Synaxon AG

Bielefeld

Auditor´s Opinion

Consolidated group financial statement in accordance with IFRS

as of December 31, 2010

and Company and Group Management Report of

Synaxon AG for the 2010 Fiscal Year

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Group Balance Sheet in accordance with IFRS as of December 31, 2010

Assets	Notes	Dec. 31, 2010 EUR	Dec. 31, 2009 K EUR
A. Non-current Assets			
I. Property, Plant and Equipment	III.1.	330,498.08	369
II. Investment Property	III.2.	169,993.27	176
III. Intangible Assets	III.3.	12,862,518.61	12,608
IV. Financial Assets	III.4.		
1. Equity Investments		15,388.91	15
2. Financial Assets Reported according to the At-equity Method		214,784.58	221
V. Non-current Tax Receivables	III.5.	219,045.33	247
VI. Deferred Taxes	III.6.	180,292.26	333
VII. Other Assets	III.7.	57,511.17	64
		14,050,032.21	**14,033**
B. Current Assets			
I. Inventories	III.8.	1,469,951.00	88
II. Trade Receivables	III.9.	4,059,893.47	3,040
III. Receivables from Associated Companies	III.9.	1,070.98	0
IV. Current Tax Receivables	III.5.	1,023,312.81	636
V. Other Assets	III.7.	1,293,740.50	614
VI. Securities	III.10.	26,650.00	14
VII. Cash on Hand and Bank Balances	III.11.	2,272,624.12	2,929
		10,147,242.88	**7,321**
		24,197,275.09	**21,354**

Equity and Liabilities	Notes	Dec. 31, 2010 EUR	Dec. 31, 2009 K EUR
A. Equity			
I. Subscribed Capital	III.12.	3,891,000.00	3,891
II. Treasury Shares	III.13.	-4,046,066.78	-4,046
III. Capital Reserves	III.14.	4,647,609.31	4,648
IV. Profit Reserves	III.15.	10,470,867.92	9,439
V. Consolidated Profit Carried Forward		1,430,091.27	1,494
VI. Net Profit of the Group for the Year		1,067,201.24	962
		17,460,702.96	16,388
VII. Shares of Minority Shareholders	III.18.	-57,404.77	-47
		17,403,298.19	**16,341**
B. Non-current Liabilities			
Deferred Taxes	III.6.	1,927,868.83	1,915
C. Current Liabilities			
I. Trade Payables	III.19.	2,417,802.20	878
II. Current Tax Liabilities	III.20.	54,312.29	34
III. Provisions	III.21.	262,500.00	266
IV. Miscellaneous Liabilities	III.22.	2,131,493.58	1,920
		4,866,108.07	**3,098**
		24,197,275.09	**21,354**

Group Comprehensive Income Statement in accordance with IFRS for the Fiscal Year from January 1 to December 31, 2010

		Notes	Jan. 1, 2010 - Dec. 31, 2010 EUR	Jan. 1, 2009– Dec. 31, 2009 K EUR
1.	Sales	II.1.	23,291,224.07	14,460
2.	Other Operating Income	II.3.	461,269.98	693
3.	Other Capitalized Own Performance	II.4.	1,037,851.01	1,200
			24,790,345.06	16,353
4.	Cost of Materials	II.5.		
	a) Expenses for Purchased Goods		-12,105,347.23	-3,784
	b) Expenses for Purchased Services		-201,821.24	-461
5.	Personnel Expenses	II.6.		
	a) Wages and Salaries		-5,789,363.45	-5,543
	b) Social Security Contributions		-923,072.14	-898
6.	Depreciation	II.7.	-1,093,335.88	-1,171
7.	Other Operating Expenses	II.8.	-3,236,936.57	-3,152
	Operating Results / EBIT		1,440,468.55	1,344
8.	Other Interest and Similar Income	II.9.	42,466.77	65
9.	Interest and Similar Expenses	II.9.	-1,518.68	0
10.	Earnings from Associated Companies	II.10.	13,546.68	7
11.	**Income before Taxes and Minority Interests**		**1,494,963.32**	**1.416**
12.	Tax Expense	II.11.	-431,985.97	-511
13.	Income of Non-controlling Shareholders of Partnerships	II.12.	-8,272.92	-8
14.	**Net Profit of the Group for the Year**		**1,054,704.43**	**897**
	Consolidated Net Profit represented by			
	Non-controlling Shareholders		-12,496.81	-65
	Shareholders of the Parent Company		1,067,201.24	962
	Average Number of Shares in Circulation		3,538,500.00	3,538,500
	Earnings per Share (diluted)		0.30	0.27
	Earnings per Share (undiluted)	II.13	0.30	0.27
	Other Earnings (after Taxes)			
	Foreign Currency Differences		-1,145.91	0
	Adjusted Revaluation Reserves		12,900.00	4
	Income Taxes on Components of Other Earnings		-3,844.20	-1
15.	Other Total Earnings after Taxes		7,909.89	3
16.	**Total Earnings**		**1,062,614.32**	**900**
	Total Earnings Represented by			
	Non-controlling Shareholders		-12,783.29	-65
	Shareholders of the Parent Company		1,075,397.61	965

Statement of Changes in Equity in accordance with IFRS as of December 31, 2010

in k€	Subscribed Capital	Treasury Shares	Capital Reserves	Statutory Reserves	Profit Reserves	Revaluation Reserves	Reserves from Foreign Currency Translation	Consolidated Profits Carried Forward	Net Profit for the Year	Share without Non-controlling Shareholders	Shares of Other Shareholders	Total
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 Other Profit Reserves	-	-	-	-	714	-	-	880	-1,594	-	-	**-**
Dividend	-	-	-	-	-	-	-	-708	-	-708	-	**-708**
Total Results	-	-	-	-	-	3	1	-	962	966	-66	**900**
Dec. 31, 2009 / Jan. 1, 2010	**3,891**	**-4,046**	**4,648**	**42**	**9,408**	**-4**	**-7**	**1,494**	**962**	**16,388**	**-47**	**16,341**
Allocation to Other Profit Reserves	-	-	-	-	1,024	-	-	-62	-962	-	-	**-**
Change in Shares of Other Shareholders	-	-	-	-	-	-	-	-2	-	-2	2	**-2**
Total Results	-	-	-	-	-	9	-1	-	1067	1075	-12	**1,063**
Dec. 31, 2010	**3,891**	**-4,046**	**4,648**	**42**	**10,432**	**5**	**-8**	**1,430**	**1,067**	**17,461**	**-57**	**17,402**

Group Cash Flow Statement 2010 in accordance with IFRS

in k€	Jan. 1, 2010 - Dec. 31, 2010	Jan. 1, 2009 - Dec. 31, 2009
Earnings before Income Taxes and Interest	1,440	1,344
Amortization of Intangible Assets	899	656
Depreciation of Property, Plant and Equipment	194	285
Impairments of Intangible Assets	-	230
Cash Flow	**2,533**	**2,515**
Profit from the Disposal of Assets	-5	-17
Decrease in Provisions	-5	-54
Increase (2009: Decrease) in Inventories, Trade Receivables and Other Assets	-3,283	88
Increase in Trade Payables and Other Liabilities	1,623	50
Interest Received	42	65
Interest Paid	-2	-
Income Taxes	-271	-706
Net Cash from Operating Activities	**632**	**1,941**
Payments Received from the Disposal of Assets	24	65
Payments Received/ Made from Companies Accounted for at Equity	7	-2
Payments Made for Property, Plant and Equipment	-166	-162
Payments Made for Intangible Assets	-1,153	-1,244
Net Cash from Investment Activities	**-1,288**	**-1,343**
Dividends to Shareholders	-	-708
Net Cash from Financing Activities	**-**	**-708**
Net Decrease in Cash and Cash Equivalents	**-656**	**-110**
Cash and Cash Equivalents at the Beginning of the Period	**2,929**	**3,039**
Cash and Cash Equivalents at the End of the Period (Cash on Hand and Bank Balances)	**2,273**	**2,929**

Notes to the Consolidated Financial Statements for the Year Ended December 31, 2010

I. General Information

1. Basic Information

Synaxon AG is registered as public company in the Commercial Register of Bielefeld with HRB number 36014. The headquarters of the company is Bielefeld, Germany. The address is Eckendorfer Str. 2-4, 33609 Bielefeld. The Articles of Association are valid as issued on June 25, 2010. The company is the Group parent company of the Synaxon Group. The Group does business 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. The company also operates an online shop www.pc-spezialist.de. The Group maintains and leases business offices that are owned by them directly or rented from third parties.

The consolidated financial statements prepared by the Board of Directors as of December 31, 2010 and the Group management report of Synaxon AG, which is combined with the management report of the company, were released by the Board of Directors on March 7, 2011 and sent to the Supervisory Board.

This present consolidated financial statements for Synaxon AG were 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 interpretations 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 315a Handelsgesetzbuch (hereafter “HGB”, German Commercial Code) complementary to the regulations to be complied with.

The Group's fiscal year corresponds to the calendar year. The currency used in this report is the Euro (€). All amounts are reported in thousands of Euro (k€), unless specifically indicated otherwise. The balance sheet has been divided into non-current and current items. The Group's comprehensive income statement is prepared according to the total cost of expenditure format.

2. Application of New and Amended Standards

The specific points in time for the new and amended IFRS standards are summarized briefly in the following. The recently implemented accounting standards had no impact on the net assets, financial position and earnings of the Group.

a. Applicable Standards and Interpretations in the Current Fiscal Year

- IFRS 3 "Business Combinations" (application required for fiscal years beginning on or after July 1, 2009)
  Synaxon AG applied the amended IFRS 3 in conjunction with the likewise amended IAS 27 in the 2009 fiscal year.

- Supplements to IAS 27 "Consolidated and Separate Financial Statements" (application required for fiscal years beginning on or after July 1, 2009)
  Synaxon AG applied the amended IFRS 3 in conjunction with the likewise amended IAS 27 in the 2009 fiscal year.

- IFRIC 12 "Service Concession Arrangements" (application required for fiscal years beginning on or after March 30, 2009)

- Improvements to IFRS 2010. The following changes are to be applied in fiscal years that begin on or after July 1, 2009:
  - IAS 21.48A-D, 49 concerning the accounting for accumulated currency translation differences upon the disposal or partial divestiture of a foreign business unit,
  - IAS 28.18-19A concerning the valuation of (remaining) shares at fair value pursuant to IAS 39, Financial Instruments: Disclosure and valuation, in the event of prior loss of significant influence and termination of at-equity accounting and
  - IAS 31.45-45B concerning the valuation of (remaining) shares at fair value pursuant to IAS 39 in the event of prior loss of joint control and the end of consolidation at equity or application of the at-equity method, and concerning the transfer consolidation to IAS 27 (Acquisition and obtainment of control) or to IAS 28 (in the event of the loss of joint control and acquisition of significant influence).

- Supplements to IAS 39 “Financial Instruments”: Disclosure and valuation (application required for fiscal years beginning on or after July 1, 2009)

- IFRIC 16 “Hedges of a Net Investment in a Foreign Operation” (application required for fiscal years beginning on or after July 1, 2009)

- IFRS 17 “Distributions of Non-cash Assets to Owners” (application required for fiscal years beginning on or after November 1, 2009)

- IFRIC 18 “Transfer of Assets from Customers” (application required for fiscal years beginning on or after November 1, 2009)

- Improvements to IFRS 2009 (application required for fiscal years beginning on or after January 1, 2010)
    - IFRS 2 “Share-based Payment”: Application area of IFRS 2 and the amended IFRS 3
    - IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations: Required Disclosures”
    - IFRS 8 “Operating Segments”: Disclosure of information about segment assets
    - IAS 1 “Presentation of Financial Statements”: Classification of liabilities from convertible bonds as current or non-current
    - IAS 7 “Cash Flow Statements”: Cash flow from capital expenditures
    - IAS 17 “Leasing”: Classification of lease relationships
    - IAS 18 “Revenue”: Identification of brokerage activities
    - IAS 36 “Impairment of Assets”: Standard unit for the impairment of goodwill
    - IAS 38 “Intangible Assets”
    - IAS 39 “Financial Instruments”: Recognition and valuation
    - IFRIC 9 “Reassessment of Embedded Derivatives”
    - IFRIC 16 “Hedge of Net Investment in a Foreign Operation”

- New version of IFRS 1 “First-time Adoption of International Financial Reporting Standards” (application required for fiscal years beginning on or after January 1, 2010)

- Changes to IFRS 1 First-time Adoption of International Financial Reporting Standards”: Additional exceptions for first-time adopters (application required for fiscal years beginning on or after January 1, 2010)

- Amendments to IFRS 2, Share-based payment with cash compensation within a Group (application required for fiscal years beginning on or after January 1, 2010)

- Amendments to IFRS 7, Improved Disclosure about Financial Instruments (application required for fiscal years beginning on or after November 1, 2009)

