.0% in gross domestic product in the 2009 fiscal year due to the impact of the financial crisis and the ensuing global recession, the German government anticipates growth of 1.4% in 2010. The German Chamber of Commerce even considers growth of 2.3% to be realistic, while the ifo-Institut (German Institute for Economic Research) forecasts growth of 1.7%. In total, the broad range in the growth forecasts continue to demonstrate the high degree of uncertainty. However, market researchers agree that Germany has overcome the recession in 2009, even if setbacks are possible. It is still difficult to assess how the expiration of the stimulus packages, the restrictions on the granting of loans and the anticipated rise in unemployment will impact the economic environment. Consequently, for example, surprisingly strong private consumption during the crisis could decline in 2010, which the Consumer Research Association (GfK) anticipates.

IT Market

The consolidation of the IT market will also continue in 2010 according to the opinion of experts. The ongoing increase in price pressure and a lower inclination of companies to invest led to countless bankruptcies of manufacturers and suppliers in the IT sector in 2009. In 2010, it is assumed that the granting of credit by banks and debt insurers will be hesitant and make refinancing more difficult for IT companies.

However, the mood in the high-tech sector has improved as the IT industry association BITKOM has noted. Consequently, more than half of German ITC companies (ITC: information technology and communication) expect an increase in revenue in the first quarter of 2010. A slow dissolution of the investment deficit in the area of IT and slightly increasing IT expenditures are also likely. Primarily, IT service providers should benefit from this. For computer sales, the association anticipates a new record high, but simultaneously notes that hardware revenue will slightly decline due to the anticipated decline in prices.

Prospects for SYNAXON

The significance of the internet as a sales channel for IT goods will continue to increase in the coming years. For this reason, we are logically focusing our investments on this area. We will continue to expand the online business under the brand PC-SPEZIALIST in 2010 and anticipate growing Group revenue. In the buying group business, which represents an important basis of our business, we anticipate stagnating revenue. Our forecast is based on the assumption that the price level for IT goods will continue to sink and the anticipated growth in quantities for unit figures cannot fully compensate this effect.

SYNAXON is one of the few buying groups that has not invoiced good sales centrally (with the exception of the company's own business). With our online retail business we are making a break and systematically expanding the decentralized purchasing route from the past by adding a centralized component. The binding acceptance of retail quantities enables us to improve our purchasing conditions. Our own retail activities as well as our partner companies will profit from this. By combining the centralized online retailer and the decentralized buying group business, we see a realistic opportunity to increase the added value of our goods flow for us and our partner companies.

Besides the buildup of central volumes, we will work hard to improve the decentralized purchasing volumes of our Group through partner growth in Germany and the U.K. in 2010. A major driver of our success is also represented by the EGIS platform. Besides the expansion of purchasing volume via the new auction module "EGIS-Auction" that was started in 2009, we want to enable our retailers to trade goods and services among each other in 2010. For this purpose, we will continue to develop the EGIS retail platform module.

As in the previous descriptions, we continue to find ourselves in a high-investment phase in which we invest a large share of available cash in our future areas of growth. For the expansion of the online retail business, high infrastructure expenses primarily in the personnel and software area are necessary and will reduce the Group earnings in the short term. In 2010, we anticipate a negative effect of just under EUR 1.1 million on earnings. In the area of software development, we want to invest just under EUR 1.3 million for the buying group business and the online business. We will largely rely on our own, well-trained professionals. Our own developed software solutions are the foundation for the company's success and the current market position of the company.

Due to our operational strengths in the classical buying group business, we can cover these growth and investment projects with our own cash. We are firmly convinced that these projects will positively contribute to the increase in the company's value and our market position over the long term. At the same time, there is no way to avoid the investments in the online area due to the strong anticipated growth in this segment.

Against the background of the planned investments the management will propose the general meeting to retain the balance sheet profit of the fiscal year 2010 completely by the business. The general meeting will decide about the proposal for the distribution of earnings on June 25, 2010.

In 2010 we overall anticipate a significant increase in the total performance of the Group to EUR 20 million in 2010. The earnings before interest and taxes will be approximately EUR 0.2-0.3 million against the backdrop of the necessary expenditures for the buildup of the new business. For 2011, we anticipate an ongoing improvement in the total performance of the Group, which should range between at least EUR 25-30 million. The earnings of the Group will only increase moderately due to the not yet complete investment phase for the online business at this point.

For Synaxon AG (individual company), we anticipate a total performance of just under EUR 9 million with balanced earnings before taxes in 2010. In 2011, the total performance and earnings will be at a similar level.

Bielefeld, March 2010

The Board of Directors

Frank Roebers	Andreas Wenninger	Mark Schröder
(CEO)	(COO)	(CFO)

Consolidated Group Financial Statement
for the fiscal year 2009from January 1st until December 31st, 2009

SYNAXON AG

Consolidated balance sheet according to IFRS, December 31, 2009

Assets		**Appendix**	**Dec. 31 2009 EUR**	**Dec. 31 2008 EUR '000**
A.	**Non-current Assets**			
I.	Property, Plant and Equipment	III.1.	369,317.50	438
II.	Investment Property	III.2.	176,441.27	183
III.	Intangible Assets	III.3.	12,608,009.76	12,346
IV.	Financial Assets	III.4.		
	1. Joint Ventures		15,388.91	15
	2. Shares in Associated Companies		220,744.50	223
V.	Non-current Tax Receivables	III.5.	246,950.39	275
VI.	Deferred Taxes	III.6.	332,584.53	36
VII.	Miscellaneous Assets	III.7.	63,970.24	34
			14,033,407.10	**13,551**
B.	**Current Assets**			
I.	Inventories	III.8.	88,485.05	54
II.	Receivables	III.9.	3,039,749.03	2,842
III.	Receivables from Associated Companies		0.00	17
IV.	Current Tax Receivables	III.5.	635,650.58	1,007
V.	Miscellaneous Assets	III.7.	613,620.35	844
VI.	Stocks	III.10.	13,750.00	7
VII.	Cash Holdings and Credits with Credit Institutes	III.11.	2,929,026.40	3,039
			7,320,281.41	**7,810**
			21,353,688.51	**21,360**

Liabilities		Appendix	31.12.2009 EUR	31.12.2008 EUR '000
A.	**Equity**			
I.	Share Capital	III.12.	3,891,000.00	3,891
II.	Treasury Shares	III.13.	-4,046,066:78	-4,046
III.	Paid-in Capital	III.14.	4,647,609.31	4,648
IV.	Revenue reserve	III.15.	9,439,213.46	8,721
V.	Consolidated Profit carried forward		1,493,471.06	1,321
VI.	Consolidated Net Profit		962,380.15	1,594
			16,387,607.20	16,129
VII.	Non-controlling Interest Stockholders	III.18.	-46,923.33	19
			16,340,683.87	**16,148**
B.	**Non-current Liabilities**			
	Deferred Taxes	III.6.	1,915,151.73	1,811
C.	**Current Liabilities**			
I.	Trade Payables	III.19.	878,322.25	771
II.	Current Tax Liabilities	III.20.	33,535.00	239
III.	Provisions	III.21.	266,000.00	320
IV.	Miscellaneous Liabilities	III.22.	1,919,995.66	2,071
			3,097,852.91	**3,401**
			21,353,688.51	**21,360**

Comprehensive income statement in accordance with IFRS for the financial year from January 1 to December 31 2009

		Appendix	Jan. 01 2009 - Dec. 31 2009 EUR	Jan. 01 2008 – Dec. 31 2008 EUR '000
1.	Sales Revenues	II.1.	14,459,704.07	15,298
2.	Miscellaneous Operating Incomes	II.3.	692,759.32	510
3.	Misc. Capitalized Contributions	II.4.	1,200,035.43	1,268
			16,352,498.82	17,076
4.	Material Expenditures	II.5.		
	a) Expenditures for Goods		-3,783,614.87	-2,197
	b) Expenditures for Services		-460,947.57	-1,358
5.	Personnel Expenses	II.6.		
	a) Salary and Wages		-5,543,370.72	-4,845
	b) Social Security Contributions and Benefits		-897,469.39	-770
6.	Depreciation	II.7.	-1,171,282.05	-1,414
7.	Miscellaneous Operating Expenditures	II.8.	-3,152,191.40	-4,393
	Operating Result / EBIT		1,343,622.82	2,099
8.	Misc. Interest and Similar Revenues	II.9.	65,329.84	184
9.	Interest and Similar Expenditures	II.9.	-90.64	-16
10.	Earnings from Associated Companies	II.10.	7,499.53	17
11.	**Earnings before Taxes and Dividends**		**1,416,361.55**	**2,284**
12.	Tax Expenses	II.11.	-511,471.57	-667
13.	Earnings of Non-controlling Interest Stockholders of Partnerships	II.12.	-7,983.86	3
14.	**Consolidated Net Profit**		**896,906.12**	**1,620**
	Consolidated Net Profit discharged to			
	Non-controlling Interest Stockholders		65,474.03	-26
	Stockholders of the Parent Company		962,380.15	1,594
	Average Number of Shares in Circulation		3.538.500	3.538.500
	Total Earnings per Share (diluted)		0,27	0,45
	Total Earnings per Share (undiluted)	II.13	0,27	0,45
	Other Income (after Taxes)			
	Foreign Currency Differences		300.15	-8
	Adjusted Revaluation Reserves		4,000.00	-6
	Income Taxes on Components of Miscellaneous Earnings		-1,192.00	1
15.	Other Income (after Taxes)		3,108.15	-13
16.	**Comprehensive Income**		**900,014.27**	**1,607**
	Comprehensive Income discharged to			
	Non-controlling Interest Stockholders		-65,398.99	26
	Stockholders of the Parent Company		965,413.26	1,581

Change in Equity Statement in accordance with IFRS as of Dec. 31 2009

in EUR '000	Share Capital	Treasury Shares	Capital Provisions	Legal Reserves	Revenue Reserves	Revaluation Reserves	Reserves from Foreign Currency Translation	Consolidated Profits carried forward	Annual Net Income	Share without Non-controlling Interest Stockholders	Minority Interest	Total
Dated Jan. 1 2008	**3,891**	**-4,046**	**4,648**	**42**	**8,234**	**-2**	**-**	**939**	**2,283**	**15,989**	**63**	**16,052**
Allocation to Revenue Reserves	-	-	-	-	485	-	-	1,798	-2,283	-	-	**-**
Disbursements	-	-	-	-	-	-	-	-1,415	-	-1,415	-	**-1,415**
Change in Minority Shares	-	-	-	-	-	-	-	-	-	-	-70	**-70**
Stock Option Program	-	-	-	-	-5	-	-	-	-	-5	-	**-5**
Withdrawals from Misc. Revenue Reserves	-	-	-	-	-20	-	-	-	-	-20	-	**-20**
Total Earnings	-	-	-	-	-	-5	-8	-	1,594	1,581	26	**1,607**
Dated Dec. 31 2008 / Jan. 1 2009	**3,891**	**-4,046**	**4,648**	**42**	**8,694**	**-7**	**-8**	**1,322**	**1,594**	**16,130**	**19**	**16,149**
Allocation to Revenue Reserves	-	-	-	-	714	-	-	880	-1,594	-	-	**-**
Disbursements	-	-	-	-	-	-	-	-708	-	-708	-	**-708**
Total Earnings	-	-	-	-	-	3	1	-	962	966	-66	**900**
Dated Dec. 31 2009	**3,891**	**-4,046**	**4,648**	**42**	**9,408**	**-4**	**-7**	**1,494**	**962**	**16,388**	**-47**	**16,341**

Statement of Cash Flow in accordance with IFRS

in EUR '000	Jan. 01 2009 – Dec. 31 2009	Jan. 01 2008 – Dec. 31 2008
Income before Income Taxes and Interests	1,344	2,099
Stock Option Program	-	-5
Depreciation of Property, Plant and Equipment	941	801
Impairment of Intangible Assets	230	613
Cash flow	**2,515**	**3,508**
Profit from Disposal of Assets	-17	-20
Decrease in Reserves	-54	-47
Increase (Preceding Year: Decrease) in Inventories, Receivables and Misc. Assets	88	-112
Increase (Preceding Year: Decrease) in Payables and Misc. Liabilities	50	-458
Interest Received	65	184
Interest Paid	-	-17
Income Taxes	-706	-611
Cash flow from Operating Activities	**1,941**	**2,427**
Proceeds from Sales of Assets	65	166
Payments from Companies Accounted for in Equity	-2	22
Payments for Property, Plant and Equipment	-162	-341
Payments for Intangible Assets	-1,244	-2,110
Payments for Acquisitions	-	-100
Cash flow from Investment Activities	**-1,343**	**-2,363**
Dividends to Stockholders	-708	-1,415
Dividends to Minority Stockholders	-	-48
Cash flow from Financing Activities	**-708**	**-1,463**
Net Decrease in Cash and Cash Equivalents	**-110**	**-1,399**
Cash and Cash Equivalents at the Beginning of the Period	**3,039**	**4,438**
Cash and Cash Equivalents at the End of the Period (Cash Holdings and Credit with Credit Institutes)	**2,929**	**3,039**

Appendix to the Consolidated Financial Statement for the Year ended December 31 2009

I. Introductory Information

1. Underlying Information

Synaxon AG is registered as public limited liability company in the Commercial Register of Bielefeld with the registry identification HRB 36014. The company offices are in Bielefeld, Germany. Their business address is 33609 Bielefeld, Eckendorfer Str. The Articles of Association are valid as issued on 12 June 2008. The company is the corporate holding company of the Synaxon Group. The Group is active in the market of information technology and communication in the business areas of the PC-SPEZIALIST franchise, the MICROTREND IT Kooperation, the iTeam Systemhauskooperation and AKCENT. Furthermore, the Synaxon Group maintains and leases business offices that are owned by them directly or rented from third parties.

The consolidated financial statement for the year ended on December 31 2009 issued by the Board of Directors and the group management report for the Synaxon AG, which is summarized in the management report for the company, was released as expected in the Board of Directors meeting on March 12 2010 for circulation to the Supervisory Board.