- IFRIC 15 "Agreements for the Construction of Real Estate" (application required for fiscal years beginning on or after January 1, 2010)

b. Published Standards and Interpretations That Have Not Been Applied Yet:

- Amendments to IAS 32 "Financial Instruments": Classification of Rights Issues (application required for fiscal years beginning on or after February 1, 2010)

- IFRS 1 "First-time Adoption of International Financial Reporting Standards": Limited release of first-time adopters from comparative disclosures pursuant to IFRS 7 (application required for fiscal years beginning on or after July 1, 2010)

- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (application required for fiscal years beginning on or after July 1, 2010)

- Improvements to IFRS 2010
    - IFRS 3 “Business Combinations”: Transfer requirements for conditional purchase price payments, recognition of non-controlling shares, disclosure of non-replaced and voluntarily replaced share-based payment bonuses (application required for fiscal years beginning on or after July 1, 2010)
    - IFRS 1 “First-time Adoption of International Financial Reporting Standards”: Change in accounting methods in the year of first adoption, new recognition basis as replacement for purchase or manufacturing costs, replacement for purchase or manufacturing costs for property, plant and equipment or intangible assets used as part of price-regulated activities (application required for fiscal years beginning on or after January 1, 2011)
    - IFRS 7 “Financial Instruments”: Disclosures on the type and scope of risks from financial instruments (application required for fiscal years beginning on or after January 1, 2011)
    - IAS 1 “Presentation of Financial Statements”: Clarification of Statement of Changes in Equity (application required for fiscal years beginning on or after January 1, 2011)
    - IAS 27 “Consolidated and Separate Financial Statements” (application required for fiscal years beginning on or after January 1, 2011)
    - IAS 34 “Interim Financial Reporting”: Disclosures on significant events and business circumstances (application required for fiscal years beginning on or after January 1, 2011)
    - IFRIC 13 “Customer Loyalty Programs”: Conditions on the fair value (application required for fiscal years beginning on or after January 1, 2011)

- IAS 24 “Related Party Disclosures” (application required for fiscal years beginning on or after January 1, 2011)
- Changes to IFRIC 14, Prepayments of Minimum Funding Requirements (application required for fiscal years beginning on or after January 1, 2011)
- IFRS 7 “Financial Instruments” (application required for fiscal years beginning on or after July 1, 2011)
- IFRS 9 “Financial Instruments” (application required for fiscal years beginning on or after January 1, 2013; has not yet been endorsed by the EU)

We intend to consider the standards, interpretations and amendments in the consolidated financial statements in the fiscal year in which they must be applied in accordance with the requirements of the European Union. At the time of the preparation of these consolidated financial statements, we do not anticipate any material impact from the individual, not yet applied requirements on the consolidated financial statements of Synaxon AG and its presentation at the time of first-time adoption.

3. Significant Accounting Policies and Measurement Methods

a. Declaration of Compliance

The consolidated financial statements of Synaxon for the year ended December 31, 2010, were prepared 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 (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 type of expenditure method was applied for the Group’s 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 due after one year. Trade receivables and payables as well as inventories have an exclusively current character and have been reported under current items. Deferred taxation claims and liabilities have been presented as non-current.
The itemization of the consolidated balance sheet and the Group’s comprehensive income statement are presented in combination, insofar as such is possible and reasonable, and explained in the Group Notes.

The consolidated financial statements have been prepared under the assumption of the going concern of the company.
The significant accounting and valuation methods are explained in the following.

c. Basis for Consolidation

The consolidated financial statements include 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 Group’s comprehensive income statement.
Insofar as required, the annual reports for the subsidiaries, which have been prepared in accordance with national laws, have been translated for IFRS in order to adjust the accounting and measurement methods to those applied in the Group. 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 net assets (with the exception of goodwill) of the consolidated subsidiaries have been reported separately from the Group’s equity. The shares of non-controlling shareholders 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 proportionate earnings have then been allocated to the non-controlling shares according to IFRS 27 even when this leads to the non-controlling shares exhibiting a negative balance. If there are losses from proceeding years, which led to a negative share, the amounts remain the same as in the

previous consideration in the Group's equity.

d. Scope of Consolidation

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

Company and Headquarters	Investment in %
PC-SPEZIALIST Computervertriebsgemeinschaft-Unternehmensbeteiligungs-GmbH, Bielefeld	100
Synaxon Service GmbH, Bielefeld	100
Synaxon Dienstleistungs GmbH, Bielefeld (formerly: Microtrend Dienstleistungs GmbH, Schloß Holte-Stukenbrock)	100
SYNAXON Online GmbH, Bielefeld	100
EDV Vertriebsgemeinschaft Handels GmbH, Vienna/Austria	100
Systempartner Computervertriebs GmbH, Vienna/Austria	100
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% investment (on the basis of voting rights) of PC-SPEZIALIST Computervertriebs-Unternehmensbeteiligungs-GmbH in Talos & Helpup GbR (an associated company) with its headquarters in Bielefeld, as well as the 50% investment (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.

Microtrend Dienstleistungs GmbH was renamed Synaxon Dienstleistungs GmbH on September 30, 2010 and its headquarters was relocated from Schloß Holte-Stukenbrock to Bielefeld. Synaxon AG acquired the remaining 12% of the share capital of EDV Vertriebsgemeinschaft Handels GmbH in 2010 and thereby also a 100% indirect equity investment in Systemspartner Computervertriebs GmbH.

The following fully consolidated domestic subsidiaries of Synaxon AG made use of the relief provisions pursuant to Art. 264 (3), 264b HGB with regard to the publication of their financial statements:

- Synaxon Service GmbH, Bielefeld
- Synaxon Dienstleistungs-GmbH, Bielefeld
- SYNAXON Online GmbH, Bielefeld
- PC-SPEZIALIST Computervertriebsgemeinschaft-Unternehmensbeteiligungs-GmbH
- iTeam GmbH, Bielefeld
- iTeam Consulting GmbH, Bielefeld
- iTeam Systemhauskooperation GmbH & Co. KG, Bielefeld
- iTeam Systemhauskooperation Beteiligungs-GmbH, Bielefeld
- AKCENT Computerpartner Deutschland AG, Bielefeld

e. Business Combinations

The acquisition of the subsidiaries and business operations is accounted for according to the acquisition method. The acquisition 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 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 recognized on the date of acquisition at their fair value, independent of the scope 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. Shares 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 an investment 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 these financial statements through the usage of the at-equity method. In accordance with the at-equity method, shares in an associated company are to be included in the consolidated balance sheet at acquisition cost, and adjusted by the change in the shares of the Group in the net assets of the associated company after the date of acquisition. Losses arising from an associated company, which exceed the Group's investment in this associated company, are recognized to the extent to which the Group has received legal or effective obligations or makes payments for the associated company.

Profits and losses from the transactions with an associated company are eliminated to the extent of the Group's investment 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's share of 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 recognized at cost at the time of acquisition and measured in the subsequent periods at its acquisition cost less all of the accumulated impairment expenditures.

For purposes of the review for impairment, goodwill is attributed to all business units generating cash from which it is to be expected that they could benefit from the synergy of the combination. Business units generating cash, 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 unit generating cash is less than the book value of the unit, the impairment expense should initially be attributed to the book value at which goodwill was attributed to the unit and thereafter proportionally to the other assets on the basis of the book 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 of goodwill represented by it is taken into consideration in the determination of disposal profit.

h. Recognition of Income

The recognition of sales revenue and miscellaneous operating income is fundamentally first made in accordance with IAS 18 at the point in time when the significant risks and rewards from the ownership of the products have been transferred to the respective partner and it is sufficiently probable that the company will gain economic benefits from the business.
Sales revenues from services are recognized at the time of the rendering of the

service, when the company with sufficient probability will attain an economic benefit from the business 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 subsidies are recognized in relation to the point in time that the claim arises. Expenditures are recognized as costs according to the period in which the rendering of the service is made or they are incurred. Dividends are collected when the legal claim for payment is incurred; interest is recognized as an expense or income according to the period in which it is accrued.

i. Leases

The Group as Lessee

The economic ownership of leased objects is assigned to the respective contractual party that 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 rates are recognized as other operating expenses.

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 book 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 zone in which each company does business (their functional currency). For purposes of the consolidated financial statements, the net assets, financial position and results of operations 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 statements.

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 income 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 to the functional currency at the exchange rate at the time of the transaction. 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 translation are presented in the following table:

in EUR	Average Rate for 2010	Closing Rate for Dec. 31 2010
1 GBP =	1.16605 EUR	1.16716 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 fiscal year. The income to be taxed differs from the annual net surplus on the comprehensive income statement, since it excludes expenditures and income that will never be subject to taxation or deductible for tax purposes in later years. The Group's 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 for all temporary differences between the taxable amounts and those amounts in accordance with IFRS as well as for consolidation measures. In this, the accounting oriented liability method according to IAS 12.5 has been adopted. Deferred taxes on losses carried forward have 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 appropriate applicable or announced tax rates were used at the time of realization 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 appropriate tax law.

Deferred taxes, which relate directly to items recognized in equity, are reported in equity. Current and deferred taxes are offset against each other according to IAS 12.74, only if the Group has a legal right to the offsetting of the actual tax refund claims with the actual tax liabilities und such relates to the income tax on the same tax entity and levied by the same tax 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 purchaser 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 taxable differences, which arise from the shares in the subsidiaries or associated companies 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 from temporary differences in connection with such investments and shares are only recognized to that extent to which it is likely 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 claims and liabilities are balanced when an enforceable right to offset actual tax claims with actual tax liabilities is present and when they are related to income taxes that are levied by the same tax authority, and the Group intends to settle its actual tax claims and its tax liabilities on a net basis.Current and Deferred Taxes for the Period

n. Current and Deferred Taxes for the Period

Current and deferred taxes are recognized at profit or loss as an expense or income, unless they are connected with items that were recognized directly to equity. If this is the case, the taxes are also to be disclosed directly in equity. In addition, recognition does not occur when the tax effect results from the initial recognition of a merger.

o. Property, Plant and Equipment

Operationally used assets in the property, plant and equipment, which serve the business for more than one year, are recognized at acquisition or manufacturing cost in accordance with IAS 16. Depreciation is calculated according to the straight line method and systematically by using the expected useful life of between 3 and 10 years as the basis, and recognized as depreciation on the income statement. Buildings are depreciated using the straight line method with a useful life of 25 years. Property is not depreciated.

p. Investment Property

Investment property includes all property that is held for obtaining rental income (or non-current capital gains) and not used either for production or administrative purposes. This property is recognized at the acquisition or manufacturing cost. Borrowing costs are not capitalized since the requirements pursuant to IAS are not present. In principle, the useful life is 25 years. Depreciation is calculated at a constant rate distributed over the useful life and is recognized as depreciation on the income statement.

q. Intangible Assets

Intangible Assets That Are Acquired for a Price

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

Self-generated Intangible Assets: Research and Development Costs

A self-generated 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 present when it is available for use or sale.
- There is an intention to complete the intangible asset as well as to use or sell it.
- There is the ability 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 present 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 at which a self-generated intangible asset has been initially capitalized is the total of the expenditures that have arisen from that day on which the intangible asset first fulfills the conditions listed above. If a self-generated 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 online 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.

Amortization has been calculated using the straight line method with a useful life of 5 to 10 years and recognized as amortization on the income statement. All intangible assets, with the exception of goodwill, have a limited useful life.

Software in Development

Insofar as the development has not been completed by the balance sheet dates, the capitalized assets are subject to 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 B2B marketplace SYNMARKET (formerly: EGIS retail platform), which started in 2009, was continued in 2010. The interconnection of the member partners among each other will be strengthened by means of the B2B marketplace SYNMARKET. It will initially enable the member partners to provide their services in the SYNAXON buying group and use 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 recognized exactly like individually acquired intangible assets and self-generated assets at their acquisition costs less accumulated amortization and cumulative 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 property, plant and equipment on the basis of future payments to be expected from their usage (discounted at an interest rate appropriate to risk) as well as on the basis of the net sales prices (impairment test), when corresponding events or changes in circumstances indicate that the book value is no longer recoverable. 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 determined, the recoverable amount is determined for the smallest unit generating cash (Cash Generating Unit, abbreviated CGU), to which the affected asset 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 times when indications of a potential impairment are present. If the recoverable amount of an asset is less than the book value, an immediate impairment of the asset as a loss is made. In the event that adjustments to the value in connection with a CGU are present, the goodwill contained therein is reduced first. If the amount for impairment exceeds the book value of goodwill, the difference is fundamentally distributed proportionally over the remaining non-current assets in the CGU.

If a greater recoverable amount for the asset or the CGU later results after a previous impairment, an appreciation in value is made. The appreciation in value to be recognized as a profit is limited to the amortized book value, which would have resulted without the impairment in the past. Goodwill may not be appreciated in value.

All impairments have been recognized as losses in amortization; appreciations in value have been recognized as miscellaneous operating income.

r. Inventories

The assets held for sale, which have been recognized as inventories, are reported according to IAS 2 using the acquisition cost or the lower net realizable value. The costs are determined 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 book value, individual adjustments of inventories to tax base have been made. Borrowing costs are not capitalized as a rule.

s. Provisions

Provisions are created when Synaxon AG has a current legal or 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 determined.

The recognized provision amount is the best estimated value as of the balance sheet date for the added service under consideration of the risks and uncertainties underlying the liability for the fulfillment of the present obligation. If an accrual is disclosed with the aid of estimated cash flows for the fulfillment of the obligation, the book value of the accrual is the cash value of these cash flows.

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 in four different categories according to IAS 39.

Classification depends on the respective purpose for 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 securities are included under financial assets. All securities – disclosed as other securities under current financial assets – are classified as assets available for sale in accordance with 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 securities are recognized upon acquisition and in the subsequent years at fair value. The profits and losses resulting from the measurement at fair value are recognized in equity without an effect on profits (valuation surplus of financial instruments). This does not apply if it involves permanent or significant impairments that are recognized at profit or loss. Only upon disposal of the financial assets are the accumulated profits and losses recognized in equity then reported at fair value with an effect on profits or losses on the comprehensive income statement. If fair value cannot be determined sufficiently reliably for equity instruments not registered on a stock exchange, the shares are recognized at the acquisition costs (if necessary, less impairment).

Trade 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 accounts 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 instrument,
- 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 book value of the affected financial assets, with the exception of trade receivables, whose book 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 book value of the impairment account are recognized on the income statement (under miscellaneous operational revenues or expenditures).

Liquid assets (cash on hand 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 either categorized as financial liabilities at fair value through profit or loss or as other 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 classified as being held for trade purposes 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 that is uniquely identifiable and collectively controlled by the Group, for which there are indicators in the recent past for current profit taking, or
- it is a derivative, which has not been designated and is not effective as a hedging instrument and also does not represent a financial guarantee.

A financial liability held for purposes other than trade can be designated as 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 controlled 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: Disclosure and Valuation permits the entire contract (asset or liability) to be designated as recognized at fair value.

Financial liabilities designated as recognized at fair value through profit or loss are disclosed at their fair value. Any profits or losses resulting from recognition are reported with an effect on profits or losses.

The net profit or loss recognized on the comprehensive income statement includes the interest paid for the financial liability and is reported in the “Other Operating Income/Other Operating Expenses.”

Miscellaneous Financial Liabilities

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

Miscellaneous financial liabilities are recognized at amortized acquisition cost pursuant to the effective interest method in subsequent disclosures. The interest expense is stated in accordance with the effective interest rate.

The effective interest method is a method for calculating the amortized acquisition costs of a financial liability and the allocation of interest expenses 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 book value from the initial recognition.

Writing off Financial Liabilities

The Group derecognizes a financial liability when the corresponding liability(-ies) of the Group is (are) settled, reversed or expires.

v. Equity and Debt Instruments Issued by the Group

Classification as Equity or Debt

Debt 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 the deduction of all the associated debts. Equity instruments are recognized at the issuance yield to be received less direct issuance costs.

Debt Instruments

The Group has not issued debt instruments.

w. Significant Accounting Discretion 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 income and expenses as well as the contingent liabilities. The assumptions and estimates essentially relate primarily 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 Group 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 in individual cases from the assumptions and estimates made. Adjustments will be taken into consideration as profits or losses at the 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 fiscal year a significant adjustment of the reported assets and liabilities might be required have been presented as follows.

Management did not exercise any discretion that would have a major impact on the amounts on the consolidated financial statements.

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 rendering 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 cash to which the goodwill has been assigned. The calculation of the value in use requires the estimation of future cash flows from the unit generating cash, as well as an appropriate discounting rate for the calculation of the cash value.

The book value of goodwill amounted to € 8.4 million (2009: € 8.4 million) at the end of the reporting period. Details can be found in Section III.3.

Intrinsic Value of Self-generated Intangible Assets

The self-generated intangible assets have a limited useful life of 5-10 years and are amortized systematically. The Group will review the self-generated 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.

The book value of the self-generated intangible assets amounted to € 3.5 million at the end of the reporting period (2009: € 3.2 million). Details may be found in Section III.3.

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 fiscal year. All necessary changes in estimates will be prospectively taken into consideration. A reduction of the remaining useful life resulted in previous fiscal years from the impairment of the partner contracts with iTeam capitalized as an intangible asset.

4. Acquisition of Shares in Subsidiaries

With notarial deed dated November 26, 2010, Synaxon AG increased its equity investment in EDV Vertriebsgemeinschaft Handels GmbH by 12% to 100% of the share capital. The acquisition costs including the ancillary costs amounted to k€ 1. Payment was made in cash.

The company remains inactive and is not significant for the Synaxon Group. For this reason, the amounts were recognized in full as expenses.

Since this company was already included in the consolidated financial statements of Synaxon AG, the additional acquisition of shares is solely disclosed as an equity transaction between the shares of minority shareholders and Synaxon AG.

The acquisition of additional shares resulted in a reclassification of k€ 2 between the shares of the minority shareholders and the Group’s equity.

II. Explanations to the Group's Comprehensive Income Statement

1. Sales

The Group essentially generates sales revenue from the contractual relationships with franchisees, cooperation partners, suppliers and manufacturers.
The share of sales from the central sale of products to partners or end customers via the PC-SPEZIALIST online shop increased significantly in 2010.

in EUR million	2010	in %	2009	in %
Commission income	4.43	19.0	4.02	27.8
System fees	3.26	14.0	3.33	23.0
Advertising subsidies	3.56	15.3	3.14	21.7
Other	3.81	16.4	3.04	21.0
Sales without central product sales	15.06	64.7	13.53	93.5
Central sales of goods	8.23	35.3	0.93	6.5
Sales incl. central product sales	**23.29**	**100.0**	**14.46**	**100.0**

The development of the sales by segments has been presented in the 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 for the reporting on the financial earnings of operating segments. IFRS 8 follows the so-called management approach, which means that it requires consistency between the internally used and externally published segment information

IFRS 8 requires the disclosure of information, which is used by the Chief Operating Decision Maker (for Synaxon AG, this is the Board of Directors) for the assessment and review of financial performance and decisions about resource allocations.
In principle, group internal transactions are made as between external third parties, i.e. at standard market settlement prices.
The segment reporting is done in accordance with the general accounting guidelines of Synaxon AG presented under Item 3 Significant Accounting and Measurement Methods. The segment earnings correspond to the EBIT.

The Group produced its profits 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 Cooperations
This segment encompasses the organization of IT buying groups, which the inde-

pendent retailers specializing in IT and system houses can join. 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" was changed in 2009 and restarted under the name PC-SPEZIALIST www.pcspezialist.de. Besides a wide range of products, the central online shop offers decision support for the product selection through an expert community.

Beyond the pure end customer business, the Group also generates central product sales with associated partners in the B2B area. Through the purchase quantities negotiated with the manufacturers and distributors as well as prizes, Synaxon offers price advantages to affiliated partners.

The settlement of the product sales is done through the Group association, SYNAXON Online GmbH.

Synaxon Group's Operating Segments in 2010

in k€	Franchise		IT Cooperations		PC-SPEZIALIST Online Shop & Central Product Sales		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Sales Revenue from External Customers	2,305	2,425	12,440	11,037	8,546	998	23,291	14,460
Segment Earnings (EBIT)[1]	109	68	2,691	1,909	-1,360	-633	1,440	1,344
Adjusted EBITDA	275	219	3,406	2,808	-1,148	-512	2,533	2,515
Depreciation	-166	-151	-715	-669	-212	-121	-1,093	-941
Impairment of Intangible Assets	-	-	-	-230	-	-	-	-230
Segment Assets[2]	1,139	2,062	15,593	14,279	3,742	814	20,474	17,155
Segment Liabilities[3]	349	590	2,566	2,219	1,897	255	4,812	3,064

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

[2] The segment's assets result from the following positions: Property, Plant and Equipment (k€ 330), Investment Property (k€ 170), Intangible Assets (k€ 12,863), Financial Assets (k€ 230), Inventories (k€ 1,470), Trade Receivables (k€ 4,060), Other Assets (k€ 1,351).

[3] The segment's liabilities result from the following items: Trade Payables (k€ 2,418), Accruals (k€ 263), Other Liabilities (k€ 2,131).

b. Geographical Segments

The Group does business primarily in Germany. The subsidiary formed in Great Britain in 2008 continued to be under construction. Besides providing the EGIS solution individualized for the English market and the connected purchasing advantages for the affiliated suppliers, the company offers marketing services for stationary retail and optimized online shop solutions for the IT product range. The two subsidiaries in Austria did not engage in any operating business in the fiscal years of 2009 and 2010. The sales revenue and the non-current assets were represented by the following geographical regions (in k€):

in k€	Germany		Great Britain		Total	
	2010	2009	2010	2009	2010	2009
Sales Revenue from External Customers	22,862	14,267	429	192	23,291	14,460
Segment Earnings (EBIT)	1,485	1,587	-45	-243	1,440	1,344
Adjusted EBITDA	2,570	2,752	-37	-237	2,533	2,515
Depreciation	-1,085	-1,935	-8	-6	-1,093	-941
Impairment of Intangible Assets	-	-230	-	-	-	-230
Segment Assets	20,285	17,143	189	12	20,474	17,155
Segment Liabilities	4,754	3,017	58	47	4,812	3,064

3. Other Operating Income

in k€	2010	2009
Agency Agreements	43	85
Discharge of Liabilities	-	110
Income from the Release of Individual Value Adjustments	126	221
Revenues from Receivables Written Down	13	15
Profits from Asset Disposals	5	17
Rental Income	34	34
Other	240	211
Other Operating Income	**461**	**693**

4. Other Capitalized Own Performances

in k€	2010	2009
EGIS	458	624
BPM	92	129
eCommerce Projects	302	295
EGIS Auction	28	36
Retail Platform	158	116
Capitalized Own Performances	**1,038**	**1,200**

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

5. Cost of Materials

in k€	2010	2009
Expenses for Purchased Products	12,105	3,784
Expenses for Purchased Services	202	461
Cost of Materials	**12,307**	**4,245**

The cost of materials increased in 2010 in particular due to the rise in the Group's central retail business. The cost of materials consists of expenses for purchased goods of k€ 12,105 (2009: k€ 3,784), as well as expenses for purchased services of k€ 202 (2009: k€ 461) and consists predominately of expenditures for retail products, logistics services and corporate identity articles.

6. Personnel Expenses

in k€	2010	2009
Wages and Salaries	5,789	5,543
Social Security Contributions	923	898
Personnel Expenses	**6,712**	**6,441**

Under personnel expenses, severance payments due to the termination of employment relationships have been recognized at an amount of k€ 36 (2009: k€ 17) and expenditures for social security contributions and benefits have been recognized at k€ 923 (2009: K€ 898).

A statutory contribution-based primary care system for the employees exists in Germany, which handles the retirement benefits on the basis of income and paid contributions. With the payment of contributions at an amount of k€ 864 (2009: k€

844) to the national retirement insurance providers and private pension funds, no further contributory obligations exist for the company. The current contribution payments have been recognized as expenses in the period.

7. Depreciation and Amortization

in k€	2010	2009
Intangible Assets	899	982
Property, Plant and Equipment	194	189
Depreciation	**1,093**	**1,171**

The Group took depreciation of k€ 1,093 (2009: k€ 1,171). Of that, k€ 194 (2009: k€ 189) was represented by depreciation on property, plant and equipment, and k€ 899 (2009: k€ 982) to intangible assets. In 2009 an impairment test was performed on intangible assets and led to unscheduled amortization of k€ 230. In the reporting period, there was no unscheduled amortization of intangible assets. Additional information concerning the intrinsic value tests and depreciation on intangible assets can be found under Section III.3.

8. Other Operating Expenses

Other Operating Expenses can be broken down as follows:

in k€	2010	2009
Outsourced Staff	273	564
Travel and Representation Expenses	325	240
Legal, Consulting and Audit Costs	143	143
Office Costs	278	288
Additions to Individual Value Adjustments	166	197
Vehicle Costs	278	235
Loss of Receivables	73	180
Communication Costs	108	130
Maintenance Costs	209	148
Marketing	143	161
Supervisory Board / Shareholders' Meeting	171	169
Event Costs	255	262
Other	815	435
Other Operating Expenses	**3,237**	**3,152**

9. Interest Result

in k€	2010	2009
Interest Income	42	65
Interest Expenses	1	0
Interest Result	**41**	**65**

The interest income primarily results from interest from banks 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 equity investments in Talos & Helpup GbR and Haltergemeinschaft C303 GbR.