This present consolidated financial statement for the Synaxon AG was prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), including the International Accounting Standards (IAS) and the designs of the International Financial Reporting Interpretations Committee (IFRIC) or Standing Interpretations Committee (SIC), as they are to be applied in the European Union, as well as in accordance with the Article 315 a Handelsgesetzbuch (hereafter “HGB”, German Commercial Code) complementary to the regulations to be complied with.
The Group’s financial year corresponds to the calendar year. The currency used in this report is the Euro (EUR). All amounts are reported in thousands of Euro (EUR ‘000), unless specifically indicated otherwise. The balance sheet has been divided into non-current and current items. The comprehensive income statement has been prepared according to the Total Cost method.

2. Adoption of New and Modified Standards

The specific points in time, when the new and modified IFRS standards have been adopted, are briefly summarized in the following sections.

a. Applicable Standards and Interpretations in the Current Financial Year

- IAS 1 (revised), "Presentation of Financial Statements". Applicable from January 1 2009 forward. The following modifications have resulted from this revision:
    - All changes in equity that touch upon transactions with stockholders are presented separately from those changes in equity that do not touch upon transactions with stockholders.
    - A statement of comprehensive income is presented and the consolidated change in equity is shown as a separate element of the consolidated financial statement. The comprehensive income statement implies the consolidated profit and loss and the other comprehensive income, which show the directly in equity included income and expenses.
    - The components of the other income report are presented in the consolidated income statement.
    - The accumulated miscellaneous earnings report is presented in the consolidated change in equity statement.
    - The modifications to IAS 1 additionally require the specification of the respective amount of income tax for each component of the miscellaneous earnings report and the presentation of re-classified amounts in the miscellaneous earnings report.

- IFRS 7 (revised), "Financial Instruments: Disclosures". The modifications allow for enhanced disclosures about the measurements concerning fair values and liquidity risk. Companies must apply the modifications to annual periods that begin on or after January 1 2009. However, a company is not required to supply a comparative disclosure in the initial year of adoption.

- IFRS 8 "Operating Segments". Applicable from January 1 2009 forward. IFRS 8 is to be applied obligatorily for reporting periods that begin on or after January 1 2009. In particular, IFRS 8 allows for the usage of information from the internal reporting system (management approach) for reporting on the economic development of the segment. In accordance with this, operating segments are components of a company whose operating earnings are periodically reviewed by a central decision maker and represent the basis for decisions about the allocation of resources and measurement of results. The determination of the segment information should correspond to the internal reporting. Synaxon is applying IFRS 8 for the first time in this current financial year. For more detailed information, please refer to the explanations concerning segment reporting.

- IAS 23 (revised 2007) “Capitalization of Borrowing Costs”: comprehensive revision for proscribing immediate recognition as expenditure (January 1 2009). Modifications that affect Synaxon do not arise from this revision, since no qualified assets have been established in the spirit of this standard.

- IAS 28 “Accounting for Investments in Associates”. Applicable from January 1 2009 forward. In this, the associated modifications to IAS 7 “Statement of Changes in Financial Positions”, IAS 31 “Financial Report of Interests in Joint Ventures” and IAS 32 “Financial Instruments: Presentation” should be applied similarly.

- Modifications to IAS 32 and IAS 1, “Puttable Instruments and Obligations Arising on Liquidation”.
  These modifications essentially affect issues about the distinction between equity and borrowings. In particular in the scope of the newly revised version under certain circumstances, the possibility of classifying puttable instruments as equity now exists. Above all, the revisions regarding business partnerships, which previously had to report the capital as liabilities under corporate law due to the termination rights of the stockholders, are relevant from the German viewpoint. The modifications should be applied to financial years that begin on or after January 1 2009. The modification of IAS 32 does not have any effect on the financial position, financial performance and cash flows of the Group.

- IAS 36 (revised), “Impairment of Assets”. Applicable from January 1 2009 forward. This involves modifications as a consequence of the annual improvements to IFRS from May 2008. The objective of IAS 36 is to ensure that assets will not be recognized at values higher than their recoverable amount on the balance sheet, as well as to prescribe how these recoverable amounts should be measured. At each balance sheet date, all assets should be reviewed for any indication that an asset might be impaired (meaning that its carrying amount might be in excess of its fair value less costs to sell and its value in use). IAS 36 has a list of external and internal indicators for impairment. If there is an indication that an asset might be impaired then the recoverable amount of the asset must be determined. The recoverable amounts of certain intangible assets should be measured annually, regardless of whether any indications are present that the value of the asset might be impaired.

- IAS 38 (revised), “Intangible Assets”. Applicable from January 1 2009 forward. This involves modifications as a consequence of the annual improvements to IFRS from May 2008. The objective of IAS 38 is the regulation of the accounting of intangible assets that are not dealt with specifically in other IASs. This standard requires the recognition of an intangible asset by a company if, and only if, specific criteria are fulfilled. Similarly, the standard sets rules for determining the carrying value of intangible assets and requires certain disclosures regarding intangible assets. In accordance with the standard, certain development costs should only be capitalized once the technological and commercial feasibility of the asset for sale or use have been proven. This means that the company must have the intention and capability of completing the asset and of using or selling it as well as being able to provide proof of how the asset will generate an economic benefit in the future.
  Expenditures for self-created intangible assets (whether for internal usage or sale) should be recognized as expenses as long as the capability for technological realization, the possibility for future economic benefit, intention and capability for use or sale of the software, resources for completion and classification of expenses are present. This standard has significant importance for Synaxon, including for the accounting of self-created software (i.e. EGIS). For each classification of intangible assets, the company must decide between the Cost method and the Revaluation method, whereby Synaxon AG does not implement the Revaluation method.

- IAS 39 “Financial Instruments: Recognition and Measurement”. Applicable from January 1 2009 forward. Specifically, these modifications to the regulations for the classification “designated on an effective yield basis to profit or loss” should be applied in the same manner as the Fair Value Option from 2005. This modification enables certain financial instruments to be separated from the category “held for business purposes” into another category under extraordinary circumstances. Use was not made of these modifications.

b. Premature Adoption of Standards and Interpretations

- IFRS 3 (revised), "Business Combinations". Applicable from July 1 2009 forward, implies the simultaneous adoption of IAS 27 (revised).

- IAS 27 Consolidated and Separate Financial Statements". Proposed adoption of the regulations from the time point of the initial adoption of IFRS 3. The significant modifications in comparison with the previously valid versions can be summarized as follows:

  The new version of IFRS 3 provides for the right to choose between measurement at fair value or at the proportionately identifiable net asset value for the accounting policy for non-controlling interests.

  For successive corporate acquisitions, a re-measurement through profit or loss of already existing shares in the acquired company is performed at the time point that controlling interest is acquired. Goodwill is subsequently measured as the difference between the revalued carrying value of the joint ventures plus the purchase price payments for the acquisition less the acquired net asset value.

  Modifications in the share in joint ventures without loss of control should be recognized as an equity transaction exclusively.

  Upon loss of control of a subsidiary, the assets and liability integrated into the consolidated financial statement should be closed out.

  Incidental costs for the acquisition of subsidiaries should be recognized as expenses in the future.

  If the losses discharged to the non-controlling interests exceed the non-controlling interest share in the equity of the subsidiary, such should be attributed a negative balance resulting from the non-controlling interest shares.

  The new version of IFRS 3 is proposed for application to business combinations, whose acquisition date falls within the reporting periods that begin on or after July 1 2009. Premature adoption is permitted, however limited to reporting periods that begin on or after June 30 2007. The modification of IAS 27 (Consolidated and Separate Financial Statement in accordance with IFRS) should be applied to financial years that begin on or after July 1 2009. Premature adoption is permitted. However, premature adoption of one of the two standards implies the simultaneously premature adoption of the other respective standard. Synaxon AG is already applying the standards in the current financial year.

c. Published Standards and Interpretations that have not yet been applied because they have not yet been endorsed by the European Union:

- The collection of amendments concerning the modification of various IFRS 2009 standards (“Improvements to IFRS 2009”) is an additional collection of amendments of the annual improvement process from the IASB (“Annual Improvement Process”). A multitude of smaller IFRS modifications are contained therein, which attempt to put the regulations into more concrete terms and remove inconsistencies. Acceptance into European law is still pending. The effects of these modifications on the consolidated financial statements are viewed as non-significant.

- IFRS 2 Share-based Payment with Settlement in Cash. Modifications with regard to the area of application through the introduction of basic principles (January 1 2010, not yet accepted into European law by the European Union).

- IAS 24 Related Party Disclosures. Modifications regarding the definition of closely related parties. (January 1 2011, not yet accepted into European law by the European Union).

- IFRS 9 (Financial Instruments) for the Classification and Measurement of Financial Instruments. The publication represents the conclusion of the first phase of a three-phase project for the replacement of IAS 39 (Financial Instruments: Recognition and Measurement) by a new standard. With IFRS 9, new regulations for the classification and measurement of financial assets will be introduced. The regulations will have to be applied from January 1 2013. Premature adoption is permitted, even for the 2009 statements.

- IAS 32 Classification of Rights Issues. Modifications regarding the classification of rights issues (January 1 2010, not yet accepted into European law by the European Union).

- IAS 38 (revised), “Intangible Assets”. Modifications as a consequence of the annual improvements to the IFRS from April 2009. To be adopted for financial years beginning on or after January 1 2010. These improvements to the IFRSs have established that the definition of the lowest level of an operating segment in the spirit of the definition according to IFRS 8.5 should be set aside.

- IAS 39 (Financial Instruments: Recognition and Measurement including the determination and usage of the Fair Value Option) and IFRIC 9 (Reassessment of Embedded Derivatives) will be changed with regard to embedded derivatives upon reclassification. The modifications clarify the accounting policy for embedded derivatives for companies, which make use of the reclassification modification as had been published by the IASB in 2008. After the reclassification modification, companies are allowed to reclassify certain financial instruments under certain circumstance out of the category of measurement at fair value through profit or loss. With modifications to IFRIC 9 and IAS 39, it became clear that all embedded derivatives will be re-measured upon reclassification out of the category of measured at fair value through profit or loss and, if necessary, must be separately recognized in the statement. The modifications should be retroactively adopted for reporting periods that end on or after June 30 2009.

All standards to be adopted as of financial year 2009 were adopted for the first time in financial year 2009, also if premature adoption were permitted.

3. Significant Accounting Policies and Measurement Methods

a. Declaration of Compliance

The issuance of the consolidated financial statements of Synaxon for the year ended December 31 2009 was performed in compliance with the International Accounting Standards (IAS) adopted and published by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards (IFRS) and their interpretation by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) as they should be adopted in the European Union, as well as the complementary Commercial Law regulations to be applied in accordance with Article 315a Paragraph 1 HGB.

b. Basis for the Preparation of the Consolidated Financial Statement

The presentation of the Consolidated Financial Statement complies in all areas with the currently valid regulations of IAS 1 (Presentation of Financial Statements). The Total Cost method is applied for the comprehensive income statement.

The division of the consolidated balance sheet was done by due date. Assets and liabilities are viewed as “current” when they are due within the period of one year or expected to be sold. Correspondingly, assets and liabilities are classified as “non-current” when they first become after one year. Receivables and payables as well as inventories have an exclusively current character and have been reported under current items. Deferred taxation demands and liabilities have been presented as non-current.

The itemization of the consolidated balance sheet and the consolidated profit and loss statement are presented as a summary, insofar as such is possible and reasonable and explained in the consolidated appendix.

The division of the balance sheet by maturity dates was adjusted to the general developments in the financial year 2009. As of now, the non-current assets and liabilities as well as equity will be reported before the current assets and liabilities. The disclosures from preceding years were modified accordingly.

The consolidated financial statement has been prepared under the assumption of a going concern.

The significant accounting and measurement methods will be discussed in the following sections.

c. Basis for the Consolidation

The consolidated financial statements contain the financial statement for Synaxon as the parent company as well as all of the individual companies controlled by it (subsidiaries). Control is achieved when the company has the ability to determine the financial and business policies of another company in order to draw benefits from their use.

The earnings of the subsidiaries acquired or sold in the course of the year are correspondingly recognized from the actual date of acquisition or until the actual date of sale on the consolidated profit and loss statement.

Insofar as required, the annual reports for the subsidiaries, which have been prepared in accordance with national codes of law, have been translated for IFRS, in order to adjust the accounting and measurement methods to those finding adoption in the group company. All group internal business transactions, balances and interim earnings have been completely eliminated in the scope of the consolidation. The reporting deadline of the included companies corresponds to the annual reporting deadline for the parent company.

Non-controlling shares in stockholder's equity (with the exception of goodwill) of the consolidated subsidiaries have been reported separately from the group equity. The shares of non-controlling stockholders have been measured upon acquisition according to IFRS 3 at the fair value or at the proportionally identifiable net asset value of the acquired company. At the subsequent deadlines, this value will be updated by the respective change in equity, which shall be attributed to the non-controlling shares. The proportional earnings have then been allocated to the non-controlling shares for this financial year according to IFRS 27, when such lead to the non-controlling shares exhibiting a negative balance. With losses from proceeding years, which led to a negative share, such remain with the previous allowance in the group equity.

d. Scope of Consolidation

The companies included in the consolidation are listed in the following table:

Company and Location	Joint Ventures in %
PC-SPEZIALIST Computervertriebsgesellschaft- Unternehmensbeteiligungs-GmbH, Bielefeld	100
Synaxon Service GmbH, Bielefeld	100
MICROTREND Dienstleistungs-GmbH, Schloß Holte-Stukenbrock	100
SYNAXON Online GmbH, Bielefeld	100
EDV Vertriebsgemeinschaft Handels GmbH, Vienna/Austria	88
Systempartner Computervertriebs GmbH, Vienna/Austria	88
PC-SPEZIALIST & Helpup GbR, Bielefeld	60
iTeam GmbH, Bielefeld	100
iTeam Consulting GmbH, Bielefeld	100
iTeam Systemhauskooperation GmbH & Co. KG, Bielefeld	100
iTeam Systemhauskooperation Beteiligungs-GmbH, Bielefeld	100
AKCENT Computerpartner Deutschland AG, Bielefeld	100
SYNAXON UK Ltd., Warrington/Great Britain	75

The 50% joint venture (on the basis of voting rights) of PC-SPEZIALIST Computervertriebs-

Unternehmensbeteiligungs-GmbH in Talos & Helpup GbR (an associated company) located in Bielefeld, as well as the 50% joint venture (on the basis of voting rights) of Synaxon AG in Haltergemeinschaft C303 GbR (an associated company) have been included in the consolidated financial statement in accordance with the At Equity method. On April 2 2009, PC-SPEZIALIST Microtrend Service GmbH was renamed Synaxon Service GmbH.

e. Business Combinations

The acquisition of the subsidiaries and business operations is accounted for according to the Acquisition method. The costs of a business combination must be determined from the total of the fair value applicable on the date of exchange of the paid assets, the received or transferred liabilities and the equity instruments issued by the Group in exchange for the control of the acquired company plus all of the costs directly attributable to the business combination. The identified assets, liabilities and contingent liabilities of the acquired company, which meet the recognition criteria in accordance with IFRS 3 Business Combinations, should be applied on the date of acquisition along with their fair value, independent of the scale of the non-controlling shares.