11. Tax Expense

Earnings before taxes and tax distribution:

in k€	2010	2009
Current Taxes	271	706
Deferred Taxes	161	-195
Taxes on Income	**432**	**511**

For the transfer of expected to reported tax expenses, the expected tax expense was measured on the basis of the tax rate of the parent company. The uniform theoretical profit tax rate for 2010 at an 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 k€	**2010**	**2009**
Group Earnings Before Income Taxes	1,495	1,416
Applicable Theoretical Tax Rate in %	29.8%	29.8%
Expected Tax Expense	446	422
Difference in Foreign Taxation	1	4
Taxes on Non-deductible Expenditures	74	20
Non-capitalized Deferred Taxes on Foreign Losses	3	1
Release of Deferred Taxes	-63	28
Taxes in Other Accounting Periods	-29	36
Reported Tax Expenses	**432**	**511**

12. Earnings of Non-controlling Shareholders from Partnerships

The losses from the earnings claim of the non-controlling shareholders / minority shareholders of partnerships result from the settlement of the profit and loss shares of non-controlling shareholders in subsidiaries in the legal form of partnerships.

13. Earnings per Share

The determination of the undiluted earnings is calculated in accordance with IAS 33 as a ratio of the annual group net surplus to which the shareholders of Synaxon AG are entitled and the weighted number of the owner shares in circulation in the preceding fiscal year. The undiluted earnings per share correspond to the diluted earnings per share. 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 are 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. As of balance sheet date, there were neither stock option plans nor were other options or subscription warrants issued. Accordingly, there were no diluted earnings per share as of Dec. 31, 2010.
The reference value for the determination of EPS is the Group earnings less the earnings share of other shareholders.

in EUR	**2010**	**2009**
Earnings Share of the Shareholders of the Synaxon AG	1,067,201.24	962,380.15
Average Number of Shares in Circulation	3,538,500	3,538,500
Total Earnings per Share	0.30	0.27

III. Explanations to the Group Balance Sheet

1. Property, Plant and Equipment

Regarding the Group's fixed assets, we refer to the Group's fixed assets schedule. Impairments did not result in accordance with IAS 36. The fixed asset 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 amortized cost. The book value of the real estate including the value of the property amounted to k€ 170 as of Dec. 31, 2010 (2009: k€ 176). The fair value of the affected property amounts to k€ 178 (preceding year: k€ 186) as of balance sheet date. The basis for the internal determination is the expected useful life of 12 years, a risk-adjusted capitalization interest of 7.905% (2009: 7.96%) as well as the existing rental contracts and assumptions with regard to rent recoverable in the future. Market data and expert appraisals by independent evaluators were not obtained for reasons of materiality. As result of this measurement, there is neither a need for appreciation nor impairment after the impairment in 2006. There are no limitations regarding the ability to sell the property or the collection of income.

in k€	**2010**	**2009**
Rental Income	34	34
Expenses	13	14
Earnings	**21**	**20**

Receivables from Non-cancelable Operating Lease Agreements

in k€	Dec. 31, 2010	Dec. 31, 2009
Up to One Year	30	35
Between One and Five Years	34	54

3. Intangible Assets

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

in k€	Goodwill	Contracts	Licenses	Self-generated Software	Software under Development	Other Software	Total
Jan. 1, 2009							
Acquisition / Manufacturing Cost	8,658	2,603	171	3,156	-	873	15,461
Accumulated Depreciation and Impairments	-236	-1,445	-112	-521	-	-801	-3,115
Book Value as of Jan. 1, 2009	**8,422**	**1,158**	**59**	**2,635**	**-**	**72**	**12,346**
Additions from External Acquisitions	-	-	44	-	-	-	44
Company Internal Development	-	-	-	1,085	116	-	1,201
Scheduled Depreciation	-	-160	-61	-496	-	-35	-752
Impairment	-	-230	-	-	-	-	-230
Book Value as of Dec. 31, 2009	**8,422**	**768**	**42**	**3,224**	**116**	**37**	**12,609**
Jan. 1, 2010							
Acquisition / Manufacturing Cost	8,658	2,603	215	4,239	116	873	16,704
Accumulated Depreciation and Impairments	-236	-1,835	-173	-1,015	-	-836	-4,095
Book Value as of Dec. 31, 2010	**8,422**	**768**	**42**	**3,224**	**116**	**37**	**12,609**
Additions from External Acquisitions	-	-	44	-	-	72	116
Company-internal Development	-	-	-	879	158	-	1,037
Scheduled Depreciation	-	-148	-58	-653	-	-40	-899
Book Value as of Dec. 31, 2010	**8,422**	**620**	**28**	**3,450**	**274**	**69**	**12,863**

a. Goodwill

Goodwill consists of the following:

in k€	Dec. 31, 2010	Dec. 31, 2009	Change +/-
iTeam Group	5,366	5,366	-
AKCENT	3,056	3,056	-
Total	**8,422**	**8,422**	**-**

Goodwill has not changed in comparison to the preceding year. Goodwill has been attributed to two cash generating units (CGU), where the CGUs were formed on the 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 CGU plan issued from bottom up and approved by the Management of the Synaxon AG 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 of 3.25% as well as on risk premiums for equity and debt of 4.9% or 1.25 percentage points and a (sector-) beta factor of 0.95. For discounting the cash flows, the following discounting interest rates formed the basis for the two CGUs:

in %	Dec. 31, 2010	Dec. 31, 2009
iTeam Group	7.905	7.96
AKCENT	7.905	7.96

63.7% of goodwill and thus k€ 5,366 (2009: k€ 5,366) have been attributed to the iTeam Group CGU. 36.3% of goodwill and thus k€ 3,056 (2009: k€ 3,056) have been attributed to the AKCENT CGU. The recoverable amount of the respective CGUs was determined as the useful value (see above). The determination of the useful value for the CGUs has generally been made on the 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 management and thus contains a certain uncertainty. The remaining write-down period amounts to 1 year (AKCENT contracts) and 7 years (iTeam contracts).

The Group reviews the partner contracts capitalized as intangible assets annually for indications 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 recognition, there was no need for impairment as of Dec. 31, 2010 for either AKCENT or for iTeam partner contracts.

In 2009, an impairment of k€ 230 was calculated on account of a drop in income and an increase in fluctuations from partner contracts of iTeam and included in an exceptional depreciation for the same amount. The impairment in the IT-Kooperationen segment was reported in the segment reporting for 2009. The reduction of the revenues from partner contracts in 2009 essentially resulted from reduced average monthly member contributions by the iTeam partners as well as from an ongoing fluctuation in partners that was greater than expected at the time of acquisition.

c. Licenses

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

d. Self-generated Software

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

in k€	Book Value as of Dec. 31, 2010	Book Value as of Dec. 31, 2009
EGIS	1,596	1,468
EGIS Online	524	527
EGIS Order	264	309
BPM	394	359
eCommerce Projects	561	462
EGIS Auction	111	99
Self-generated Software	**3,450**	**3,224**

The capitalized development expenditures as of December 31, 2010, for the self-generated software solutions of k€ 3,450 (2009: k€ 3,224) have been written down over a period of 5 to 10 years according to schedule. The remaining write-down periods amount to 3 to 7 years.

Research and development expenditures of k€ 363 (2009: k€ 295) were not capitalized.

e. Software in Development

The development of the EGIS retail platform was started in 2009 and continued in 2010 under the name SYNMARKET. The SYNMARKET platform should facilitate the networking of partners among each other and make it possible for them to offer and use products and services. Since the necessary market launch as of December 31, 2010 had not been achieved, the software has been reported under the software in development item.

f. Other Software

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

4. Financial Assets

in k€	Dec. 31, 2010	Dec. 31, 2009
Equity Investments	15	15
Financial Assets Reported according to the At-equity Method	215	221
Total	**230**	**236**

The report essentially affects Talos & Helpup GbR, in which Synaxon AG has an indirect 50% investment through PC-SPEZIALIST Computervertriebsgemeinschaft-Unternehmensbeteiligungs-GmbH as well as a 50% investment of Synaxon AG in the Haltergemeinschaft C303 GbR.
The following table contains a summary of the financial information about the financial assets reported according to the at-equity method:

in k€	Dec. 31, 2010	Dec. 31, 2009
Assets	482	478
Liabilities	41	42
Revenues	163	150
Share of Period Earnings from Associated Companies Represented by the Group without Non-controlling Shareholders	14	7

5. Tax Receivables

in k€	Dec. 31, 2010	Dec. 31, 2009
Corporate Taxes	731	624
Corporate Taxes in the Preceding Year (Non-current)	219	247
Commercial Taxes	292	12
Total	**1,242**	**883**

The tax refund claims as of December 31, 2010, contain receivables from commercial and corporate taxes from 2009 and 2010 as well as corporate tax credits from preceding years for k€ 219 (2009: k€ 247), which could be capitalized at profit or loss for the first time as of December 31, 2006. We make reference to the tax expense in Section II.11.

6. Deferred Taxes

The differences in time and the deferred taxes changed as follows:

	Difference in Time		
in k€	**Dec. 31, 2010**	**Change**	**Dec. 31, 2009**
Software	3,724	385	3,339
Property	-9	-1	-8
Receivables	2,103	9	2,094
Losses Carried Forward	-742	96	-838
Revaluation Surplus	21	13	8
Contracts	619	-149	768
Own Shares	2	0	2
Other	-68	-271	203
Total	**5,650**	**82**	**5,568**

in k€	Deferred Taxes				No Impact on Income		Expense (+) / Income (-)	
	Dec. 31, 2010		Dec. 31, 2009		2010	2009	2010	2009
	Assets	Liabilities	Assets	Liabilities				
Software	-	1,110	-	995	-	-	115	209
Property	3		2	-	-	-	-	-
Receivables	-	627	-	624	-	-	3	1
Losses Carried Forward	157		326	-	-	-	169	-326
Revaluation Surplus	-	5	4	4	6	3	-1	-2
Contracts	-	185	-	229	-	-	-44	-116
Own Shares	-	1	-	1	-	-	-	-
Other	20	-	1	62	-	-	-81	40
Total	**180**	**1,928**	**333**	**1,915**	**6**	**3**	**161**	**-194**
Of which, non-current (longer than 1 year)	155	1,609	333	1,651	6	3	88	-67
Of which, current (shorter than 1 year)	25	319	-	264	0	0	73	-127

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% (2009: 29.8 %) and, for foreign companies, also with a corporate tax rate of 29.8%. The differences from the actual tax rates are not significant. Insofar as the deferred taxes are represented by profits or losses from the measurement of securities, 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 for the individual circumstances were summarized.

In detail, the taxable carry-over losses and the deferred tax assets created for this as of December 31, 2010, are presented as follows:

in k€	Carry-over Losses for Taxes		Deferred Tax Assets	
	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009
Synaxon AG, Bielefeld	438*	874**	67	250
SYNAXON Online GmbH, Bielefeld	169	169	-	-
Microtrend Dienstleistungs GmbH, Bielefeld	4	3	-	-
EDV Vertriebsgemeinschaft Handels GmbH, Vienna	674	667	-	-
Systempartner Computervertriebs GmbH, Vienna	1,846	1.842	-	-
SYNAXON UK Ltd., Warrington	304	257	91	77
Total	**3,435**	**3,812**	**158**	**327**

* Commercial taxes

** Corporate taxes and commercial taxes

The taxable carry-over losses, for which no deferred tax assets have been applied, can be carried over as follows, taking into consideration the minimum taxation:

in k€	Dec. 31, 2010	Dec. 31, 2009
Can be Carried-over for up to 1 Year	-	-
Can be Carried-over for between 1 and 5 Years	-	-
Can be Carried-over Indefinitely	3,435	3,812
Total	**3,435**	**3,812**

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

7. Other Assets

in k€	Dec. 31, 2010	Dec. 31, 2009
Receivables from Suppliers/Manufacturers	957	374
Loans to Shareholders (Non-current)	33	31
Loans to Partner Businesses (Non-current)	25	33
Other	336	240
Total	**1.351**	**678**

The other assets include an earmarked loan of k€ 25, which was granted to a partner business in the 2004 fiscal year. Furthermore, other assets include a loan granted in 2008 to a shareholder for k€ 33.
The interest on the loan is taken at standard market conditions. The period of the loan is over one year. The remaining other assets are due within the next fiscal year.

8. Inventories

The Group’s inventories of k€ 1,470 (2009: K€ 88) consist primarily of retail products that are resold to partners or to end customers via the PC-SPEZIALIST online shop. Furthermore, inventories also include marketing articles that are sold to associated partners.
Inventories were reduced at loss by k€ 139 (2009: k€ 0).
The inventories are neither restrained nor do they serve as collateral.

9. Receivables

in k€	Dec. 31, 2010	Dec. 31, 2009
Trade Receivables	4,060	3,040
Receivables from Associated Companies	1	-
Total	**4,061**	**3,040**

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

Value adjustments for doubtful receivables totaling k€ 500 (2009 k€ 616) existed as of December 31, 2010. The value adjustments have developed as follows:

in k€	Dec. 31, 2010	Dec. 31, 2009
Level at the Beginning of the Year	616	685
Additions	167	197
Use	-144	-98
Release	-139	-168
Level at the End of the Year	**500**	**616**

10. Securities

in k€	Dec. 31, 2010	Dec. 31, 2009
Shares	27	14

All shares 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 securities exclusively pertain to shares.

Changes in value are recognized in the revaluation surplus within equity without an effect on profit or losses.

In the 2010 fiscal year, no securities were purchased or sold, as in the previous year.
Furthermore, write-ups of k€ 13 (2009: write-ups of k€ 7), which were recognized in consideration of deferred taxes without an effect on profits or losses.

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

11. Cash on Hand and Bank Balances

in k€	**Dec. 31, 2010**	**Dec. 31, 2009**
Demand Deposits / Fixed Deposits	2,272	2,928
Cash on Hand	1	1
Total	**2,273**	**2,929**

There were no defaults from interest or redemption payments on loan liabilities.

12. Subscribed Capital

Regarding the changes in equity, we refer to the Statement of Changes in 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) of the company remains unchanged at k€ 3,891 as of December 31, 2010. All shares are fully paid in. All shares grant the same rights. The shareholders are entitled to draw from the resolved dividends and have one voting right per share at the annual general meeting.

The retained earnings of k€ 1,024 for Synaxon AG as of Dec. 31, 2009, were placed in profit reserves in accordance with the resolution of the annual general meeting of June 25, 2010.

The Board of Directors is authorized, with the approval of the Supervisory Board, to increase the share capital of the company by a total of € 1,945,500.00 by issuing new shares for cash or contributions in kind one or more times (authorized capital) and to set a new start date for the profit sharing by June 11, 2013. The shareholders are to be granted a subscription right. The Board of Directors is however empowered, with the approval of the Supervisory Board:

1. to exclude fractional amounts from the subscription right of shareholders,
2. to exclude the subscription right of shareholders for an amount totaling up to € 389,100.00 in order to issue the new shares at an issue amount that does not substantially exceed the exchange price (Art. 203 (1) and (2), Art. 186 (3) S. 4 AktG)
3. to exclude the subscription rights of shareholders in the event of a capital increase for payment in kind and
4. to permit the subscription of a capital increase by a bank consortium with the requirement that the bank consortium is obligated to offer the shares to the shareholders for purchase (indirect purchase right).

13. Treasury Shares

As of December 31, 2010, the company holds 352,500 treasury shares (2009: 352,500) with a market value of k€ 1,763 (2009: k€ 1,273), which corresponds to a 9.06% share of the share capital. Treasury shares are reported in accordance with

IAS 32 on the balance sheet as a deduction from equity.

The authorization of the Board of Directors by way of resolution at the shareholders' meeting of June 12, 2008 to acquire treasury shares of up to 10% of the share capital had a deadline of Dec. 11, 2009. Consequently, no shares were bought or sold in 2009 or 2010.

14. Capital Reserve

The paid-in capital of Synaxon AG for an amount of k€ 4,648 results from the premium of the share issue; this may only be used in agreement with the share-related rights. According to Article 150 AktG, the statutory reserves and the capital reserves together must exceed one tenth of the share capital, so that they may be used to balance the losses or to increase capital from the company's own resources. As long as the statutory reserves and the capital reserves together do not exceed one tenth 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 the release of miscellaneous retained earnings.

15. Retained Earnings and Statutory Reserves

Retained earnings contain the reserves formed from the earnings in previous fiscal years and transfers from the annual net surplus of Synaxon AG. The statutory reserves are not available for the disbursement to the shareholders.

16. Revaluation Surplus

The revaluation surplus encompasses the measurement effects from changes to the available for sale securities.

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. Shares of Minority Shareholders

The shares of non-controlling shareholders amount to k€ -57 (2009: k€ -47). The amount as of Dec. 31, 2010, concerns Synaxon UK Ltd. As of Dec. 31, 2009, it also included amounts for EDV Vertriebsgemeinschaft Handels GmbH and Systempartner Computervertriebs GmbH, Vienna. After the acquisition of the remaining 12% (reference is made to the explanations in Section I General Information 4. Acquisition of Shares in Subsidiaries), the shares represented by these companies are reposted in the Group's carry-over profit.
Shares of the non-controlling shareholders are disclosed with negative amounts in equity if losses lead to negative equity for non-controlling shareholders.
The revenue from the earnings claim of the non-controlling shareholders in partnerships results from the settlement of the profit and loss shares of non-controlling shareholders in subsidiaries in the legal form of partnerships.
The consolidated annual net surplus contains loss shares of the non-controlling shareholders for k€ 13 (2009: k€ 65).

19. Trade Payables

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

20. Tax Liabilities

Tax liabilities exist from liabilities in 2010 for an amount of k€ 54.

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 k€	Jan. 1, 2010	Usage	Release	Addition	Dec. 31, 2010
Risks from Proceedings	266	4	-	-	262

It is anticipated that all provisions will 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 k€	Dec. 31, 2010	Dec. 31, 2009
Obligations to Partners	253	208
Bonuses	413	211
Personnel Costs	190	215
Costs for Annual Report and Audit	58	91
Supervisory Board	108	108
Severance Payments to Minority Shareholders	71	72
Liabilities for Taxes on Wages, Sales and Other Taxes	711	774
Liabilities to Employees	7	3
Other	320	238
Total	**2,131**	**1,920**

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 bonuses primarily involve the claims of governing bodies of included companies and the governing bodies and managerial personnel of Synaxon AG for the preceding fiscal 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 Group of consolidated companies are not to be reported in the shares of the non-controlling shareholders according to IAS 32.18 (b), but rather in the miscellaneous liabilities.

IV. Explanations to the Cash Flow Statement

Cash flow from operating activities amounted to k€ 632 in the 2010 fiscal year (2009: k€ 1,941), cash flow from investment activities to k€ -1,288 (2009: k€ -1,343). The Group had no cash flow from financing activities in 2010 (2009: k€ -708). No dividend was paid in the 2010 fiscal year. In 2009, the cash flow from dividends amounted to k€ -708 and was included as a financing activity.

Financial resources at the end of the fiscal year declined year on year by k€ 656 to k€ 2,273 (2009: k€ 2,929). The decrease in financial resources has slowed in comparison to the preceding annual period.

The cash and cash equivalents exclusively contain the cash on hand disclosed on the balance sheet and bank balances as in the previous year. Cash flow from received interest amounts to k€ 42 (2009: k€ 65), and the cash flow from paid interest amounts to k€ 2 (2009: k€ 0). Cash flow from interest has been included in operating activities as in the preceding year. Cash flow from income taxes amounted to k€ -271 (2009: k€ -706) and is related to operating activities.

For further information, we refer to the Cash Flow Statement.

V. Other Explanations

1. Other Financial Obligations

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 one to four 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 k€	2011	2012	2013	2014	Total	2009
Rent	146	-	-	-	146	147
Vehicles	87	81	58	6	232	135
Total	**233**	**81**	**58**	**6**	**378**	**282**

In the past fiscal year, lease payments of k€ 106 (2009: k€ 84) were recognized at profit or loss.

2. Contingent Liabilities

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. Contingent Liabilities and Contingent Receivables

There were no contingent liabilities or contingent receivables as of the reporting deadlines Dec. 31, 2009 and Dec. 31, 2010.

4. Financial Instruments

a. Financial Assets and Liabilities

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

in k€	Dec. 31, 2010	Dec. 31, 2009
(1) Loans and Receivables, LaR	7,685	6,647
(2) Financial Assets Available for Sale, (Available for Sale, AfS)	27	14
(3) Financial Investments Held to Maturity (Held to Maturity, HtM)	-	-
(4) Financial Assets at Fair Value through Profit or Loss	-	-
(5) Financial Liabilities at Fair Value through Profit or Loss	-	-
(6) Financial Liabilities, which are measured at amortized costs	4,549	2,797

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, 2010 **in k€**	Valuation Category pursuant to IAS 39	Valuation in accordance with IAS 39			
		Book Value as of Dec. 31, 2010	Amortized Costs / Nominal Value	Fair Value No Impact on Income	Fair Value at Profit or Loss
Financial Assets					
Cash and Cash Equivalents	(1)	2,273	2,273	-	-
Financial Assets Available for Sale	(2)	27	-	27	-
Trade Receivables	(1)	4,060	4,060	-	-
Current Miscellaneous Receivables and Assets	(1)	1,294	1,294	-	-
Non-current Miscellaneous Receivables and Assets	(1)	58	58	-	-
Financial Liabilities					
Trade Payables	(6)	2,418	2,418	-	-
Other Financial Liabilities	(6)	2,131	2,131	-	-

Dec. 31, 2009 in k€	Valuation Category pursuant to IAS 39	Valuation in accordance with IAS 39			
		Book Value as of Dec. 31, 2009	Amortized Costs / Nominal Value	Fair Value No Impact on Income	Fair Value at Profit or Loss
Financial Assets					
Cash and Cash Equivalents	(1)	2,929	2,929	-	-
Financial Assets Available for Sale	(2)	14	-	14	-
Trade 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					
Trade Payables	(6)	878	878	-	-
Miscellaneous Financial Liabilities	(6)	1,919	1,919	-	-

The fair value of the individual classes corresponds approximately to the book values in particular due to their short maturity.

The following expenditures and income 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 k€)	2010	2009	Income Statement or Equity Item
From Loans and Receivables (1)	56	-96	Other Operating Expenses or Other Operating Income
From Financial Assets Available for Sale (2)	13	7	Revaluation Surplus

The interest income from financial assets amounts to k€ 42 (2009: k€ 65), in contrast to which the interest expenses from financial liabilities amount to k€ 1 (2009: k€ 0).

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 to 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 shareholders, to issue new shares or to sell assets for the purpose of liability reduction.

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

in k€	Dec. 31, 2010	Share of Total Capital (in %)	Dec. 31, 2009	Share of Total Capital (in %)	Change in %
Total Capital	24,197	100.0	21,354	100.0	13.3
Equity	17,403	71.9	16,341	76.5	6.5
Liabilities	6,794	28.1	5,013	23.5	35.5
Current Liabilities	4,866	20.1	3,098	14.5	57.1
Non-current Liabilities	1,928	8.0	1,915	9.0	0.7
Net Leverage	26.0		12.8		

The net leverage (liabilities less cash in proportion to equity) increased from 12.8 to 26.0 in particular due to the more intensive retail business and the increase in trade payables as compared to 2009.

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 system.

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 shortages should be forecast early, so that financing sources for such can be procured for this at standard market conditions.

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

in k€	Book value	< 1 Month	1 - -3 Months	3 Months to 1 year	> 1 Year	Total Outflows
Financial Liabilities 2010						
Non-interest Bearing	4,812	2,463	903	1,446	-	4,812
Financial Liabilities 2009						
Non-interest Bearing	3,097	908	964	1,225	-	3,097

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

Credit Risk

The book value of the financial assets recognized in the consolidated financial statements less impairments represents the maximum credit risk. This thus amounts to a total of k€ 7,711 (2009: k€ 6,661), of which k€ 4,060 (2009: k€ 3,040) comes from receivables and k€ 3,651 (2009: k€ 3,621) from other 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 the credit risk. 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. Constant credit assessments are made with regard to the financial state of the 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 accordance with Article 288 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 makes value adjustments for the unrealized portion based on empirical values.

Financial assets of k€ 6,799 (2009: k€ 5,319) 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 of k€ 364 (2009: k€ 481), 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 amounts will be settled by payment. The Group does not hold collateral for these open items.

Delinquent, non-adjusted receivables:

in k€	**Dec. 31, 2010**	**Dec. 31, 2009**
30 to 60 Days	284	149
60 to 90 Days	59	264
More than 90 Days	21	68
Total	**364**	**481**

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 Group 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 fundamentally transacts its activities in its own functional currency (GBP). Foreign currency risks that result from the translation of the assets and liabilities of the foreign business units to the Group statements are not hedged, since they do not affect the cash flows of the Group.
Receivables in foreign currencies amounted to k€ 124 (2009: k€ 85). As of balance sheet date, there were foreign currency liabilities of k€ 46 (2009: k€ 47).
Due to the minimal volume of receivables and liabilities in foreign currencies, a sensitivity analysis of this item was not performed.

The Group is exposed to 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 k€	Interest Rate: (in %)	< 1 Month	1 - -3 Months	3 Months to 1 year	1 – 5 Years	> 5 Years	Total Amount
Financial Assets in 2010							
Non-interest Bearing		6,419	1,234	-	-	-	7,653
At Variable Interest Rates	2 – 5%	-	-	-	-	-	-
At fixed Interest Rates	6 – 9%	-	-	-	58	-	58
Total		**6,419**	**1,234**	**-**	**58**	**-**	**7,711**
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**

The limited scope and short maturities of assets and liabilities with fixed and variable interest rates means that no sensitivity analysis took place here.