Goodwill arising from the acquisition of a company should be recognized as an asset and recognized at its costs, which are presented as net assets above the costs of the business combination through the interest recognized by the group at the net fair value of the identifiable assets, liabilities and contingent liabilities, at the time of acquisition

f. Interests in Associated Companies

An associated company is a company, over which the group has authoritative influence and which does not represent either a subsidiary or participation in a joint venture. Authoritative influence is the capability of contributing to the financial and business decision-making policies of the company, in which the interest is held. In this, control or mutual control of the financial and business policies is not present.

The earnings, assets and liabilities of associated companies are included in this statement through the usage of the Equity method. In accordance with the Equity method, shares in an associated company are to be absorbed along at their costs into the consolidated balance sheet, and adjusted by the change in the shares of the group through the stockholders' equity of the associated company after the date of acquisition. Losses arising from an associated company, which exceed the group's interest in this associated company, are recognized to the extent to which the group has received legal or effective liabilities or makes payments for the associated company.

Profits and losses from the transactions with an associated company are eliminated at the scale of the group interest in the corresponding associated company.

g. Goodwill

Goodwill, which arises from the acquisition of a subsidiary, corresponds to the excess of the costs of the acquisition above the group interest at the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or the company under shared management at the date of acquisition. Goodwill is balanced by its costs at the time of acquisition and measured in the subsequent periods at its expenses less all of the accumulated impairment expenditures.

For purposes of the review for impairment, goodwill should be attributed to all business units generating funds, from which it is to be expected that they could draw a benefit from the synergy of the combination. Business units generating funds, to which a portion of the goodwill was attributed, should be reviewed annually for impairment. If indicators for impairment of a business unit are present, they should be evaluated more frequently. If the recoverable amount of a business unit generating funds is less than the carrying value of the business unit, the impairment expense should initially be attributed against the carrying value at which goodwill was attributed to the business unit and thereafter proportionally to the other assets on the basis of the carrying value of each asset within the unit. An impairment expense recognized against goodwill may not be recovered in future periods.

Upon the sale of a subsidiary, the amount discharged thereby of goodwill will be taken into consideration to the extent of the determination of de-recognition.

h. Recognition of Income

The recognition of sales revenue and miscellaneous operating revenue is first made in principle according to IAS 18 at the time point when the authoritative risks and rewards from the ownership of the products have been transferred to the respective partner and it is sufficiently probable that the economic benefits will accrue to the company from the business.

Sales revenues from services are recognized at the time point of the provision of service, when the economic benefit accrues to the company from the business with sufficient probability and the amount of revenue can be reliably determined.

Revenues from system fees are recognized according to the contractual agreements. Revenues from commissions and advertisement allowances are recognized in relation to the point in time that the claim is incurred. Expenditures are recognized as costs according to the period in which the provision of the service is made or they are incurred. Dividends are collected when the legal claim for payment is incurred; interest is recognized as expense or income according to the period in which it is accrued.

i. Leasing

The Group as Lessee

The economic ownership of leased objects is assigned to the respective contractual party, who bears all of the significant risks and rewards connected with the leased object. The Group ultimately benefits from leasing to the extent of vehicle leasing. These are treated in accordance with IAS 17 as operating lease relationships. The leased objects should be accounted for by the lessor. The leasing fees are recognized as miscellaneous operating expenses for Synaxon.

Future payments to be made from concluded lease contracts are presented under Miscellaneous Financial Obligations.

The Group as Lessor

Rental revenues from operating lease relationships are distributed through profit or loss over the lifetime of the associated lease relationship using the Straight Line method. Direct initial costs, which can be assigned directly to the negotiations and the conclusion of a lease relationship, should be attributed to the carrying value of the leased asset and distributed over the lifetime of the lease relationship using the Straight Line method.

j. Foreign Currencies

The individual financial statements for each company in the Group have been prepared using the currency of the respective primary economic zones, in which each company does business (their functional currency). For purposes of the consolidated financial statement, the financial position, financial performance and cash flow for each company should be presented in Euro, which is the functional currency of the parent company and the presentation currency of the consolidated financial statement.

Translation of the financial statements into the functional currency for the Group (€) is done for balance sheet items, with the exception of equity, using the closing rates. Expense and revenue items, including the annual earnings, are translated using average exchange rates for the year. Equity, with the exception of annual earnings, is translated using the respective historical closing rate.

Effects caused by the translation of the balance as a consequence of the translation of equity using historical rates as well as the translation of the annual earnings using average exchanges rates for the year are recognized in equity without further adjustment.

Foreign currency transactions are translated using the exchange rate at the time of the transaction into the functional currency. Profits and losses, which result from the completion of such transactions and from the translation of monetary assets and liabilities in foreign currencies using closing rates, are recognized in the comprehensive income statement.

The exchange rates underlying the currency translations are presented in the following table:

in EUR	Average Rate for 2009	Closing Rate for Dec. 31 2009
1 GBP equals	1.12297 EUR	1.11130 EUR

k. Taxation

The income tax expense represents the total of the current and deferred tax expenses.

l. Current Taxes

The current income tax expense is measured on the basis of the income to be taxed for the financial year. The income to be taxed is distinguished from the annual net surplus from comprehensive income statement, in that it excludes expenditures and revenues that are never subject to taxation or taxable or deductible in later years. The Group liability for the current taxes is calculated on the basis of the applicable tax rates, or those that are expected to be applicable as of the balance sheet date.

m. Deferred Taxes

Deferred taxes are formed from all temporary differences between the taxable amounts and those amounts in accordance with IFRS as well as on consolidation measures. In this, the accounting oriented Liability method according to IAS 12.5 has been adopted. Deferred tax on deficits carried forward has been capitalized insofar as it is likely that such might be used. In the determination of the probability of future benefit, the earnings forecast as well as the earnings history has been taken into consideration.

For the measurement of deferred taxes, the corresponding tax rates at the time of realization have been used as the basis, which apply, or have been announced, on the basis of the current legal situation in the individual countries. In Germany, an announcement in the spirit of IAS 12 occurs when the Bundestag and Bundesrat (upper and lower houses of the German parliament) have agreed on the corresponding tax law.

Deferred taxes, which relate directly to items recognized in equity, are reported in equity. Current and deferred taxes are settled against each other according to IAS 12.74, only if the group has an a legal right to settlement of the actual tax refund against the actual tax liability und such relates to the income tax on the same tax entity and are credited by the same taxing authority.

Deferred tax claims and tax liabilities are not recognized, when the temporary differences result from goodwill or the initial recognition (with the exception of mergers) of assets and liabilities, which result from events that neither affect the income to be taxed nor the annual net surplus. In the event of a merger, the tax effect should be taken into consideration in the recognition of goodwill or in the determination of surpluses of the shares of the acquiring party at the fair value of the identifiable assets as well as the liabilities and contingent liabilities of the acquired company through the costs of the merger.

Deferred tax liabilities are created for the temporary differences to be taxed, which arise from the shares in the subsidiary or associated company as well as shares in joint ventures, unless the group can control the reversal of the temporary differences and it is likely that the temporary difference will not be reversed in the foreseeable future. Deferred tax assets arising through temporary differences in connection with such investments and shares are only recognized to that extent to which it is probable that sufficient taxable income will be available to allow the benefit of all of that deferred tax asset to be utilized and from which point it can be expected that it will be reversed in the foreseeable future.

Deferred tax assets and liabilities are accounted for if a legal right to settlement of the current tax assets with deferred tax liabilities is present and if they are in connection with income taxes that are charged by the same taxing authority and the group has the intention of settling their current tax assets and liabilities on a net basis.

n. Current and Deferred Taxes for the Period

Current and deferred taxes are recognized through profit or loss as expense or income, unless they are in connection with items that were recognized directly to equity. In this event, the tax should also be recognized directly in equity. In addition, recognition does not occur when the tax effect results from the initial accounting of a merger.

o. Property, Plant and Equipment

Operationally used assets of the property, plant and equipment classification, which are used by the business for more than one year, are recognized with the amortized costs in accordance with IAS 16. Depreciation is done using the Straight Line method and systematically taken using the expected useful life of between 3 and 10 years as the basis and recognized as depreciation on the profit and loss statement. Buildings are depreciated using the Straight Line method with a useful life of 25 years. Property is not depreciated.

p. Investment Property

Investments property includes all property that is held for recovering rental income (or non-current capital gains) and not used either for production or administrative purpose. This property is measured at the amortized costs. Borrowing costs are not capitalized. In principle, the useful life is 25 years. Depreciation is done at a constant rate distributed over the useful life and is recognized as depreciation on the profit and loss statement.

q. Intangible Assets

Intangible Assets acquired for Consideration

Intangible assets acquired for consideration are recognized at their cost less accumulated depreciation and impairment. The depreciation expense is recognized over the expected useful life as a debit. The expected useful life and the method of depreciation are reviewed at the end of each financial year and all valuation changes taken into prospective consideration.

Self-created Intangible Assets: Research and Development Costs

A self-created intangible asset that results from development activities (or from the development phase of an internal project) is recognized then, and only then, when the following evidence has been provided:

- The technological feasibility of the completion of the intangible asset is a given, such that it will be available for use or sale.
- The intention exists to complete the intangible asset as well to use or sell it.
- The capability is present to use or sell the intangible asset.
- The intangible asset will exclusively target a future economic benefit.
- The availability of adequate technological, financial or miscellaneous resources is given for the completion of development and the use or sale of the intangible asset, and
- The capability for reliable determination of the expenditures attributable to the intangible asset in the scope of its development is present.

The amount to which a self-created intangible asset has been initially capitalized is the total of the expenditures that have arisen from that day onward to the day upon which the intangible asset first fulfills the conditions listed above. If a self-created intangible asset cannot be capitalized or an intangible asset is not present, the research and development costs are recognized as profits or losses in the period in which they arise.

Software and Software Products created and used by the Group

The self-created EGIS sales and information platform is a significant element of the services offered by Synaxon AG to their associated partners, who make payments to the Group for membership in the cooperative association. In the interim, EGIS has been established on the market and expanded by a number of features in various development stages, which provide significant added value to the affiliated partners and suppliers as well as for the Group.

Furthermore, the Group has capitalized expenditures for the creation of the Business Partner Management (BPM) software used internally as well as the eBusiness projects (Shop and Community).

For further information about the intangible assets, see also Section III.3.

Depreciation has been taken using the Straight Line method with a useful life of 5 to 10 years and recognized as depreciation on the profit and loss statement. All intangible assets, with the exception of goodwill, have a limited useful life.

Software in Development

Insofar as development has not been completed by the balance sheet dates, the capitalized assets have undergone an impairment test in accordance with IAS 36. After the completion of the development activity, the impairment test is only done when indications for impairment are present. The development of the EGIS business platform was started in the preceding business year. The interconnection of the member partners among themselves will be strengthened by means of the EGIS business platform. It will enable the member partners to provide their services to the SYNAXON association and engage the services of other partners.

Intangible Assets acquired in the Scope of a Merger

Intangible assets that were acquired in the scope of a merger are identified and recognized separately from goodwill, as soon as they fulfill the definition of an intangible asset and their fair value can be reliably determined. The costs of such intangible assets correspond to their fair value at the time of acquisition.

In the subsequent periods, intangible assets that have been acquired in the scope of a merger are measured exactly like individually acquired intangible assets and self-created assets at their costs less accumulated depreciation and accumulated impairments.

Impairments of Property, Plant and Equipment and Intangible Assets as well as Goodwill

At each balance sheet date, the Group reviews the intrinsic value of the intangible assets (incl. goodwill) as well as that of assets in the property, plant and equipment categories on the basis of future payments to be expected from their usage (discounted at a rate appropriate to risk) as well as on the basis of the net sales price (impairment test), when corresponding events or changes in circumstances indicate that the carrying value is no longer recoverable, as needed. The recoverable amount corresponds to the fair value less sales costs or the value in use, where the higher value is authoritative. Insofar as a recoverable amount for an individual asset cannot be measured, the recoverable amount is determined for the smallest unit generating funds (Cash Generating Unit, abbreviated CGU), to which the affected asset value can be assigned.

For intangible assets with indefinite useful lives and intangible assets that are not yet in use, an impairment test should be done at least once annually.

Goodwill resulting from corporate acquisitions is assigned to a CGU. The recoverable amount of the CGU is reviewed annually for intrinsic value and additionally reviewed at time points when indicators of a potential impairment are present. If the recoverable amount of an asset is less than the carrying value, an immediate impairment of the asset as earnings is done. In the event that adjustments to the value in connection with a CGU are present, the goodwill contained therein is reduced first. If the need to adjust the value exceeds the carrying value of goodwill, in principle the difference is distributed proportionally over the remaining non-current assets in the CGU.

If a greater recoverable amount for the asset or the CGU is the result of an impairment carried out at a later point of time, an appreciation in value is made. The appreciation in value to be recognized as profit or loss is limited to the amortized carrying value, which would have resulted without the impairment in the past. Goodwill may not be appreciated in value.