5. Business Events with Related Parties

The following disclosures relate to business relationships between Synaxon AG as parent company or subsidiaries and related parties. Related parties in accordance with IAS 24 are fundamentally considered the Board of Directors, the Supervisory Board, equity investments and shareholders.

a. Transactions with Members of Management or Governing Bodies

In the 2010 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 k€ 81 (2009: k€ 176) in total and correspond to the usual market conditions for external third parties.

Furthermore, the Group used the services of bplusd Agency Group for the marketing and handling of an event for the first time in 2010. The Chairman of the Supervisory Board, Dr. Günter Lewald, is the spokesperson of this agency group. The expenditures of k€ 19 correspond to the standard market terms among third parties.

The Group did not render any services from the delivery of goods or services to closely affiliated parties as in 2009.

b. Transactions with Related Companies

At the time of reporting, trade receivables did not exist from group transactions with related companies as in 2009. Trade payables to related companies amounted to k€ 13 (2009: k€ 0). In 2010, the holding company, C303 GbR, rendered services amounting to k€ 48 (2009: € 51). The settlement of the services corresponded to the standard market terms among outside third parties.

Value adjustments or write-offs to receivables from related parties were not made. Furthermore, no guarantees or collateral were received or granted.

c. Dependent Company Report

There is a dependent company relationship pursuant to Art. 17 AktG for ARF Holding GmbH, Schloß Holte-Stukenbrock, so that the superior parent company is also Mr. Bruno Fortmeier. Reference is made to the disclosures pursuant to Art. 160 (1) No. 8 AktG.

This company and the affiliated companies are included in the Dependent Company Report. There were no transactions that require reporting.

The report received an unqualified audit opinion from MAZARS GmbH Wirtschaftsprüfungsgesellschaft.

6. Executive Boards

a. Board of Directors

- Mr. Frank Roebers (Chairman of Board of Directors), Businessman, Detmold
- Mr. Andreas Wenninger, Businessman, Werther
- Mr. Mark Schröder, Businessman, Schloß Holte-Stukenbrock

Remuneration

in k€	Fixed Remuneration		Remuneration in Kind		Success-related Share		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Frank Roebers	210	210	28	28	75	37	313	275
Andreas Wenninger	175	172	24	30	75	37	274	239
Mark Schröder	150	144	22	21	75	37	247	202
Total	**535**	**526**	**74**	**79**	**225**	**111**	**834**	**716**

The success-related share in 2010 consists of short-term components of k€ 169 (corresponds to 75% of the success-related share) that is paid out during the following fiscal year, and the long-term component of k€ 56 (corresponds to 25% of the success-related share). The long-term share is initially placed in a so-called “bonus bank” and can only be paid out after Dec. 31, 2013. If the EBT of the Synaxon Group is negative in the 2013 fiscal year, no payment will be made and the amount placed in the "bonus bank" will be forfeited.

b. Supervisory Board

In the fiscal year 2010, the Supervisory Board of Synaxon AG consisted of the following people:

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

The members of the Supervisory Board have positions in other supervisory boards or control boards of other companies in terms of Art. 125 (1) Cl. 3 AktG as shown below.

Dr. Günter Lewald:

- Beta Systems Software AG, Berlin

The expenses for the Supervisory Board amounted to k€ 108 in the 2010 and 2009 and also concern seven meetings as in 2009. They are divided into basic remuneration and attendance fees. In this, the Chairman of the Supervisory Board received double the remuneration and his Deputy received the one-and-a-half times the remuneration. There are no success-oriented components.

Remuneration

in k€	Base Remuneration		Meeting Funds		Total	
	2010	2009	2010	2009	2010	2009
Dr. Günter Lewald	20	20	28	28	48	48
Stefan Kaczmarek	15	15	21	21	36	36
Frank Bender	10	10	14	14	24	24
Total	**45**	**45**	**63**	**63**	**108**	**108**

7. Ownership of Shares by the Boards

Share Ownership of Board Members

Mr. Frank Roebers, Member of the Supervisory Board, has 0 shares directly as of Dec. 31, 2010 (2009: 17,921 shares).

Mr. Andreas Wenninger, Member of the Board of Directors, has 0 shares directly as of Dec. 31, 2010 (2009: 2,498 shares).

Mr. Mark Schröder, Member of the Board of Directors, has 0 shares directly as of Dec. 31, 2010 (2009: 1,000 shares).

Dr. Günter Lewald, Member of the Supervisory Board, has 0 shares directly as of Dec. 31, 2010 (2009: 4,050 shares).

Transactions pursuant to Art. 15a WpHG

Mr. Frank Roebers, Member of the Board of Directors, sold 17,921 shares directly at a price of 5.00 EUR/share during the year in review.

Mr. Andreas Wenninger, Member of the Board of Directors, sold 2,498 shares directly at a price of 5.00 EUR/share during the year in review.

Mr. Mark Schröder, Member of the Board of Directors, sold 1,000 shares directly at a price of 5.00 EUR/share during the year in review.

Dr. Günter Lewald, Member of the Supervisory Board, sold 4,050 shares directly at a price of 5.00 EUR/share during the year in review.

Disclosures pursuant to Art. 160 (1) No. 4 AktG.

The Board of Directors is authorized through the resolution of the general meeting of June 12, 2008, with the approval of the Supervisory Board, to increase the share capital of the Company by a total of € 1,945,500.00 by issuing new shares for cash or contributions in kind one or more times (authorized capital) and to set a new start date for the profit sharing by June 11, 2013.

8. Disclosures pursuant to Art. 160 (1) No. 8 AktG.

- We were informed of the following in accordance with Article 21 (1) WpHG:
  1. The share of the voting rights that Deutsche Balaton Aktiengesellschaft, Heidelberg, Germany, holds in Synaxon AG, Bielefeld, Germany, fell below the threshold of 3% on October 14, 2010, in consequence of the complete sale of the investment of the party required to report the investment and currently amounts to 0% (in absolute terms: 0 voting rights).
  2. The share of the voting rights that VV Beteiligungen AG, Heidelberg, Germany, holds in Synaxon AG, Bielefeld, Germany, fell below the threshold of 3 % on October 14, 2010, and currently amounts to 0% (in absolute terms: 0 voting rights).
  3. The share of the voting rights that DELPHI Unternehmensberatung Aktiengesellschaft, Heidelberg, Germany, holds in Synaxon AG, Bielefeld, Germany, fell below the threshold of 3 % on October 14, 2010, and currently amounts to 0% (in absolute terms: 0 voting rights).
  4. The share of the voting rights that Mr. Wilhelm Konrad Thomas Zours, Germany, holds in Synaxon AG, Bielefeld, Germany, fell below the threshold of 3 % on October 14, 2010, and currently amounts to 0% (in absolute terms: 0 voting rights).

- We were informed of the following in accordance with Article 21 (1) WpHG:
  The share of the voting rights that IPConcept Fund Management S.A. Luxembourg in Luxembourg held in Synaxon AG, Bielefeld, Germany, fell below the threshold of 3% on October 14, 2010 and amounts to 0.00% as of this day (this corresponds to 0 voting rights).

- We were informed of the following in accordance with Article 21 (1) WpHG:
  The share of voting rights that ARF Holding GmbH, Schloß Holte-Stukenbrock, Germany held in Synaxon AG exceeded the threshold of 50% and 75% on October 14, 2010 and amounted to 75.35% as of that date (which corresponds to 2,931,734 voting rights). Thereof, 9.06% (this corresponds to 352,500 votes), in accordance with Art. 22 (1) Clause 1 No. 1 WpHG, is to be apportioned through Synaxon AG.
  The share of voting rights that Mr. Bruno Fortmeier, Germany held in Synaxon AG, Bielefeld, Germany, exceeded the thresholds of 50% and 75% on October 14, 2010, and amounted to 75.35% as of that date (which corresponds to 2,931,734 voting rights). Thereof, 75.35% (this corresponds to 2,931,734 votes), in accordance with Art. 22 (1) Clause 1 No. 1 WpHG, is to be apportioned to him through ARF Holding GmbH and Synaxon AG.

- We were informed of the following in accordance with Article 21 (1) WpHG:
  The share of voting rights that ARF Holding GmbH, Schloß Holte-Stukenbrock, Germany held in Synaxon AG, Bielefeld, Germany, exceeded the threshold of 30% on August 10, 2010, and amounted to 38.87% as of that date (which corresponds to 1,512,546 votes).

  The share of voting rights that Mr. Bruno Fortmeier, Germany held in Synaxon AG, Bielefeld, Germany, exceeded the thresholds of 30% on Aug. 10, 2010, and amounted to 38.87% as of that date (which corresponds to 1,512,546 votes). Thereof, 38.87% is to be apportioned to him (this corresponds to 1,512,546 votes) through ARF Holding GmbH in accordance with Art. 22 (1) Clause 1 No. 1 WpHG.

The share of the voting rights that CornerstoneCapital AG, Frankfurt am Main, Germany held in Synaxon AG, Bielefeld, Germany, fell below the thresholds of 5% and 3% on Aug. 10, 2010 and now amounts to 0.00% (this corresponds to 0 votes).

The share of the voting rights that Deutsche Balaton Aktiengesellschaft, Heidelberg, Germany, held in Synaxon AG, Bielefeld, Germany, fell below the thresholds of 10% and 5% on Aug. 10, 2010, and currently amounts to 4.88% (190,000 votes).

The share of the voting rights that VV Beteiligungs AG, Heidelberg, Germany, held in Synaxon AG, Bielefeld, Germany, fell below the thresholds of 10 % and 5 % on Aug. 10, 2010, and currently amounts to 4.88% (190,000 votes). The aforementioned voting rights are allocated to VV Beteiligungen AG in full in accordance with Art. 22 (1) Cl. 1 No. 1 WpHG. The voting rights allocated in accordance with Art. 22 (1) Sent. 1 No. 1 WpHG are held by the following company that is controlled by VV Beteiligungen AG, whose share of the voting rights in Synaxon AG amounts to 3% or more:

-Deutsche Balaton Aktiengesellschaft

The share of the voting rights that DELPHI Unternehmensberatung AG, Heidelberg, Germany, held in Synaxon AG, Bielefeld, Germany, fell below the thresholds of 10 % and 5 % on Aug. 10, 2010, and currently amounts to 4.88% (190,000 votes). The aforementioned voting rights are allocated to DELPHI Unternehmensberatung AG in full in accordance with Art. 22 (1) Cl. 1 No. 1 WpHG. The voting rights allocated in accordance with Art. 22 (1) Sent. 1 No. 1 WpHG are held by the following companies that are controlled by DELPHI Unternehmensberatung AG (beginning with the lowest company), whose share of the voting rights in Synaxon AG amounts to 3% or more:

-Deutsche Balaton Aktiengesellschaft
- VV Beteiligungen AG

The share of the voting rights that Mr. Wilhelm Konrad Thomas Zours, Germany, held in Synaxon AG, Bielefeld, Germany, fell below the thresholds of 10 % and 5 % on Aug. 10, 2010, and currently amounts to 4.88% at this time (190,000 votes). The aforementioned voting rights are allocated to Mr. Wilhelm Konrad Thomas Zours in full in accordance with Art. 22 (1) Cl. 1 No. 1 WpHG. The voting rights allocated in accordance with Art. 22 (1) Sent. 1 No. 1 WpHG are held by the following companies that are controlled by it (beginning with the lowest company), whose share of the voting rights in Synaxon AG amounts to 3% or more:

-Deutsche Balaton Aktiengesellschaft
- VV Beteiligungen AG
- DELPHI Unternehmensberatung AG

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

9. Expenses for Auditor

MAZARS GmbH Wirtschaftsprüfungsgesellschaft was engaged as the auditor on June 25, 2010, at the general meeting. In 2010, the costs for the auditor are summarized as follows:

in k€	**Dec. 31, 2010**	**Dec. 31, 2009**
Audit of the Financial Statements	56	57
Other Services	-	15
Total	**56**	**72**

10. Corporate Governance Code

The Board of Directors and the Supervisory Board issued a declaration on the Corporate Governance Code pursuant to Art. 161 AktG for the 2010 fiscal year. This is posted on the company website www.synaxon.de as of February 15, 2011 and may be viewed there.
The information according to Article 15a WpHG (Directors' Dealings) can likewise be viewed on the homepage of Synaxon AG.

11. Post-Balance Sheet Events

There are no post-balance sheet events that must be reported.

12. Use of the Balance Sheet Profit of Synaxon AG

Against the backdrop of the investments, the administration of the general meeting recommended that the balance sheet profit of the parent company of the Group, Synaxon AG, be retained in full for the 2010 fiscal year. The general meeting will vote on the recommendation for the use of the profits on May 17, 2011.

13. Publication of Consolidated Financial Statements

The consolidated financial statements of the Group are published in electronic form in the Federal Gazette.

14. Responsibility Statement by the Board of Directors

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group review of operations includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group."