All impairments have been recognized as profits or losses as write-downs; appreciations in value have been recognized as miscellaneous operational revenues.

r. Inventories

The assets held for sale, which have been accounted for as inventories, are measured according to IAS 2 using the lower of costs or net realizable value. The costs are usually measured in accordance with the Weighted Averages method. Insofar as the expected realization of revenues from their sale, taking the marketing costs into consideration, were lower than the carrying value, individual adjustments of inventories to tax base have been made. Borrowing costs are not capitalized in principle.

s. Provisions

Provisions are formed when Synaxon has a currently legal or an effective liability resulting from a past event and it is more likely than not that the settlement of the obligation will lead to an encumbrance of assets and the amount of the provision can be reliably measured.

The recognized provision amount is the best estimated value as of the balance sheet date for the added service in consideration of the risks and uncertainties underlying the liability for the fulfillment of the present obligation. If a provision with the aid of the estimated cash flow for the fulfillment of the obligation is recognized, the carrying value of the provision is the cash value of this cash flow.

If it can be assumed that parts or the entire benefit economically necessary for the fulfillment of the provision is reimbursed by an external third party, this claim is recognized as an asset, when this reimbursement is virtually certain and the amount can be reliably estimated.

t. Financial Assets

Financial asset are classified for accounting and measurement according to IAS 39 in four different categories.

Classification depends on the respective purpose to which the financial assets were acquired. Management determines the classification of the financial assets for initial recognition and reviews the classification on each closing date. Liquid assets, accounts receivable (loans and receivables), and stocks are included with the financial assets. All stocks: reported as miscellaneous stock under current financial assets and classified as assets financially held Available for Sale (AFS) according to IAS 39. The Group does not possess either held-to-maturity investments or financial assets at fair value through profit or loss.

In principle, the stocks are measured upon acquisition and in the subsequent years at fair value. The profits and losses resulting from the measurement at fair value are recognized with changes in equity (valuation surplus of financial instruments). This does not apply if it involves permanent or significant impairments, which are recognized as profits or losses. Only upon withdrawal of the financial assets are the accumulated profits and losses from measurement at fair value recognized in equity as profits or losses recognized on the comprehensive income statement. If fair value cannot be determined sufficiently reliably for equity instruments not registered on the stock exchange, the shares are measured at the acquisition costs (if necessary, less impairment).

Receivables as well as miscellaneous receivables or assets are initially measured at fair value and as a consequence at the amortized costs, less impairments, if necessary. Non-interest bearing or low-interest bearing accounts receivable are measured at the cash value of the expected future cash flow. Impairments of receivable are made on an individual basis, if indicators make the collectability of the account receivable unlikely.

Indicators for the impairment of securities and receivables are presented in particular in the following cases:

- significant financial difficulties on the part of the issuers of the financial instruments,
- increased probability that the counter-party must register for insolvency,
- exposure or default of interest payments or repayments.

In principle, impairment leads to a direct reduction of the carrying value of the affected financial assets, with the exception of receivables, whose carrying value is reduced through an impairment account. If a receivable is estimated to be uncollectable, the expense against the impairment account is taken. Adjustments to the carrying value of the impairment account are recognized on the profit and loss statement (under miscellaneous operational revenues or expenditures).

Liquid assets (cash holdings and bank balances) are recognized at the cost or nominal value.

Initial recognition and derecognition is done for all financial assets at the respective trade date.

u. Financial Liabilities

Financial liabilities are categorized either as financial liabilities measured at fair value through profit or loss or as miscellaneous financial liabilities.

Financial Liabilities measured at Fair Value through Profit or Loss

Financial liabilities are categorized as financial liabilities measured at fair value through profit or loss, if they are either held for trading or were voluntarily measured at fair value through profit or loss.

A financial liability is categorized as held for trading, if:

- it was mainly acquired with the intention of being redeemed in the short term, or
- during initial recognition, a portion of a portfolio is a financial instrument uniquely identifiable and mutually taxed by the group, for which indicators exist in the recent past for current profit taking, or
- it is a derivative, which has not been designated, or is not effective, as a security instrument and does not represent a financial guarantee.

A financial liability held for purposes other than trade can be measured at fair value through profit or loss at the time of initial recognition, if:

- such a designation eliminates, or significantly reduces, a recognition inconsistency, which would have arisen otherwise, or
- the financial liability belongs to a group of financial assets and/or financial obligations, which is taxed or measured as corresponding to a documented risk or investment management strategy for the group at fair value and for which the internal flow of information is based upon it, or
- it is a part of a contractual agreement, which contains one or more embedded derivatives and IAS 39 Financial Instruments: Recognition and Measurement allows the entire contract (asset or liability) to be designated at fair value.

As designated at fair value financial liabilities are measured at fair value through profit or loss. In this, all profits or losses resulting from the measurement are collected as profits or losses.

The net profit or loss recognized on comprehensive income statement includes the interest paid for the financial liability and is reported in the miscellaneous revenues or miscellaneous expenditures items.

Miscellaneous Financial Liabilities

Miscellaneous financial liabilities, including borrowings, are initially recognized at fair value less the transaction costs.

In the scope of subsequent measurement, miscellaneous financial liabilities are measured according to the Effective Interest method at amortized costs, whereby the interest expenses are recognized according to the effective interest rate.

The Effective Interest method is a method for the measurement of the amortized costs of a financial liability and the assignment of interest expenditures to the respective periods. The effective interest rate is that interest rate, at which the estimated future payments over the expected duration of the financial instrument or a shorter period, insofar as appropriate, are discounted against the net carrying value from the initial recognition.

Derecognition of Financial Liabilities

The group derecognizes a financial liability, when the corresponding liability(-ies) of the group is discharged, reversed or expired.

v. Equity and Borrowings Instruments issued by the Group

Classification as Equity or Borrowing

Borrowing and equity instruments are classified as financial liabilities or equity according to the economic remuneration of the contractual agreement.

Equity Instruments

An equity instrument is a contract that is based on a residual claim on the assets of a company after allowances for the associated debts. Equity instruments are recognized at the received expenditure yield less direct expenditure costs.

Borrowing Instruments

The Group has not issued borrowing instruments.

w. Significant Accounting Discretionary Leeway and Main Sources of Uncertainties in Estimates

The preparation of the consolidated financial statements requires that assumptions be made and estimates used, which affect the amount and reporting of the assets and liabilities, the revenues and expenditures as well as the contingent liabilities accounted for. The assumptions and estimates essentially relate to the assumptions underlying the measurement of goodwill, determination of economic useful lives, the accounting and measurement of provisions as well as to the ability to realize future tax relief. Furthermore, the concern uses estimates for bonus payments by third parties, which could not yet be measured exactly as of the balance sheet date.

The actual values may deviate from the assumptions and estimates made in individual cases. Adjustments will be taken into consideration as profits or losses at time that they become known. The most important disclosures as well as the significant sources of uncertainty in estimates through which a significant risk may arise such that within the next financial year a significant adjustment of the reported assets and liabilities might be required have presented as follows.

Recognition of Revenue

The Management has taken the extensive criteria of IAS 18 for the recognition of revenue related to the sale of goods and the provision of services into the consideration, whereby it must be ensured in particular that the group has transferred the significant risks and rewards from the ownership of the goods to the buyer.

Impairment of Goodwill

For the determination of the presence of an impairment of goodwill, it is necessary to determine the current value of the unit generating funds to which the goodwill has been assigned. The calculation of the current value requires the estimation of future cash flows from the unit generating funds, as well as an appropriate discounting rate for the calculation of the cash value.

The carrying value of goodwill amounted to € 8.4 million at the end of the reporting period. Details may be found in Section III.3.

Intrinsic Value of Self-Created Intangible Assets

The self-created intangible assets have a limited useful life of 5-10 years and will be depreciated systematically. The Group will review the self-created intangible assets for indicators, which may lead to the conclusion that a possible impairment exists. The Board of Directors does not see any indicators that a devaluation of the self-created intangible assets is necessary.

Useful Life

The Group reviews the estimated useful life, remaining value and depreciation methods of property, plant and equipment and intangible assets at the end of each financial year. All necessary changes in estimates will be prospectively taken into consideration. A reduction of the remaining useful life resulted from the impairment of the partner contract with iTeam capitalized as an intangible asset.

II. Explanations concerning the comprehensive income statement

1. Sales Revenue

The Group essentially recovers sales revenue from the contractual relationships with franchisees, cooperation partners, suppliers and manufacturers.
Furthermore, the Group generates revenue from the central sale of goods to partners or end customers through the PC-SPEZIALIST Online Shop.

in mil. EUR	2009	in %	2008	in %
Revenue from Commissions	4.02	27.8	4.48	29.3
Systems Fees	3.33	23.0	3.41	22.3
Advertising Allowances	3.14	21.7	3.09	20.2
Miscellaneous Revenues	3.04	21.0	4.25	27.8
Sales without the Sale of Central Goods	13.53	93.5	15.23	99.6
Sales of Central Goods	0.93	6.5	0.06	0.4
Sales incl. The Sale of Central Goods	**14.46**	**100.0**	**15.29**	**100.0**

The development of the sales by segments has been presented in scope of the segment reporting.

2. Segment Information

a. Operating Segments

The following segment information is based upon IFRS 8 (Operating Segments), which defines the requirements on reporting about the financial earnings of operating segments. IFRS8, which replaces IAS 14 (Segment Reporting), follows the so-called Management Approach, which means that it requires consistency between the internally used and externally published segment information. IFRS 8 is to be adopted initially for financial years that begin on or after January 1 2009.

The significant differences between IFRS 8 Operating Segments and IAS 14 Segment Reporting relate to the measurement of the segments and to the accounting methods to be adopted for the determination of segment earnings.

IFRS 8 requires the disclosure of information, which is used by the Chief Operating Decision Maker (for Synaxon, this is the Board of Directors) for the assessment and review of financial performance and decisions about resource allocations. Due to this, the segment reporting has changed partially.

The PC-Spezialist Online Shop & Central Goods Sales segments have been newly added. The amounts from preceding years were adjusted accordingly. Sales revenues, write-downs, the preceding year's consolidated earnings, as well as the segment liabilities were transferred from the IT-Cooperation segment to the new PC-Spezialist Online Shop & Central Goods Sales segments. The preceding year's assets for the new segments were transferred from the Franchise segment (79,000 EUR) as well as the IT-Cooperation segment (213,000 EUR).

The Central Invoicing segment was replaced and the segment assets as well as the segment liabilities were assigned to the IT-Cooperation segment.

In principle, group internal transactions are performed as among outside third parties, i.e. at standard market net prices.

The segment reporting is done in accordance with the general accounting guidelines of Synaxon AG presented under Item 4 Significant Accounting and Measurement Methods. The segment earnings correspond to the EBIT.

The Group produced its success primarily in the following operating segments:

Franchise

After the acquisition of a franchise license, a franchisee may manage an IT store using the PC-SPEZIALIST name. The business is managed in accordance with the guidelines and standards of PC-SPEZIALIST. The license includes, among other items, the right of the franchisee to joint marketing and purchasing. The investment property is reported in this segment.

IT-Cooperation

This segment encompasses the organization of IT cooperatives, with which the independent retailers specializing in IT and system houses can be affiliated. The Group negotiates competitive buying prices with suppliers and manufacturers every day and provides such to its partners, independent of purchased quantities.

Furthermore, projects and service volumes are actively marketed jointly. By means of their national comprehensive presence and established network of experts, franchisers from German medium-sized businesses can be supported using centrally controlled processes in the efficient deployment of their IT assets.

PC-SPEZIALIST Online Shop & Central Goods Sales

The online shop that originally started under the name “snippr” as well as its affiliated community were revised in 2009 and re-started under the name PC-SPEZIALIST Online Shop. In addition to the purely end customer business, central goods sales with associated partners are also targeted in the B2B area.

The settlement of the goods revenues is done through the group association, SYNAXON Online GmbH.

Synaxon Group Operating Segments in 2009

in EUR '000	Franchise		IT-Cooperation		PC-SPEZIALIST Online Shop & Central Goods Sales		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Sales Revenue from External Customers	2,425	3,683	11,037	11,558	998	58	14,460	15,299
Segment Earnings (EBIT)[1]	68	865	1,909	1,572	-633	-338	1,344	2,099
Adjusted EBITDA	219	1,081	2,808	2,755	-512	-323	2,515	3,513
Write-downs	151	216	669	570	121	15	941	801
Impairment of Intangible Assets	-	-	230	613	-	-	230	613
Restructuring Expenditures	-	-	-	-	-	-	-	-
Earnings from Associated Companies	12	17	-5	-	-	-	7	17
Total Segment Assets[2]	2,062	2,114	14,279	14,542	814	292	17,155	16,948
Investments in Associated Companies	-	58	-	58	-	-	-	116
Carrying Value of Associated Companies	171	173	50	50	-	-	221	223
Transfers: Non-Current Assets (without financial instruments and deferred taxes)	143	344	994	2,370	295	306	1,432	3,020
Segment Liabilities[3]	590	613	2,219	2,541	255	8	3,064	3,162

[1] The segment earnings results from the earnings before taxes, interest, before the earnings from associated companies and the earnings share of non-controlling interests of partnerships.

[2] The segment assets consist of property, plant and equipment (369,000 EUR), investment property (176,000 EUR), financial assets (236,000 EUR), intangible assets (12,608,000 EUR), inventories (88,000 EUR), receivables from deliveries and services (3,040,000 EUR) as well as certain miscellaneous assets (638,000 EUR).

[3] The segment liabilities consist of the liabilities from deliveries and services (878,000 EUR), provisions (266,000 EUR) and miscellaneous liabilities (1,920,000 EUR).

b. Geographical Segments

The Group is predominately active domestically. The subsidiary established in Great Britain in 2008 continued to be under construction in 2009. The two subsidiaries in Austria did not support any operative business in the financial years 2008 and 2009 under consideration. The sales revenue and the non-current assets were discharged to the following geographical regions (in ‘000 of EUR):

Sales revenue in Germany were targeted in the Franchise (2,469,000 EUR) and IT-Kooperation (10,868,000 EUR) segments. In Great Britain, the Group generated sales revenues exclusively in the IT-Kooperation segment through a subsidiary.

in EUR ‘000	Germany		Great Britain		Total	
	2009	2008	2009	2008	2009	2008
Sales Revenue from External Customers	14,267	15,294	192	5	14,459	15,299
Total Segment Assets	17,143	16,941	12	7	17,155	16,948

3. Miscellaneous Operating Incomes

in EUR ‘000	2009	2008
Agency Agreements	85	-
Discharge of Liabilities	110	-
Revenues from the Settlement of Individual Adjustments	221	154
Revenues from Receivables Written Down	15	24
Profits from Asset Withdrawals	17	32
Rental Revenues	34	34
Miscellaneous	211	266
Miscellaneous Operating Revenues	**693**	**510**

4. Miscellaneous Capitalized Contributions

in EUR '000	2009	2008
EGIS	624	573
BPM	129	305
eCommerce Projects	295	306
EGIS Auction	36	84
Business Platform	116	-
Capitalized Services	**1,200**	**1,268**

Group services for self-created software are included among the capitalized services, which have been reported in the intangible assets (see Section III.3), are present.