Synaxon AG, Bielefeld March 8, 2011

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

Consolidated Fixed Assets Schedule as of December 31, 2010

in €	Acquisition or Manufacturing Costs					Depreciation					Residual Book Value	
	Jan. 1, 2010	**Additions**	**Transfer**	**Disposals**	**Dec. 31, 2010**	**Jan. 1, 2010**	**Additions**	**Disposals**	**Impairments**	**Dec. 31, 2010**	**Dec. 31, 2010**	**Dec. 31, 2009 (in k€)**
Property, Plant and Equipment	**1,176,855.25**	**166,271.84**	**-**	**27,803.60**	**1,315,323.49**	**807,537.75**	**188,054.76**	**10.767,10**	-	**984,825.41**	**330,498.08**	**369**
Investment Property	**359,218.97**	**-**	**-**	**-**	**359,218.97**	**182,777.70**	**6,448.00**	**-**	**-**	**189,225.70**	**169,993.27**	**176**
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 Property Rights and Similar Rights	7,930,631.37	994,884.62	-	-	8,925,515.99	3,860,523.37	898,833.12	-	-	4,759,356.49	4,166,159.50	4,070
Software in Development	115,900.59	158,457.35	-	-	274,357.94	-	-	-	-	-	274,357.94	116
	16,704,814.84	**1,153,341.97**	**-**	**-**	**17,858,156.81**	**4,096,805.08**	**898,833.12**	**-**	**-**	**4,995,638.20**	**12,862,518.61**	**12,608**
Financial Assets												
Equity Investments	15,388.91	-	-	-	15,388.91	-	-	-	-	-	15,388.91	15
Shares in Associated Companies	470,715.12	13,546.68	-	19,506.60	464,755.20	249,970.62	-	-	-	249,970.62	214,784.58	221
	486,104.03	**13,546.68**	**-**	**19,506.60**	**480,144.11**	**249,970.62**	**-**	**-**	**-**	**249,970.62**	**230,173.49**	**236**
	18,726,993.09	**1,333,160.49**	**-**	**47,310.20**	**20,012,843.38**	**5,337,091.15**	**1,093,335.88**	**10,767.10**	**-**	**6,419,659.93**	**13,593,183.45**	**13,389**

Consolidated Fixed Assets Schedule as of December 31, 2009

in €	Acquisition or Manufacturing Costs					Depreciation					Residual Book Value	
	Jan. 1, 2009	Additions	Transfer	Disposals	Dec. 31, 2009	Jan. 1, 2009	Additions	Disposals	Impairments	Dec. 31, 2009	Dec. 31, 2009	Dec. 31, 2008 (in k€)
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 Property 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												
Equity Investments	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**	**230,000.00**	**5,337,091.15**	**13,389,901.94**	**13,204**

Company and Group Management Report of Synaxon AG for the 2010 Fiscal Year

1 Business and General Background

1.1 Growth of the Sector and Macroeconomic Situation

The German economy recovered from the most severe recession in the postwar era. After 2009 gross domestic product (GDP) fell by 4.7% in real terms according to the Federal Statistical Office, German economic output grew again by 3.6% in 2010. The sharpest rise in GDP since the reunification of Germany resulted in particular from the economic recovery in the spring and summer of the past year. The strongest stimulus for growth came from exports, capital expenditures due to the upgrade effects as well as public and private consumption.

Sales in retail also rose again after the financial and economic crisis. In 2010, individual retail companies sold 1.2% more than in 2009 in real terms according to the preliminary results of the Federal Statistical Office. In 2009, retail sales posted a decline of 3.1% in sales in real terms.

The number of employees increased year on year by an average of 0.5% to a new high of roughly 40.5 million. The unemployment rate, on the other hand, fell by 9.2% to 2.9 million people on the basis of preliminary estimates by the Federal Statistical Office. The inflation rate rose by an average of 1.1%. Consequently, consumer prices rose more sharply than in 2009 (2009: 0.4%), but remained relatively stable nonetheless.

1.2 IT Market in Germany

The sales figures for PCs in Germany continued to rise in 2010. Growth was primarily driven by clearance sales in the notebook segment (+9%). The number of sold desktop PCs decreased by 3%, according to the information of the Market Research Institute Gartner. In total, year on year, the number of sales rose by approximately 5%. The price level for notebooks and desktop PCs continued to fall in 2010, according to the information of the Federal Statistical Office. The decline in 2010 was significantly less, however, than in previous years, with a drop of 12 % (notebooks) and 10% (desktop PCs). In the middle of

the years 2006-2009, prices for notebooks and desktop PCs fell by over 22%. Surveys within the Synaxon Group showed that price increases were already taking hold in some article groups in 2010.
Sales of IT hardware rose by 14% in 2010 according to calculations of the Gesellschaft für Konsumforschung (GfK). While sales of desktop PCs rose by 24%, the sales of mobile computers climbed 5% according to information from the GfK.

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. Overall, Synaxon united 2,674 partner operations under all brands in Germany as of Dec. 31, 2010. At the end of 2008, the company completed its market launch in England and has been able to obtain 664 partners by the end of 2010.
As a result, 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 IT retail and the 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.

<u>Organization of the Purchasing Process in the Buying Group</u>

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 70 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 member exchanging experiences are only a few of the features that the system offers today. Currently, EGIS is a leading purchasing solution for independent IT retailers and the computer retailer area with roughly 4,000 users and 400,000 deliverable articles.

Since the end of 2009, Synaxon has supplemented the system of decentralized purchasing by a complementary central component. Synaxon partner businesses have been able to also purchase certain products directly from the company since then. Synaxon can offer additional price advantages through fixed purchase quantities that would not be possible to obtain in the decentralized purchasing to this extent.

At the B2B marketplace launched at the end of 2010 www.synmarket.de, the retailers connected to the buying group can now trade products among each other and market inventory overhangs of their own products in this way.

1.3.1 The Brands of the Synaxon Buying Group

Focus of the Brands

Today, the Synaxon Group offers its buying group services in the segments Franchise and Cooperations.

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. Under www.pcspezialist.de, Synaxon also operates a central online shop for end customers, which offers not only a wide range of products, but also decision support in the product selection with an expert community.

Cooperations

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 subject of 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 name *SYNAXON UK*. Besides the purchasing model known in Germany, EGIS provides English retailers primarily with services for operating online shops.

1.3.2 Change in Partner Totals

	Jan. 1, 2010	Disposal	Addition	Dec. 31, 2010
Franchise				
PC-SPEZIALIST	86	8	22	100
IT Cooperation				
MICROTREND	1,495	326	278	1,447
AKCENT	868	76	80	872
iTeam	263	42	34	255
	2,626	444	392	2,574
	2,712	**452**	**414**	**2,674**

In 2010, the total number of partners fell slightly due to a decline in MICROTREND and iTeam. On the other hand, the brand PC-SPEZIALIST continued its expansion that began in 2009 and was able to reach the 100 partner level again for the first time after a few difficult years. The number of AKCENT partners also rose slightly.

Activities Abroad

In England, the number of partners increased from 579 partners at the end of 2009 to 664 partners at the end of 2010. Besides providing the EGIS solution individualized for the English market and the connected purchasing advantages for the affiliated suppliers, the company offers marketing services for stationary retail and optimized online shop solutions for the IT product range.

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. In recent years, the company has systematically expanded its market position and consolidated it at a 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 enrich our decentralized business by adding a central component with its own retail sales revenue. By combining centralized and decentralized revenue, we see great growth potential for us and our partner companies, which increases the added value in the flow of goods. Furthermore, we are building a B2B marketplace for IT solutions, events and products at www.synmarket.de. Consequently, the purchasing platform for IT hardware, EGIS, has also received a retail platform for services and solutions in the IT environment.

2 Financial Report

2.1 Company's Performance in 2010

in k€	2010	Share in %	2009	Share in %	Change in Results +/-	Change in Results in %
Sales	23,291	100.0	14,460	100.0	8,831	61.1
Other Operating Income	461	2.0	693	4.8	-232	-33.5
Capitalized Own Performances	1,038	4.5	1,200	8.3	-162	-13.5
Total Performance	**24,790**	**106.4**	**16,353**	**113.1**	**8,437**	**51.6**
Cost of Materials	-12,307	-52.8	-4,245	-29.4	-8,062	189.9
Personnel Expenses	-6,713	-28.8	-6,441	-44.5	-272	4.2
Depreciation and Amortization	-1,093	-4.7	-1,171	-8.1	78	-6.7
Other Operating Expenses	-3,237	-13.9	-3,152	-21.8	-85	2.7
EBIT / Operating Earnings	**1,440**	**6.2**	**1,344**	**9.3**	**96**	**7.1**
Income from Financial Assets and Income from Associated Companies	55	0.2	72	0.5	-17	-23.6
Earnings before Taxes and Minority Interests	**1,495**	**6.4**	**1,416**	**9.8**	**79**	**5.6**
Taxes	-432	-1.9	-511	-3.5	79	-15.5
Income of Non-controlling Shareholders of Part-nerships	-8	0,0	-8	-0.1	0	0.0
Net Profit of the Group for the Year	**1,055**	**4.5**	**897**	**6.2**	**158**	**17.6**
Share of Earnings Represented by Non-controlling Shareholders	-12	0.1	-65	0.4	-53	-81.5
Share of Earnings Represented by Sharehold-ers of the Parent Company	1,067	4.6	962	6.7	105	10.9

2.2 Results of Operations

The Synaxon Group was able to exceed its own expectations in 2010. Against the backdrop of the required expenses for the expansion of the online retail business and the investments in software development, the planning foresaw operating earnings/EBIT of between k€ 200-300 for the fiscal year. The planning was then increased during the year to k€ 800-900. With actually generated operating earnings / EBIT of k€ 1,440 in the 2010 fiscal year, we were able to exceed even this amount. There was also an increase as compared to the previous year's amount of k€ 1,344.

The annual net profit of the Group amounted to k€ 1,055 (2009: k€ 897) and takes into consideration the losses from non-controlling shareholders of the subsidiaries for k€ 12 (2009: k€ 65) and the earnings share of the shareholders of Synaxon AG, amounting to k€ 1,067 (2009: k€ 962).

<u>Sales</u>

The Group's sales increased year on year in particular due to the increase in sales from the retail business to k€ 23,291 (2009: k€ 14,460).

In 2010, the Group generated centralized sales through its online retail activities with IT retail products of k€ 8,234 (2009: k€ 930).

<u>Other Operating Income</u>

Other operating income declined to k€ 461 (2009: k€ 693). In 2009, higher income was generated from agency agreements and the release of provisions.

<u>Capitalized Own Performances</u>

The capitalized own performances for software developed by the Group amounted to k€ 1,038 in the 2010 fiscal year and decreased slightly year on year (2009: k€ 1,200).

<u>Total Performance</u>

The Group's total operating performance at k€ 24,790 in 2010 was slightly above last year's level of k€ 16,353.

Cost of Materials

The cost of materials at the Synaxon Group rose from k€ 4,245 to k€ 12,307 in 2010 and consists of expenses for purchased products of k€ 12,105 and expenses for purchased services of k€ 202. The increase in the cost of materials results in particular from the increase in purchased goods for the central product business and the expansion of the logistics business (brokering of inexpensive package shipping conditions for partner businesses).

Personnel Expenses

The Group's personnel expenses rose primarily due to an increase in the (online) retail activities from k€ 6,441 in 2009 to k€ 6,713.

in k€	Average Number of Employees (not incl. Trainees)		Level at the End of the Year (not incl. Trainees)	
	2010	2009	Dec. 31, 2010	Dec. 31, 2009
Synaxon Group	**127**	**127**	**130**	**126**
Synaxon AG (Controlling Company)	116	115	120	117
Other Group Companies	11	12	10	9

In total, the Synaxon Group had an average of 127 employees in the 2010 fiscal year, not including members of the board, trainees, interns, contract students and assistants, as in 2009. Of these, an average of 7 employees (2009: 6 employees) were working abroad.

As of balance sheet date, 130 employees (2009: 126 employees) were working in the Group, not including members of the board, trainees, interns, contract students and aids, of which 120 employees (2009: 117) were working in the parent company and 10 employees (2009: 9) in the subsidiaries. As of Dec. 31, 2010, 8 employees were working abroad (2009: 4 employees).

The Group employed an average of 7 trainees (2009: 5 trainees), and there were 8 trainees as of balance sheet date (2009: 6 trainees).

Depreciation and Amortization

Depreciation and amortization in 2010 fell year on year by k€ 78 and amounted to k€ 1,093 (2009: k€ 1,171). In 2009, unscheduled amortization of k€ 230 was required due to the reduced recoverability of intangible assets (partner contracts of iTeam Systemhaus-kooperation GmbH & Co. KG). In 2009, the impairment was 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 annual review of intangible assets did not delivery any indication of a further reduction in their recoverability in 2010.