.

5. Material Expenditures

in EUR '000	2009	2008
Expenses for Related Goods	3,784	2,197
Expenses for Related Services	461	1,358
Material Expenditures	**4,245**	**3,555**

The material expenditures consists of expenses for related goods in the amount of 3,784,000 EUR (preceding year: 2,197,000 EUR), as well as expenses for related services in the amount of 461,000 EUR (preceding year: 1,358,000 EUR) together and consists predominately of expenditures for logistics services, goods for sale and corporate identity articles.

6. Personnel Expenses

in EUR '000	2009	2008
Salary and Wages	5,543	4,845
Social Security Contributions and Benefits	898	770
Personnel Expenses	**6,441**	**5,615**

The average number of employees in the Group (without counting the Board of Directors or trainees) has increased to 127 employees (preceding year: 110). With this increase, the personnel expenses increased to 6,441,000 EUR (preceding year: 5,615,000 EUR). Under personnel expenditures, severance payments due to the termination of working relationships have been recognized in the amount of 17,000 EUR (preceding year: 174,000 EUR) and expenditures for Social Security contributions and benefits have been recognized in the amount 898,000 EUR (preceding year: 770,000 EUR).
A legal contribution-based primary care system for the employees exists in Germany, which incurs retirement benefits on the basis of income and paid contributions. With the payment of contributions in the amount of 844,000 EUR (preceding year: 646,000 EUR) to the national retirement insurance providers and private pension funds, no further contributory obligations exist for the company. The current contributory payments have been recognized as current expenses.

7. Depreciation

in EUR '000	2009	2008
Intangible Assets	982	1,221
Property, Plant and Equipment	189	193
Depreciation	**1,171**	**1,414**

The Group took depreciation in the amount of 1,171,000 EUR (preceding year: 1,414,000 EUR). Of that, 189,000 EUR (preceding year: 193,000 EUR) was discharged to depreciation on property, plant and equipment, and 982,000 EUR (preceding year: 1,221,000 EUR) to intangible assets. Due to the intrinsic value tests, exceptional depreciation in the amount 230,000 EUR (preceding year: 613,000 EUR) was recognized for the intangible assets. Additional information concerning the intrinsic value tests and depreciation on intangible assets can be found under Section III.3.

8. Miscellaneous Operating Expenditures

The miscellaneous operating expenditures have been summarized as follows:

in EUR '000	**2009**	**2008**
Outsourced Staff	564	1,147
Travel and Representation Expenses	240	460
Legal, Consultant and Audit Costs	143	232
Office Costs	288	305
Conveyance of Individual Adjustments	197	164
Vehicles Costs	235	249
Receivables Write-downs	180	224
Communication Costs	130	129
Maintenance Costs	148	274
Marketing	161	228
Remuneration of Supervisory Board	108	108
Invoicing Fees	76	77
Annual General Meeting Costs	61	76
Event Costs	262	277
Continuing Education Costs	79	39
Miscellaneous	280	404
Miscellaneous Operating Expenditures	**3,152**	**4,393**

9. Earnings from Interest

in EUR '000	2009	2008
Interest Revenues	65	184
Interest Expenditures	0	-16
Earnings from Interest	**65**	**168**

The interest revenues and expenditures primarily result from interest from credit institutes as well as from late payment interest from overdue claims.

10. Earnings from Associated Companies

The earnings from associated companies result from revenues in connection with the joint venture in Talos & Helpup GbR and Haltergemeinschaft C303 GbR.

11. Tax Expenses

Earnings before taxes and tax distribution:

in EUR '000	2009	2008
Current Taxes	706	611
Deferred Taxes	-195	57
Taxes on Incomes and Profits	**511**	**668**

Transfer of expected tax expenses to be reported, whereby the expected tax expense was measured on basis of the tax rate of the parent company. The uniform theoretical profit tax rate for 2009 in the amount of 29.8% has been determined from the commercial tax burden of 14.0%, the corporate income tax of 15.0% as well as a solidarity tax of 5.5%. This tax rate corresponds to the legal tax rate for Synaxon AG as parent company.

in EUR '000	2009	2008
Group Earnings Before Income Tax	1,416	2,284
Applicable Theoretical Tax Rate in %	29.8%	29.8%
Expected Tax Expense	422	681
Difference in Foreign Taxation	4	4
Taxes on Non-deductible Expenditures	20	35
Non-capitalized Deferred Taxes on loss in foreign countries	1	1
Settlement of Deferred Taxes	28	-
Taxes in Other Accounting Periods	36	- 53
Reported Tax Expenses	**511**	**668**

12. Losses from Earnings Claims of Non-controlling Interest Stockholders in Partnerships

The losses from the earnings claim of the non-controlling interest stockholders in partnerships result from the settlement of the profit and loss share of non-controlling interest stockholders in subsidiary companies in the legal form of partnerships.

13. Earnings per Share

The determination of the basic earnings per share (EPS) has been made in accordance with IAS 33 as a ratio of the annual group net surplus outstanding to the stockholders of the Synaxon AG and the weighted average of the stockholders' shares in circulation in the preceding financial year. The basic EPS is in relation to the diluted EPS. According to IAS 33.45, a company must assume in principle the exercise of diluted options and warrants of the company in the calculation of the diluted EPS. According to IAS 33.46, options and warrants should be diluted, if they would lead to a less than average stock exchange price of the ordinary shares during the period for the issuance of ordinary shares. The options of the stock option plan from 2008 can no longer be exercised due to the balance sheet profit underlying the requirements of the stock option plan of 2008. Accordingly, the diluted EPS was not present as of December 31 2009.

The reference value for the determination of EPS is the concern earnings less the earnings share of other stockholders.

in EUR	**2009**	**2008**
Earnings share of the Stockholders of the Synaxon AG	962,380.15	1,593,637.49
Average Number of Shares in Circulation	3,538,500	3,538,500
Total Earnings per Share	0.27	0.45

III. Explanations concerning the Consolidated Balance Sheet

1. Property, Plant and Equipment

Regarding the consolidated fixed assets, we refer to the consolidated fixed assets schedule. Impairments did not result in accordance with IAS 36. The fixed assets items are neither restrained nor do they serve as collateral.

2. Investment Property

The investment property according to IAS 40 held in Gotha was measured at the amortized costs. The fair value of the affected property amounts to 176,000 EUR (preceding year: 183,000 EUR) as of the balance sheet date. The basis for the internal determination is the expected useful life, a risk-adjusted capitalization interest (7.96%), as well as the existing rental contracts and assumptions with regard to rent recoverable in future. Market data and the opinions of independent experts were not taken into consideration. As result of this measurement, there is neither a need for appreciation nor write-down after the impairment made in 2006. There are no limitations regarding the ability to sell the property or the collection of revenues.

in EUR ‘000	**2009**	**2008**
Rental Income	34	34
Expenditures	14	16
Earnings	**20**	**18**

Receivables from Non-cancelable Operating Lease Agreements

in EUR ‘000	**Dec. 31 2009**	**Dec. 31 2008**
Up to One Year	35	26
Between One and Five Years	54	39

3. Intangible Assets

The intangible assets of the Group are neither restrained, nor do they serve as collateral.

in EUR '000	Goodwill	Contracts	Licenses	Self-created Software	Software Under Development	Miscellaneous Software	Total
As of Jan. 1 2008							
Costs	7,884	2,603	117	1,319	569	858	13,350
Accumulated Depreciation & Impairments	-236	-617	-96	-220	-	-725	-1,894
Carrying Value on Jan. 1 2008	**7,648**	**1,986**	**21**	**1,099**	**569**	**133**	**11,456**
Transfers from External Acquisition	774	-	54	-	-	15	843
Reclassification	-	-	-	569	-569	-	-
Company Internal Development	-	-	-	1,268	-	-	1,268
Scheduled Write-downs	-	-215	-16	-301	-	-76	-608
Impairment	-	-613	-	-	-	-	-613
Carrying Value on Dec. 31 2008	**8,422**	**1,158**	**59**	**2,635**	**-**	**72**	12,346
As of Jan. 1 2009							
Costs	8,658	2,603	171	3,156	-	873	15,461
Accumulated Depreciation & Impairments	-236	-1,445	-112	-521	-	-801	-3,115
Carrying Value on Jan. 1 2009	**8,422**	**1,158**	**59**	**2,635**	**-**	**72**	**12,346**
Transfers from External Acquisition	-	-	44	-	-	-	44
Reclassification	-	-	-	-	-	-	-
Company Internal Development	-	-	-	1,085	116	-	1,201
Scheduled Write-downs	-	-160	-61	-496	-	-35	-752
Impairment	-	-230	-	-	-	-	-230
Carrying Value on Dec. 1 2009	**8,422**	**768**	**42**	**3,224**	**116**	**37**	12,609

a. Goodwill

Goodwill has been summarized as follows:

in EUR '000	Dec. 31 2009	Dec. 31 2008	+/-
iTeam Group	5,366	5,366	0
AKCENT	3,056	3,056	0
Total	**8,422**	**8,422**	**0**

Goodwill has not changed in comparison with the preceding year. Goodwill has been attributed to two cash generating units (CGU), where the CGUs were formed on basis of the brands of the Synaxon Group. Goodwill is not scheduled for write-down, but rather the intrinsic value is reviewed at least annually. In principle, the measurement of the recoverable amounts of these CGUs is done by the determination of the beneficial values with the aid of the Discounted Cash Flow method. In this, the scheduled cash flows from the three-year plan issued from bottom up and approved by the Management of the Synaxon AG of the CGU are used. Cash flows beyond the three-year period have been determined as an average for the planning period in principle. A growth rate for the extrapolation of the average has not been taken into consideration. The total weighted average cost of capital used for discounting has been based on a risk-free interest rate in amount of 3.26% as well as on risk premium for equity and credit capital of 4.7 or 1.24%-points and a (sector-) beta factor of 1.0. For discounting the cash flows, the following discounting interest rates formed the basis for the two CGUs:

in %	Dec. 31 2009	Dec. 31 2008
iTeam Group	7.96	8.59
AKCENT	7.96	8.59

63.7% of goodwill and thus 5,366,000 EUR (preceding year: 5,366,000 EUR) have been attributed to the iTeam Group CGU. 36.3% of goodwill and thus 3,056,000 EUR (preceding year: 3,056,000 EUR) have been attributed to the AKCENT CGU. The recoverable amount of the respective CGUs was determined at useful value (see above). The determination of the useful value for the CGUs has generally been made on basis of the estimated growth rate in sales revenues. In this, the scheduled free cash flows from the three-year plan approved by the Management have been used. For its determination, past data as well as the expected market performance were consulted. The values assigned to the significant assumptions agree in this with external sources of information (in particular external market studies). The impairment test thus performed determined that as in the preceding years a need for impairment of goodwill was not present.

b. Contracts

Cooperation contracts, which were concluded between iTeam Systemhauskooperation GmbH & Co. KG and the AKCENT Computerpartner Deutschland AG and their partner companies, have been reported under the Contracts item. These contracts fulfill the prerequisites for capitalization in accordance with IAS 38 and have been written down as scheduled over a period of 6 years (AKCENT contracts) or 15 years (iTeam contracts). The determination of the write-down period has been made on the basis of careful estimates by the Management and thus contains a certain uncertainty. The remaining write-down periods amount to 2 years (AKCENT contracts) and 10 years (iTeam contracts).

The Group reviews the partner contracts capitalized as intangible assets annually for indicators of a possibly reduced intrinsic value. The main grounds for impairment in accordance with IAS 36 could be a decline in the number of partners, which remains far above the previously existing empirical values, as well as reduced revenues from the partner contracts. As a result of this measurement, a need for impairment of the AKCENT AG partner contracts as of December 31 2009 exists. In contrast, an impairment test was performed due to decreased revenues and increased fluctuation from the iTeam partner contracts. The basic parameters noted under item a) of goodwill were taken as the basis for this impairment test. Thereby, a need for impairment in amount of 230,000 EUR was determined, which was taken into consideration in form of an extraordinary write-down in same amount. The impairment in the IT-Cooperation segment was reported in the segment reporting. The reduction of the revenues from partner contracts essentially resulted from reduced average monthly member contributions by the iTeam partners as well as from an ongoing fluctuation greater than expected in partners in contrast to the time of acquisition. In the preceding year, an impairment of the iTeam partner contracts in the amount of 613,000 EUR due to decreased revenues from the iTeam partner contracts had already been recognized.

c. Licenses

Under the Licenses item, essentially the licenses for the usage of database systems and office software have been reported.

d. Self-created Software

The self-created software is divided into the following packages:

in EUR '000	Carrying Value on Dec. 31 2009	Carrying Value on Dec. 31 2008
EGIS	1,468	1,027
EGIS Online	527	615
EGIS Order	309	352
BPM	359	275
eCommerce Projects	462	291
EGIS Auction	99	75
Self-created Software	**3,224**	**2,635**

The capitalized development expenditures up to December 31 2009 for the self-created software solutions in amount of 3,224,000 EUR (preceding year: 2,635,000 EUR) have been written down over a period of 5 to 10 years according to schedule. The remaining write-down periods amount 3 to 8 years.

Research and development expenditures in the amount of 295,000 EUR (preceding year: 205,000 EUR) were not capitalized.

e. Software in Development

The development of the EGIS business platform was started in 2009. The business platform should continue to promote the interconnection of the partners among themselves and enable them to provide, or engage, products and services. Since the necessary market maturity as of December 31 2009 had not been achieved, the software has been reported under the Software in Development item.

f. Miscellaneous Software

The Miscellaneous Software item contains capitalized expenditures, which have resulted from the acquisition and adjustment of general software products.

4. Financial Assets

in EUR '000	Dec. 31 2009	Dec. 31 2008
Joint Ventures	15	15
Shares in Associated Companies	221	223
Total	**236**	**238**

The report essentially affects Talos & Helpup GbR, in which the Synaxon AG has indirect participation through PC-SPEZIALIST Computervertriebsgemeinschaft-Unternehmensbeteiligungs-GmbH at 50 % as well as the 50% participation of the Synaxon AG in the Haltergemeinschaft C303 GbR.

The following table contains the summarized financial information about the associated companies:

in EUR '000	Dec. 31 2009	Dec. 31 2008
Assets	478	536
Liabilities	42	83
Revenues	150	56
Shares discharged to the group with non-controlling stockholders of the earnings for the period from associated companies	7	17

5. Tax Receivables

in EUR '000	Dec. 31 2009	Dec. 31 2008
Corporate Taxes	624	614
Corporate Taxes in the Preceding Year (non-current)	247	275
Commercial Taxes	12	393
Total	**883**	**1,282**

The tax refund claims as of December 31 2009 contain receivables from commercial and corporate taxes from 2008 and 2009 as well as a corporate tax credits from preceding years in the amount of 247,000 EUR (preceding year: 275,000 EUR), which could first be capitalized as profits or losses on December 31 2006. Regarding the tax expenditures, we refer to Section II.11.

6. Deferred Taxes

The differences over the course of time and the deferred taxes have developed as follows:

	Differences over Time		
in EUR '000	**Dec. 31 2009**	**Change**	**Dec. 31 2008**
Software	3,339	704	2,635
Property	-8	-1	-7
Receivables	2,094	4	2,090
Losses Carried Forward	-838	-838	-
Revaluation Surplus	8	-	8
Contracts	768	-390	1,158
Treasury Shares	2	0	2
Stock Option Program	0	93	- 93
Miscellaneous	203	39	164
Total	**5,568**	**704**	**5,957**

in EUR '000	Deferred Taxes				Without Effect		Expense (+) / Revenue (-)	
	Dec. 31.12.2009		Dec. 31 2008		2009	2008	2009	2008
	Active	Passive	Active	Passive				
Software	-	995	-	786	-	-	209	289
Property	2	-	2	-		-21	-	-
Receivables	-	624	-	623		-	1	1
Losses Carried Forward	326	-	-	-	-	-	-326	-
Revaluation Surplus	4	4	6	6	3	7	-2	2
Contracts	-	229	-	345	-	-	-116	-247
Treasury Shares	-	1	-	1	-	-	-	-
Stock Option Program	-	-	28	-	-	-	28	-1
Miscellaneous	1	62	-	50	-	-	12	11
Total	**333**	**1,915**	**36**	**1,811**	**3**	**-14**	**-194**	**55**
Thereof, non-current (longer than 1 year)	333	1,651	8	1,475	3	7	-67	341
Thereof, current (shorter than 1 year)	-	264	28	336	0	-21	-127	-286

The deferred taxes, in consideration of the corporate taxes and commercial taxes as well as the solidarity tax, have been measured for domestic companies at an average tax rate of 29.8% (preceding year: 29.8%) and for foreign companies at average 30%. Insofar as the deferred taxes are discharged by profits or losses from the measurement of stocks, such are settled against the revaluation surplus for finance instruments without effect. Deferred taxes that arise from the purchase price allocation of subsidiary companies have been reported in equity without effect. In the scope of the presentation, active and passive deferred taxes of the individual circumstances were summarized.

In detail, the taxable losses carried forward and the active deferred taxes subsequently formed as December 31 2009 are presented as follows:

in EUR ‘000	Taxable Losses Carried Forward		Active Deferred Taxes	
	Dec. 31 2009	Dec. 31 2008	Dec. 31 2009	Dec. 31 2008
Synaxon AG, Bielefeld	874	-	250	-
SYNAXON Online GmbH, Bielefeld	169	169	-	-
Microtrend Dienstleistungs GmbH, Bielefeld	3	-	-	-
EDV Vertriebsgemeinschaft Handels GmbH, Wien	667	660	-	-
Systempartner Computervertriebs GmbH, Wien	1,842	1.840	-	-
SYNAXON UK Ltd., Warrington	257	-	77	-
Total	**3,812**	**2,669**	**327**	**0**

The taxable losses carried forward, to which active deferred taxes have been applied, have taken into consideration the minimum taxation that can be carried forward as follows:

in EUR ‘000	Dec. 31 2009	Dec. 31 2008
Carried forward up to 1 Year	-	-
Carried forward between 1 and 5 Years	-	-
Indefinitely carried forward	3,812	2,669
Total	**3,812**	**2,669**

A benefit from the taxable losses carried forward from the inactive Austrian companies does not appear to be possible in the foreseeable future.

7. Miscellaneous Assets

in EUR '000	Dec. 31 2009	Dec. 31 2008
Receivables against Suppliers & Manufacturers	374	721
Loans to Stockholders (non-current)	31	-
Loans to Partner Operations (non-current)	33	35
Miscellaneous	240	123
Total	**678**	**879**

Earmarked loans are contained in the miscellaneous assets in the amount of 33,000 EUR, which were attributable to partner operations in the financial years 2004 to 2007. Furthermore, a loan provided in 2008 to a stockholder in amount of 31,000 EUR is contained in the miscellaneous assets.

The interest on the loan is taken at standard market conditions. The period of the loan is over one year. The remaining miscellaneous assets are due within the next financial year.

8. Inventories

The inventories of the Group in the amount of 88,000 EUR (preceding year: 54,000 EUR) predominately consist of marketing articles, which are sold to associated partners, as well as goods for sale, which are sold forward to partners or through PC-SPEZIALIST Online Shop to end customers.

The inventories are neither restrained nor do they serve as collateral.

9. Receivables

in EUR '000	Dec. 31 2009	Dec. 31 2008
Receivables	3,040	2,842
Receivables against Associated Companies	-	17
Total	**3,040**	**2,859**

Receivables with a remaining term of more than one year were not present.

Allowances for doubtful receivables totaling 616,000 EUR (2008: 685,000 EUR) existed as of December 31 2008. The allowances have developed as follows:

in EUR '000	Dec. 31 2009	Dec. 31 2008
Status at the Beginning of the Year	685	834
Conveyances	197	157
Consumption	-98	-192
Settlements	-168	-114
Status at the End of the Year	**616**	**685**

10. Stocks

in EUR '000	Dec. 31 2009	Dec. 31 2008
Shares	14	7

All stocks have been assigned to the Available for Sale category in accordance with IAS 39 and completely accounted for at fair value. The fair value was measured on the basis of listed prices. The stocks exclusively pertain to shares. Changes in value are recognized in the revaluation surplus within equity without effect.

Stocks were not sold in the financial year 2009 (preceding year: 1,000 EUR).
Furthermore, write ups in the amount of 7,000 EUR (preceding year: write-downs of 12,000 EUR), which were recognized in consideration of deferred taxes without effect.

The measurement of the profits and losses from the measurement at fair value has been done by means of an evaluation surplus for finance instruments in equity without effect. The deferred taxes discharged to the changes in values are deducted from the evaluation surplus without effect.

11. Cash Holdings and Credit with Credit Institutes

in EUR '000	Dec. 31 2009	Dec. 31 2008
Demand Deposits & Fixed Deposits	2,928	3,038
Cash Holdings	1	1
Total	**2,929**	**3,039**

12. Share Capital

Regarding the changes in equity, we refer to the Statement of Changes in Stockholders' Equity as an attachment to the appendix.

The share capital (3,891,000 no-par bearer shares with a calculated nominal value of 1.00 EUR) of the company remains unchanged at 3,891,000 EUR as of December 31 2009. All shares are fully paid. All shares grant the same rights. The stockholders are entitled to draw from the resolved dividends and have one voting right per share at the annual general meeting.

The retained earnings of Synaxon AG were disbursed in accordance with resolution of the annual general meeting of June 17 2009 in the amount of 708,000 EUR on December 31 2008. 217,000 EUR of stock were discontinued in the miscellaneous retained earnings.

13. Treasury Shares

As of December 31 2009, the company holds 352,500 treasury shares with a market value in the amount of 1,273,000 EUR (preceding year: 1,414,000 EUR), which corresponds to one share of share capital at 9.06%. Treasury shares are reported in accordance with IAS 32 on the balance sheet as a deduction from equity.

14. Paid-in Capital

The paid-in capital of Synaxon AG in the amount of 4,648,000 EUR results from the premium of the stock issue; this may only be used in agreement with the stock-related rights. According to Article 150 Aktiengesetz (AktG, Stock Corporation Act), the legal reserves and the paid-in capital together must exceed one tenth part of the share capital, so that they may be used to balance the losses or for an capital increase from the company's own resources. As long as the legal reserves and the paid-in capital together do not exceed one tenth part of the share capital, they may only be used to balance the losses, to the extent that the loss is not covered by a profit carried forward or annual surplus and cannot be balanced by settlement of miscellaneous retained earnings.

With the resolution of the annual general meeting on June 12 2008, the Board of Directors of Synaxon AG was authorized for the acquisition of treasury shares of 10% of the share capitals until December 11 2009. In 2009, no shares were purchased or sold.

15. Retained Earnings and Legal Reserves

Retained earnings contain the reserves formed from the earnings in previous financial years and transfers from the annual net surplus of Synaxon AG. The legal reserve is not available for the disbursement to the shareholders.

16. Revaluation Reserve

The revaluation reserve encompasses the measurement effects from changes to the Available for Sale stocks.

17. Foreign Currency Reserves

The foreign currency reserve contains the effects of currency translation that have been included in the consolidated financial statement and not in the reported currency of the foreign subsidiaries of the Group.

18. Non-controlling Interest Stockholders

The share of non-controlling interest stockholders amount to -47,000 EUR (preceding year: 19,000 EUR). The shares of non-controlling interest stockholder of EDV Vertriebs Gemeinschaft Handels GmbH and Systempartner Computervertriebs GmbH, Austria have been reported negatively, to the extent that a negative equity of the non-controlling interest stockholders resulted from losses in the current financial year. In the preceding years, amounts were assumed by the Group, which led to a negative equity share of the non-controlling interest stockholders. The loss shares assumed by the Group in the preceding years will be re-assigned to the non-controlling interest stockholders, as soon as equity is once more positive due to future profits.

The revenue from the earnings claim of the non-controlling interest stockholders in partnerships resulted from the settlement of the profit and loss share of non-controlling interest stockholders in subsidiary companies in the legal form of partnerships.

The consolidated annual net surplus contains loss shares of the non-controlling interest stockholders in the amount of 65,000 EUR (preceding year: profit shares of 26,000 EUR).

19. Trade Payables

The payables have a remaining period of up to one year.

20. Tax Liabilities

Tax liabilities exist from liabilities from 2009 in the amount of 34,000 EUR.

21. Provisions

The Provisions item consists of litigation cost provisions as a consequence of legal disputes that were not concluded as of the balance sheet date. The provisions for litigation costs and risks essentially contain the risks from various claims of compensation for damages from alleged acts of omission or neglect and from enforcement proceedings. The provision also encompasses the probable compensation for the claims in addition to the costs for the respectively pending proceedings.

in EUR ‘000	As of Jan. 1 2009	Draw down	Settlement	Transfer	As of Dec. 31 2009
Risks from proceedings	320	54	-	-	266

All provisions will prospectively be realized within 12 months.

22. Miscellaneous Liabilities

The miscellaneous liabilities have a remaining period of up to one year and have been summarized as follows:

in EUR ‘000	Dec. 31 2009	Dec. 31 2008
Liabilities to Partners	208	302
Profit Sharing	211	292
Personnel Costs	215	210
Statement and Audit Costs	91	106
Supervisory Board	108	108
Liabilities for Severance Pay to Non-controlling Interest Stockholders	72	39
Liabilities from Wages, Revenue and Misc. Taxes	774	443
Liabilities to Employees	3	7
Miscellaneous	238	565
Total	**1,920**	**2,072**

The liabilities to partners affect supplier and manufacturer commissions yet to be forwarded to contract partners as well as imminent repayments to suppliers in case of missing payment targets contractually agreed.

The liabilities for profit sharing essentially involve the claims of governing bodies of included companies and the governing bodies and managerial personnel of Synaxon AG for the preceding financial year.

In particular, the liabilities to personnel involve liabilities from employees' vacation claims that continue to exist as of the balance sheet date.

The liabilities for severance pay for non-controlling interest stockholders of partnerships included in the scope of consolidation should not be reported in the shares of the non-controlling interest stockholders according to IAS 32.18 (b), but rather in the miscellaneous liabilities.

IV. Explanations concerning the Statement of Changes in Financial Positions

Cash flow from operating activities amounted to 1,941,000 EUR in the financial year 2009 (preceding year: 2,427,000 EUR), cash flow from investment activities to -1,343,000 EUR (preceding year: -2,363,000 EUR), and cash flow from financing activities to -708,000 EUR (preceding year: -1,463,000 EUR).

Financial resources at the end of the financial year have been reduced in contrast to the preceding year by 110,000 EUR to 2,929,000 EUR (preceding year: 3,039,000 EUR). The decrease in financial resources has slowed in comparison with the preceding annual period.

The cash and cash equivalents funds exclusively contain the cash holdings disclosed on the balance sheet and the credit with credit institutes. Cash flow from received interest amounts to 65,000 EUR (preceding year: 184,000 EUR), of which 0,000 EUR (preceding year: 16,000 EUR) was paid from interest. Cash flow from interest has been discharged as in the preceding year to operating activities. Cash flow from income taxes amounted to -706,000 EUR (preceding year: -611,000 EUR) and is related to operating activities. Cash flow from dividends amounted to -708,000 EUR (preceding year: -1,463,000 EUR) and relates to financing activities.

For further information, we refer to the Statement of Change in Financial Positions

V. Miscellaneous Explanations

1. Miscellaneous Financial Liabilities

In addition to liabilities, provisions and contingent liabilities, there are other financial liabilities, in particular from rental and lease obligations as well as from consulting contracts. The contracts have remaining periods of from 1 to 4 years and some include extension options as well as price adjustment clauses. Sub-lease relationships were not agreed to. The nominal sum of the future minimum lease payments from non-cancelable rental contracts and operating lease relationships have been summarized as follows according to due date:

in EUR ‘000	2010	2011	2012	2013	Total	Preceding Year
Rents	146	1	-	-	147	155
Vehicles	76	28	22	9	135	144
Miscellaneous	-	-	-	-	-	132
Total	**222**	**29**	**22**	**9**	**282**	**431**

2. Contingent Liabilities

The rental relationship for the business offices in Schloß Holte-Stukenbrock was terminated on June 30 2009. The employees moved to newly rented offices in the main location of the Group in Bielefeld. The rental surety for the rental of the business office in Schloß Holte-Stukenbrock was discharged for this reason (preceding year: 9,000 EUR).

Synaxon AG’s surety for the current account liabilities of a system partner in the amount of 110,000 EUR was terminated with the return of the surety certificate in 2009.

SYNAXON is liable as joint debtor for the liabilities of the associated company with the legal form of a GbR. The liabilities are of subordinate importance for the Group.

3. Continent Liabilities and Contingent Assets

Synaxon AG had made it know on September 4 2008 that the company Pomoschnik Rabotajet GmbH, Berlin, represented by its director, Mr. Tino Hofmann, has filed an action for annulment against the resolutions of the regular annual general meeting of Synaxon AG of June 12 2008 at the district court of Bielefeld:

The legal dispute between Pomoschnik Rabotajet GmbH and Synaxon AG, as well as the intervention on the part of the defendant, Mr. Frank Scheunert, Chriesmattweg 26, 8600 Dübendorf, Switzerland and Gastro Beteiligungs AG, Karmeliter Straße 13, 47608 Geldern was conducted as case number 17 O 132/08.

After verbal negotiations on March 17 2009, the following judgment was rendered on April 7 2009:

- The lawsuit has been dismissed.
- The plaintiff must bear the costs of the legal dispute and the joinder of parties.
- The judgment is against surety in an amount to be executed pro tempore to the full amount due to the judgment.

The judgment is legally binding.

Thus, as of the closing date of December 31 2009, no contingent liabilities continued to exist. Contingent assets are likewise not present.

4. Financial Instruments

Financial Assets and Liabilities

For the measurement of the financial assets and liabilities, the management classifies such upon transfer depending on the type and usage intention into one of the following categories in accordance with IAS 39:

in EUR '000	Dec. 31 2009	Dec. 31 2008
(1) Loans and Receivables, LaR	6,647	6,760
(2) Financial Assets Available for Sale, (Available for Sale, AfS)	14	7
(3) Financial Investments held to Maturity (Held to Maturity, HtM)	-	-
(4) Financial Assets at Fair Value through Profit or Loss (financial assets at fair value through profit or loss)	-	-
(5) Financial Liabilities at Fair Value through Profit or Loss (financial liabilities at fair value through profit or loss)	-	-
(6) Financial Liabilities, which are measured at amortized costs	2,797	2,842

In the spirit of transparent financial reporting, the Group summarizes such in various classes corresponding to their underlying characteristics in accordance with IFRS 7 Financial Instruments. As of the balance sheet date, the following classes of financial assets and liabilities existed:

Dec. 31 2009 **in EUR '000**	Measurement Category according to IAS 39	Valuation in accordance with IAS 39			
		Carrying Value on Dec. 31 2009	Amortized Costs & Nominal Value	Fair Value without Effect	Fair Value through Profit or Loss
Financial Assets					
Cash and Cash Equivalents	(1)	2,929	2,929	-	-
Financial Assets Available for Sale	(2)	14	-	14	-
Receivables	(1)	3,040	3,040	-	-
Current Miscellaneous Receivables and Assets	(1)	614	614	-	-
Non-current Miscellaneous Receivables and Assets	(1)	64	64	-	-
Financial Liabilities					
Payables	(6)	878	878	-	-
Miscellaneous Financial Liabilities	(6)	1,919	1,919	-	-

Dec. 31 2008 in EUR '000	Measurement Category according to IAS 39	Valuation in accordance with IAS 39			
		Carrying Value on Dec. 31 2008	Amortized Costs & Nominal Value	Fair Value without Effect	Fair Value through Profit or Loss
Financial Assets					
Cash and Cash Equivalents	(1)	3,039	3,039	-	-
Financial Assets Available for Sale	(2)	7	-	7	-
Receivables	(1)	2,842	2,842	-	-
Current Miscellaneous Receivables and Assets	(1)	844	844	-	-
Non-current Miscellaneous Receivables and Assets	(1)	35	35	-	-
Financial Liabilities					
Payables	(6)	771	771	-	-
Miscellaneous Financial Liabilities	(6)	2,071	2,071	-	-

The fair value of the individual classes corresponds approximately to the associated carrying values.

The following expenditures and incomes were recognized in connection with financial assets and liabilities on the comprehensive income statement or directly in equity:

Net Profits & Losses according to Categories (in EUR '000)	2009	2008	Profit- and Loss Statement or Equity Item
From Loans and Receivable (1)	-96	-194	Miscellaneous Operating Expenditures or Miscellaneous Operating Incomes
From Financial Assets available for sale (2)	7	-12	Revaluation Surplus

The interest earnings from financial assets amount to 65,000 EUR (preceding year: 184,000 EUR), in contrast to which the interest expenditures from financial liabilities amount to 0,000 EUR (preceding year: 17,000 EUR).

b. Capital Risk Management

The Group controls its capital (equity plus liabilities less cash) with the goal of achieving its growth targets with simultaneous optimization of the financing costs through financial flexibility. The total strategy pertaining to this has not changed in comparison with the preceding year.

The Management reviews the capital structure at least semi-annually. In this, the capital costs, the provided collateral as well as the open lines of credit and opportunities are reviewed.

In order to maintain or optimize the capital structure, it is incumbent upon the Group to adjust the amount of dividend payments, to make repayments of capital to the stockholders, to issue new shares or to sell assets for the purpose of the liability reduction.

The capital structure has changed in both the reporting years as follows:

in EUR '000	Dec. 31 2009	Shares in Total Capital (in %)	Dec. 31 2008	Shares in Total Capital (in %)	Change in %
Total Capital	21,354	100.0	21,360	100.0	0.0
Equity	16,341	76.5	16,148	75.6	1.2
Liabilities	5,013	23.5	5,212	24.4	-3.8
Current Liabilities	3,098	14.5	3,401	15.9	-8.9
Non-current Liabilities	1,915	9.0	1,811	8.5	5.7
Net Leverage	12.8		13.5		

The net leverage (liabilities less cash in proportion to equity) has been reduced in contrast to the preceding year from 13.5 to 12.8.

c. Financial Risk Management

Regarding the risk management system established in the Synaxon Group, we refer to the presentation in the consolidated management's discussion and analysis.

In principle, the Synaxon Group is exposed to various financial risks, especially credit, liquidity and market risks. Through functional regulation, distribution of responsibilities and systems, these risks have been managed effectively. Thus, the company has planned clearly functional organization of the risk control systems.

The Synaxon Group is subject to the following financial risks, which are controlled individually as follows.

Liquidity Risk

In principle, the liquidity risk consists of the fact that the company does not have enough financing resources to comply with its payment liabilities. The payment liabilities result from interest and amortization payments of existing liabilities, but also from ongoing liabilities and potential new business.

The central finance department of the Synaxon Group periodically receives information from the individual companies for issuing a liquidity plan on a monthly basis. All financial assets and financial liabilities under consideration of the expected payment flows from planned transactions are included. Due to the liquidity plans, potential bottlenecks should be forecast early, so that financing sources for such can be procured for this at standard market conditions.

The following table shows the carrying values and the value of the gross outflows differentiated according the due dates of the financial liabilities accounted for:

in EUR '000	Carrying Value	< 1 Month	1 - -3 Months	3 Months to 1 Year	> 1 Year	Total Outflows
Financial Liabilities 2009						
Non-interest Bearing	3,097	908	964	1,225	-	3,097
Financial Liabilities 2008						
Non-interest Bearing	3,402	809	843	1,750	-	3,402

The management expects that the concern can fulfill its miscellaneous financial obligations, even in future, from operative cash flows and from the influx of the financial assets becoming due.

Credit Risk

The carrying value of the financial assets recognized in the Consolidated Financial Statement less impairment represents the maximum credit risk. This thus amounts to a total of 6,661,000 EUR (preceding year: 6,784,000 EUR), of which 3,040,000 EUR (preceding year: 2,842,000 EUR) comes from receivables and 3,621,000 EUR (preceding year: 3,942,000 EUR) from miscellaneous financial assets. Collateral has not been received by the company. There are no retention of title clauses.

However, the Group guidelines plan that financial relationships are only entered into with creditworthy contractual parties, if necessary against the receipt of collateral for the reduction of credit risks. For the measurement of the creditworthiness of partner operations and other clients, available financial information and internal business records are consulted. The credit risks are controlled by limits for each contractual partner, which are annually reviewed and approved.

The Group is not exposed to the significant credit risks of any contractual party or group of contractual parties with similar characteristics. The Group defines contractual parties as those with similar characteristics, if such involves closely related companies, as far as known to the Synaxon Group. Receivables against a large number of clients do exist. Credit checks are performed continuously with regard to the financial state of receivables. When such are adequate, contingency insurance policies will be contracted.

Deferred settlement terms between 8 and 30 days are normally allowed. Interest is not calculated for the initial period from the invoice date. Subsequently, the legal default interest rate is compounded in according with Article 288 Bundesgesetzbuch (BGB, German Civil Code) on the outstanding amount as a rule. For delinquent accounts receivable, the Group reviews the collectability of the individual account and collects adjustments for the unrealized portion based on empirical values.

Financial assets in the amount of 5,319,000 EUR (preceding year: 6,001,000 EUR) either were not in default or unadjusted as of the balance sheet date. Financial assets, whose conditions had been renegotiated, were not included in this. Adjustments had not been made for receivables in the amount of 481,000 EUR (preceding year: 208,000 EUR), which were delinquent as of the balance sheet date, since significant changes to the creditworthiness of the contractual partner had not been determined and the outstanding amount will be settled by payment. The Group does not hold collateral for these open items.

Delinquent, non-adjusted receivables:

in EUR '000	Dec. 31 2009	Dec. 31 2008
30 to 60 Days	149	148
60 to 90 Days	264	27
More than 90 Days	68	33
Total	**481**	**208**

Market Risks

Market risks may result from changes in exchange rates (exchange rate risk) or interest rates (interest risk). Due to the minimal relevance of these risks for the Group, they had not been previously hedged by derivatives. Control is done through continuous monitoring by the finance department and monthly reporting to management.

Exchange rate risks have been avoided to a large extent due to the fact that the concern mainly invoices in Euro. Group receivables and liabilities against the English subsidiary are normally transacted in the functional group currency (EUR). Operatively, the English subsidiary transacts their activities in their own currency (GBP), in principle. Foreign currency risks that result from the translation of the assets and liabilities of the foreign business units in the Group for the statement are not secured, since they do not affect the cash flows of the Group.

Receivables in foreign currency amounted to 85,000 EUR (preceding year: 54,000 EUR). Foreign currency liabilities in the amount of 47,000 EUR (preceding year: 2,000 EUR) existed as of the balance sheet date.

Due to the minimal volume of receivables in foreign currencies, a sensitivity analysis of this item was not performed.

The Group is exposed interest risks through the acceptance and issuance of financial resources at fixed and variable interest rates. The risk has been controlled in the Group through an appropriate ratio between fixed and variable interest rate agreements. Hedging through derivatives (e.g. interest swaps or forward rate agreements) does not occur.

A summary of the fixed and variable interest-bearing financial assets and liabilities is presented in following table:

in EUR ‘000	Interest Rate (in %)	< 1 Month	1 - -3 Months	3 Months to 1 Year	1 - -5 Years	> 5 Years	Total Amount
Financial Assets in 2009							
Non-interest Bearing		6,023	574	-	-	-	6,597
At variable Interest Rates	2 - 5%	-	-	-	-	-	-
At fixed Interest Rates	6 - 9%	-	-	-	54	10	64
Total		**6,023**	**574**	**-**	**54**	**10**	**6,661**
Financial Assets in 2008							
Non-interest Bearing		5,337	797	-	-	-	6,134
At variable Interest Rates	2 - 5%	-	615	-	-	-	615
At fixed Interest Rates	6 - 9%	-	-	-	25	10	35
Total		**5,337**	**1,412**	**-**	**25**	**10**	**6,784**

Due to the minimal scope of the fixed and variable interest assets and liabilities at fixed and variable interest rates, a sensitivity analysis of this item was not made.

5. Business Transactions with Related Parties

The following disclosures relate to business relationships between Synaxon AG as parent company or subsidiaries and related parties. Joint ventures as well as stockholders are considered Related Parties in accordance with IAS 24, in addition to the supervisory board in principle.

a. Transactions with Members of Management or Governing Bodies

The company collaborated with Agentur Pauli-Bach und Lewald GmbH, agents for branding and communication, in the field of the brand communication and the end-client marketing in the financial year 2009. The Chairperson of the Supervisory Board, Dr. Günter Lewald, is the CEO of this agency. The expenditures amounted to 176,000 EUR (preceding year: 200,000 EUR) and correspond to the standard market conditions among outside third parties.

Furthermore, the company signed a contract with PROVOTO GmbH & Co. KG in 2006. Mr. Frank Garrelts is the CEO of this company and was simultaneously a member of the Supervisory Board of AKCENT Computerpartner AG. As General Representative for the International and Association Matters Department, PROVOTO undertook the analysis of the European IT markets for appropriate expansion opportunities, the development of an internationalization strategy for the cooperative segment and other jobs as a freelance agent. The expenditures amounted to 112,000 EUR (preceding year: 268,000 EUR) in the reporting period. The contract terminated on June 15 2009.

Simultaneously, the Group did not provide services from the delivery of goods (preceding year: 0,000 EUR) or other services (preceding year: 111,000 EUR) to related parties. The settlements for the delivery of goods and services in the preceding year corresponded to the standard market terms among outside third parties.

b. Transactions with Related Companies

At the time of reporting, receivables from supplies and services did not exist from group transactions against related parties (preceding year: 1,00 EUR), nor did liabilities from supplies and services against related parties of subsidiary companies (preceding year: 1,000 EUR). In 2009, the airplane holding company, C303 GbR, provided services in the amount of 51,000 EUR (preceding year: 0,000 EUR) to SYAXON AG. The settlement of the services corresponded to the standard market terms among outside third parties.

6. Governing Bodies of the Company

a. Board of Directors

Mr. Frank Roebers (President of Board of Directors), Kaufmann, Detmold

Mr. Andreas Wenninger, Businessman, Steinhagen

Mr. Mark Schröder, Kaufmann, Schloß Holte-Stukenbrock

Remuneration

in EUR '000	Fixed Remuneration		Compensation in Kind		Share Option Rights		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Frank Roebers	210	191	28	24	37	54	275	269
Andreas Wenninger	172	165	30	22	37	54	239	241
Mark Schröder	144	125	21	18	37	54	202	197
Total	**526**	**481**	**79**	**64**	**111**	**162**	**716**	**707**

b. Supervisory Board

In the financial year 2009, the Supervisory Board of Synaxon AG consisted of the following people:

- Dr. Günter Lewald, Cologne (Chairperson), Spokesperson for the Agenturgruppe bplsud, CEO of bplusd marketing & sales GmbH as well as Pauli-Bach und Lewald GmbH
- Mr. Stefan Kaczmarek, (Deputy Chairperson), Idstein, CEO of 123 Nährmittel GmbH
- Mr. Frank Bender, Wilnsdorf, County Director of the County of Siegen-Wittgenstein

The expenditures for the Supervisory Board amounted to 108,000 EUR (preceding year: 108,000 EUR) and include seven meetings as in the preceding year. They are divided into a basic remuneration and attendance fees. In this, the Chairperson of the Supervisory Board received double remuneration and his Deputy received the one-and-a-half times remuneration. There are no success-oriented components.

Remuneration

in EUR '000	Basic Remuneration		Attendance Fee		Total	
	2009	2008	2009	2008	2009	2008
Dr. Günter Lewald	20	20	28	28	48	48
Prof. Dr. Antje Helpup (until June 12 2008)	-	7	-	12	-	19
Stefan Kaczmarek	15	13	21	17	36	30
Frank Bender (from June 12 2008)	10	5	14	6	24	11
Total	**45**	**45**	**63**	**63**	**108**	**108**

On June 12 2008, Professor Antje Helpup, who was the Deputy Chairperson, was dismissed by the annual general meeting from her office. Mr. Frank Bender was elected to the Supervisory Board in her place.

The annual general meeting of 2009 re-elected the previous members of the Supervisory Board on June 17 2009. In addition to Dr. Günter Lewald (Supervisory Board Chairperson), Mr. Stefan Kaczmarek (Deputy Supervisory Board Chairperson) and Mr. Frank Bender were confirmed in their offices.

7. Possession of Shares by the Governing Bodies

The governing bodies of Synaxon AG together hold less than 1 % of the equity capital of the company. The options from stock option plan of 2008 can no longer be exercised due to the balance sheet profits underlying the requirements of the stock option plan of 2008. For this reason, a stock option plan does not exist at the time of this report.

8. Disclosures according to Article 160 Paragraph 1 Clause 8 AktG

Deutsche Balaton AG, Weberstraße 1, 69120 Heidelberg, informed us on August 13 2004 in accordance with Article 21 Section 1 Wertpapierhandelsgesetz (WhPG, Securities Trading Act), that its share of voting rights in PC-SPEZIALIST Franchise AG (Securities Identification Nr. 687 380. ISIN DE0006873805) on 31.10.2003 has exceeded the thresholds of 5% and 10% and amounts to 14.83%. Thereof, 9.93 % of the vote rights are attributable to Deutschen Balaton AG in accordance with Article 22 Section 1 Paragraph 1 Clause 1 WpHG.

Mr. Wilhelm Konrad Thomas Zours, Werrgasse 9, 69120 Heidelberg, of DELPHI Unternehmensberatung GmbH, Weberstraße 1, 69120 Heidelberg, and the VV-Beteiligungen AG, Weberstraße 1, 69120 Heidelberg, (hereinafter parties required to notify) informed us on August 2 2006 through his authorized lawyers according to Article 21 Section 1 Clause 1 WpHG of the following:
The share of voting rights in the company of the parties required to notify exceeded the thresholds of 5% and 10% on October 31 2003 and respectively amounts to 14.83%. The aforementioned voting votes are attributable in full respectively to the parties required to notify in accordance with Article 22 Section 1 Paragraph 1 Clause 1 WpHG.

Axxion S.A., 1B, Parc d`Activité Syrdall, L-5365 Luxemburg-Munsbach, informed us on December 30 2005 according to Article 21 Section 1 WpHG, that their share of voting rights in Synaxon AG (Securities Identification Nr. 687 380. ISIN DE0006873805) has fallen below the threshold of 10% on December 23 2005 and now amounts to 9.7024%.

We were informed of the following on September 9 2009 in accordance with Article 21 Section 1 WpHG:
The share of voting rights of ARF Holding GmbH, Schloß Holte, Germany in Synaxon AG exceeded the threshold of 20% on September 8 2009 and as of that date amounts to 20.03% (which corresponds to 779,561 voting rights).
The share of voting rights of Mr. Bruno Fortmeier, Germany, in Synaxon AG exceeded the threshold of 20% on September 25 2008 and as of that date amounts to 20.03% (which corresponds to 779,561 voting rights). Of which, 20.03% are attributable to him (which corresponds to 779,561 votes) in accordance with Article 22 Section 1 Paragraph 1 Clause 1 WpHG held by ARF Holding GmbH.

9. Expenses for Auditor

PricewaterhouseCoopers AG was appointed on June 12 2008 by the annual general meeting as auditor. In 2009, the costs for the auditor are summarized as follows:

in EUR '000	Dec. 31 2009	Dec. 31 2008
Audit of Statements	57	52
Miscellaneous Services	15	23
Total	**72**	**75**

10. Corporate Governance Codex

The Board of Directors and the oversight committee have issued a statement on the Corporate Governance Codex according to Article 161 AktG for the financial year 2009. This is posted on the company website www.synaxon.de as of January 15 2010 and may be viewed there.

The information according to Section 15a WpHG (Directors' Dealings) can likewise be viewed on the home page of Synaxon AG.

11. Events after the Balance Sheet Date

Events that were required to be reported were present after the balance sheet date.

12. Distribution of the balance sheet profit of the Synaxon AG

Against the background of the investments the management will propose the general meeting to retain the balance sheet profit of the fiscal year 2010 completely by the business. The general meeting will decide about the proposal for the distribution of earnings on June 25, 2010.

13. Statement by the Board of Directors

"We assure to the best of our knowledge that according to the accounting principles to be applicable to consolidated financial statements a fair presentation of the financial position, financial performance and cash flows of Synaxon AG and the Group corresponding to the actual facts has been conducted and presented in the summarized group management report of the ongoing business development including the business results and the position of the Synaxon AG and the Synaxon Group in such a manner that a presentation corresponding to the actual business relationships has been conducted, as well as the essential opportunities and risks of the foreseeable development of Synaxon AG and the Group described."

Synaxon AG, Bielefeld March 12, 2010

Frank Roebers	Andreas Wenninger	Mark Schröder
Chairperson of the Board, CEO	Boardmember, COO	Boardmember, CFO

Consolidated Fixed Assets Schedule, December 31 2009

in EUR	Acquisition and Manufacturing Costs					Depreciation					Carrying Values	
	As of Dec. 31 2008	Additions	Trans-fer	Disposals	As of Dec. 31 2009	As of Dec. 31 2008	Additions	Disposals	Impairment	As of Dec. 31 2009	Dec. 31 2009	Dec. 31 2008 (in EUR '000)
Property, Plant and Equipment	**1,221,182.10**	**162,164.13**	**-**	**206,490.98**	**1,176,855.25**	**783,596.60**	**183,032.63**	**159,091.48**	**-**	**807,537.75**	**369,317.50**	**438**
Investment Property	**359,218.97**	**-**	**-**	**-**	**359,218.97**	**176,329.70**	**6,448.00**	**-**	**-**	**182,777.70**	**176,441.27**	**183**
Intangible Assets												
Goodwill	8,658,282.88	-	-	-	8,658,282.88	236,281.71	-	-	-	236,281.71	8,422,001.17	8,422
Concessions, commercial proprietary rights and similar rights	6,802,229.96	1,128,401.41	-	-	7,930,631.37	2,878,721.95	751,801.42	-	230,000.00	3,860,523.37	4,070,108.00	3,924
Software in Development	-	115,900.59	-	-	115,900.59	-	-	-	-	-	115,900.59	-
	15,460,512.84	**1,244,302.00**	**-**	**-**	**16,704,814.84**	**3,115,003.66**	**751.801.42**	**-**	**230,000.00**	**4,096,805.08**	**12,608,009.76**	**12,346**
Financial Assets												
Joint Ventures	15,388.91	-	-	-	15,388.91	-	-	-	-	-	15,388.91	15
Shares in Associated Companies	472,677.27	24,544.00	-	26,506.15	470,715.12	249,970.62	-	-	-	249,970.62	220,744.50	223
	488,066.18	**24,544,00**	**-**	**26,506.15**	**486,104.03**	**249,970.62**	**-**	**-**	**-**	**249,970.62**	**236,133.41**	**238**
	17,528,980.09	**1,431,010.13**	**-**	**232,997.13**	**18,726,993.09**	**4,324,900.58**	**941,282.05**	**159,091.48**	**230,00.00**	**5,337,091.15**	**13,389,901.94**	**13,204**

Consolidated Fixed Assets Schedule, December 31 2008

in EUR	Acquisition and Manufacturing Costs					Depreciation					Carrying Values	
	As of Jan. 1 2008	Additions	Transfer	Disposals	As of Dec. 31 2008	As of Jan. 1 2008	Additions	Disposals	Impairment	As of Dec. 31 2008	Dec. 31 2008	Dec. 31 2007 (in EUR ‘000)
Property, Plant and Equipment	**1,101,155.76**	**341,289.80**	**-**	**221,263.46**	**1,221,182.10**	**676,936.26**	**186,369.80**	**79,709.46**	**-**	**783,596.60**	**437,585.50**	**424**
Investment Property	**359,218.97**	**-**	**-**	**-**	**359,218.97**	**169,881.70**	**6,448.00**	**-**	**-**	**176,329.70**	**182,889.27**	**189**
Intangible Assets												
Goodwill	7,884,537.60	773,745.28	-	-	8,658,282.88	236,281.71	-	-	-	236,281.71	8,422,001.17	7,648
Concessions, commercial proprietary rights and similar rights	4,897,159.53	1,336,389.34	568,681.08	-	6,802,229.96	1,657,681.52	608,452.43	-	612,588.00	2,878,721.95	3,923,508.00	3,240
Software in Development	568,681.08	-	- 568,681.08	-	-	-	-	-	-	-	-	569
	13,350,378.21	**2,110,134.62**	**-**	**-**	**15,460,512.84**	**1,893,963.23**	**608,452.43**	**-**	**612,588.00**	**3,115,003.66**	**12,345,509.17**	**11,457**
Financial Assets												
Joint Ventures	15,388.91	-	-	-	15,388.91	-	-	-	-	-	15,388.91	15
Shares in Associated Companies	377,882.37	116,838.17	-	22,043.27	472,677.27	249,970.62	-	-	-	249,970.62	222,706.65	128
	393,271.28	116,838.17	-	22,043.27	488,066.18	249,970.62	-	-	-	249,970.62	238,095.56	143
	15,204,024.22	**2,568,262.59**	**-**	**243,306.73**	**17,528,980.09**	**2,990,751.81**	**801,270.23**	**79,709.46**	**612,588.00**	**4,324,900.58**	**13,204.079.50**	**12,213**

Auditors’ Report

We audited the consolidated financial statements of Synaxon AG, Bielefeld, comprising balance sheet, consolidated income statement, change in equity statement cash flow statement and appendix, as well as the group management report, which is connected to the management report, for the financial year from January 1 to December 31 2009. The preparation of the consolidated financial statement and summarized management report in accordance with the IFRS, as they are to be applied in the European Union and the complementary commercial law regulations to be applied in accordance with Article 315a Paragraph 1 HGB is the responsibility of the Board of Directors of the company. Based on our audit, it is our responsibility to express an opinion about the consolidated financial statement and the summarized management report.

We conducted our audit of the consolidated financial statements in accordance with Article 317 HGM in compliance with the generally accepted standards for auditing financial statements established by the German Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are correct and comply with the applicable accounting regulations and that the summarized management report provides a fair representation of the financial position, financial performance and cash flows. Knowledge of the business activities and the economic and legal environment of the Group and expectations are examined for any errors during the audit. The effectiveness of the accounting related control system and the evidence supporting information in the consolidated financial statements and the summarized management report are examined on a test basis within the framework of the audit. The audit also includes the assessment of the financial statements of companies included in the consolidated financial statements, the distinction of the basis of consolidation, the applied accounting and consolidate principles and the significant estimates of the Board of Directors as well as the evaluation of the overall presentation of the consolidated financial statement and the summarized management report.
We believe that our audit forms the sufficiently secure basis for our opinion.
Our audit did not give rise to any objections.
In our opinion based on the results of our audit, the consolidated financial statements comply with the IFRSs, as they are to be applied within the European Union and the complementary commercial regulations in accordance with Article 315a Section 1 HGB

and the IFRS as a whole and give a true and fair view of the financial position financial performance and cash flow of the Group. The summarized management report agrees with the consolidated financial statement and provides a true and fair view of the Group and the opportunities and risks of future development.

Bielefeld, March 25, 2010

PriceWaterhouseCoopers
Aktiengesellschaft
Auditing Firm

Carsten Schürmann	ppa. Dr. H. T. Petermann
Auditor	Auditor

The Consolidated Group Financial Statement and the Consolidated Management Report and Group Management Report for the fiscal Year 2009 were published on March 31, 2010 and are online available in German and English at www.synaxon.de. In the case of deviations the Report in German shall prevail.