The depreciation rate of the Group (depreciation based on the capital assets without goodwill) sank to 21.1% (2009: 23.6%). The depreciation consists of depreciation of property, plant and equipment for k€ 194 (2009: k€ 189) and amortization of intangible assets of k€ 899 (2009: k€ 982). The scheduled amortization of intangible assets consists of the amortization of partner agreements for k€ 148 (2009: k€ 160), software produced by the Company for k€ 653 (2009: k€ 496), other software for k€ 40 (2009: k€ 35) and licenses for k€ 58 (2009: k€ 61).

Other Operating Expenses

Other operating expenses decreased slightly in 2010 by k€ 85 to k€ 3,237 (2009: k€ 3,152). Above all, the legal and consulting costs, advertising and travel costs and vehicle costs increased.

EBIT

Earnings before Interest and Taxes (EBIT) amounted to k€ 1,440 in 2010 (2009: k€ 1,344).

Financial Results and the Earnings of Associated Companies

in k€	**2010**	**2009**	**Change in Results**	
			+/-	**in %**
Interest Results	41	65	-24	-36.9
Earnings from Associated Companies	14	7	7	100.0
Financial Results and the Earnings of Associated Companies	**55**	**72**	**-17**	**-23.6**

The interest results fell to k€ 41 (2009: k€ 65). The earnings from associated companies rose to k€ 14 (2009: k€ 7).

Earnings Share of Non-Controlling Shareholders

The profit share of non-controlling shareholders of partnerships amounted to k€ 8 as in 2009, while the loss share of non-controlling shareholders was k€ 12 (2009: k€ 65).

Taxes

The tax expenses of the Group were reduced in 2010 to k€ 432 (2009: k€ 511). The book value of the tax rate (share of taxes on earnings before taxes and minority shares) amounted to 28.9% (2009: 36.1%).

2.3 Net Assets

in k€	2010	Share in %	2009	Share in %	Change +/-	Change in %
Assets						
Non-current Assets						
Fixed Assets	13,593	56.2	13,390	62.7	203	1.5
Tax Refund Claims	219	0.9	247	1.2	-28	-11.3
Deferred Taxes	180	0.7	333	1.6	-153	-45.9
Other Long-term Assets	58	0.2	64	0.3	-6	-9.4
	14,050	58.1	14,034	65.7	16	0.1
Current Assets						
Inventories	1,470	6.1	88	0.4	1,382	1,570.5
Trade Receivables from Customers	4,060	16.8	3,040	14.2	1,020	33.6
Other Assets	2,317	9.6	1,249	5.8	1,068	85.5
Liquid Funds	2,273	9.4	2,929	13.7	-656	-22.4
Securities	27	0.1	14	0.1	13	92.9
	10,147	41.9	7,320	34.3	2,827	38.6
	24,197	**100.0**	**21,354**	**100.0**	**2,843**	**13.3**
Equity and Liabilities						
Equity	17,403	71.9	16,341	76.5	1,062	6.5
Long-term Debt						
Deferred Taxes	1,928	8.0	1,915	9	13	0.7
Current Debt Capital						
Trade Payables	2,418	10.0	878	4.1	1,540	175.4
Provisions	263	1.1	266	1.2	-3	-1.1
Tax Liabilities	54	0.2	34	0.2	20	58.8
Other Liabilities	2,131	8.8	1,920	9	211	11.0
	4,866	20.1	3,098	14.5	1,768	57.1
	24,197	**100.0**	**21,354**	**100.0**	**2,843**	**13.3**

The Group's total assets and liabilities as of Dec. 31, 2010 increased year on year by k€ 2,843 to k€ 24,197 (2009: k€ 21,354). Inventories rose to k€ 1,470 as a result of more intensive central retail business (2009: k€ 88). The Group's equity rose to k€ 17,403 (2009: k€ 16,341). On the other hand, the equity ratio fell to 71.9% (2009: 76.5%) on account of an increase in the balance sheet total.
The inventory of trade receivables amounted to k€ 4,060 as of Dec. 31, 2010 (2009: k€ 3,040). On the other hand, trade payables amounted to k€ 2,418 (2009: k€ 878).

2.4 Financial Position

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

in k€	2010	2009
EBIT	**1,440**	**1,344**
Cash Flow from Operating Activities	632	1,941
Cash Flow from Investing Activities	-1,288	-1,343
Cash Flow from Financing Activities	-	-708
Change in Liquidity	**-656**	**-110**
Cash and Cash Equivalents at the Beginning of the Period	2,929	3,039
Cash and Cash Equivalents at the End of the Period	**2,273**	**2,929**

Cash and cash equivalents at the end of the fiscal year decreased by k€ 656 to k€ 2,273 (2009: k€ 2,929).
The company did not distribute any dividend in the 2010 fiscal year. In 2009, a dividend of k€ 708 was paid for the 2008 fiscal year.

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 k€	**2010**	**Share in %**	**2009**	**Share in %**
Creation of the Added Value				
Company Performance (Sale Revenue + Profits + Own Performance + Interest)	24,833	100.0	16,418	100
./. Intermediate Input (Materials)	-12,307	-49.6	-4,245	25.9
./. Intermediate Input (Other)	-3,237	-13.0	-3,152	19.2
./. Depreciation	-1,093	-4.4	-1,171	7.1
Net Value Added	**8,196**	**33.0**	**7,850**	**47.8**
Distribution of the Added Value				
Employees (Personnel Expenditures)	6,713	81.9	6,441	82.1
Public Authority (Taxes)	432	5.3	511	6.5
Lenders (Interests)	2	0.0	0	-
Profit Share from Non-Controlling Shareholders + Earnings from Associated Companies	-18	-0.2	-64	-0.8
Companies and Shareholders	1,067	13.0	962	12.3
Net Value Added	**8,196**	**100.0**	**7,850**	**100.0**

The value added ratio of the Synaxon Group amounted to 33.0% in 2010 (2009: 47.8%). The net value added amounted to k€ 8,196 (2009: k€ 7,850). The share of the new value added represented by the company and the shareholders amounted to 13.0% (2009: 12.3%). The public sector had a share of 5.3% (2009: 6.5%).

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 k€	2010	Share in %	2009	Share in %	Change in Results	
					+/-	in %
Sales	7,225	100.0	7,321	100.0	-96	-1.3
Other Operating Income	954	13.2	1,597	21.8	-643	-40.3
Total Performance	**8,179**	**113.2**	**8,918**	**121.8**	**-739**	**-8.3**
Cost of Materials	-955	-13,2	-1,157	-15.8	202	-17.5
Personnel Expenses	-6,147	-85.1	-5,882	-80.3	-265	4.5
Depreciation	-263	-3.6	-251	-3.4	-12	4.8
Other Operating Expenses (incl. Other Taxes)	-2,563	-35.5	-2,557	-34.9	-6	0.2
EBIT / Operational Earnings	**-1,749**	**-24.2**	**-929**	**-12.7**	**-820**	**88.3**
Financial and Equity Investment Earnings	4,665	64.6	1,812	24.8	2,853	157.5
Earnings before Taxes	**2,916**	**40.4**	**883**	**12.1**	**2,033**	**230.2**
Income Taxes	-117	-1.6	-	-	n.a.	n.a.
Net Profit for the Year	**2,799**	**38.7**	**883**	**12.1**	**1,916**	**217.0**

The net profit of Synaxon AG (individual company) rose by k€ 1,916 to k€ 2,799 in the fiscal year (2009: k€ 883). In 2010 the company concluded profit and loss transfer agreements with AKCENT Computerpartner Deutschland AG and iTeam GmbH. The profits generated in these companies are directly considered in the income of the parent company and are also included in the finance and investment income.

Sales

Sales at Synaxon AG (individual company) declined in 2010 primarily due to a drop in the number of MICROTREND partners and a drop in income from manufacturer funds by k€ 96 to k€ 7,225 (2009: k€ 7,321).

Other Operating Income

The company’s other operating income fell by k€ 643 to k€ 954 in the 2010 fiscal year (2009: k€ 1,597). The reason for this decline was primarily lower income from the rendering of services for the agency agreements with subsidiaries and external companies.

Expenses

The material expenses in 2010 fell by k€ 202 due to lower expenses for advertising media and amounted to k€ 955 (2009: k€ 1,157). Personnel expenses at Synaxon AG (individual company) increased in the past fiscal year and rose by k€ 265 to k€ 6,147. The personnel cost intensity (personnel costs in proportion to sales revenue) rose to 85.1% in 2010 (2009: 80.3%). Besides the hiring of personnel for the (online) retail business, there was an increase in expenses from rising salaries. On average, Synaxon AG (individual company) employed, not including members of the board, 116 salaried staff and 7 trainees in the past fiscal year (2009: 115 employees and 5 trainees). As of Dec. 31, 2010, not including members of the board, there were 120 employees and 8 trainees (Dec. 31, 2009: 117 employees and 6 trainees) at Synaxon AG (individual company).
The other operating expenses of the company in the reporting period were k€ 2,563 and remained at the level from 2009 (2009: k€ 2,557).

Financial and Equity Investment Income

The financial and equity investment income rose by k€ 2,853 to k€ 4,665 (2009: k€ 1,812).

in k€	**2010**	**2009**	**Change in Results**	
			+/-	**in %**

Interest Result	56	31	25	80.7
Amortization of Securities	-	-141	141	n.a.
Equity Investment Income	4,609	1,922	2,687	139.8
Financial and Equity Investment Income	**4,665**	**1,812**	**2,853**	**61.2**

The interest result increased to k€ 56 (2009: k€ 31) in particular due to the lower interest expenses for the subsidiaries.

The equity investment income rose by k€ 2,687 to k€ 4,609 (2009: k€ 1,922). The increase is due to the conclusion of profit and loss transfer agreements between Synaxon AG and AKCENT Computerpartner Deutschland AG as well as iTeam GmbH in 2010. Besides the regular distribution of the earnings of the subsidiaries from 2009, the earnings of these subsidiaries from 2010 were also considered in the operating earnings of Synaxon AG for 2010.

The major equity investments of Synaxon AG (individual company) ended the 2010 fiscal year as follows:

in k€	Income from Ordinary Operating Activities (before Taxes)		Change in Results	
	2010	2009	+/-	in %
iTeam Systemhauskooperation GmbH & Co. KG	1,082	807	275	34.1
AKCENT Computerpartner Deutschland AG	2,175	1,677	498	29.7

Taxes

The conclusion of the profit and loss transfer agreements of Synaxon AG and its subsidiaries iTeam GmbH and AKCENT Computerpartner Deutschland AG in 2010 results in a taxation of the income of these companies within Synaxon AG. The income taxes consequently rose to k€ 117 (2009: k€ 0).

In the 2009 fiscal year, Synaxon AG did not incur any taxes on account of a negative taxable income.

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

Net Assets

in k€	2010	Share in %	2009	Share in %	Change in Results	
					+/-	in %
Assets						
Fixed Assets	12,609	65.6	12,610	65.6	-1	0.0
Current Assets						
Trade Receivables	1,806	9.4	2,134	11.1	-328	-15.4
Receivables from Affiliated Companies	3,465	18.0	1,490	7.8	1,975	132.6
Securities	27	0.1	1,286	6.7	-1,259	-97.9
Liquid Funds	393	2.0	512	2.7	-119	-23.2
Other Assets	924	4.8	1,188	6.2	-264	-22.2
	6,615	34.4	6,610	34.4	5	0.1
	19,224	**100.0**	**19,220**	**100.0**	**4**	**0.0**
Equity and Liabilities						
Equity	17,035	88.6	15,509	80.7	1,526	9.8
Debt (current)						
Provisions	1,233	6.4	974	5.1	259	26.6
Trade Payables	507	2.6	522	2.7	-15	-2.9
Liabilities to Affiliated Companies	106	0.6	1,679	8.7	-1,573	-93.7
Other Liabilities	343	1.8	536	2.8	-193	-36.0
	2,189	11.4	3,711	19.3	-1,522	-41.0
	19,224	**100.0**	**19,220**	**100**	**4**	**0.0**

The total assets and liabilities of Synaxon AG (individual company) remained almost the same at k€ 19,224 as compared to 2009 (k€ 19,220). The assets were also at the same level of k€ 12,609 (2009: k€ 12,610). Current assets rose slightly to k€ 6,615 (2009: k€ 6,610). Equity rose to k€ 17,035 (2009: k€ 15,509) on account of the increase in the net profit for the year. The equity ratio increased to 88.6% as of Dec. 31, 2010 (2009: 80.7%).

At the end of the 2010 fiscal year, the company disclosed trade receivables of k€ 1,806 (2009: k€ 2,134) and trade payables of k€ 507 (2009: k€ 522).

Financial Position

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

in k€	2010	2009	Change in Results	
			+/-	in %
Net Profit for the Year	**2,799**	**883**	**1,916**	**217.0**
Cash Flow from Operating Activities	139	432	-293	-67.8
Cash Flow from Investment Activities	-258	-156	-102	65.4
Cash Flow from Financing Activities	-	-708	708	n.a.
Decrease in Cash and Cash Equivalents	**-119**	**-432**	**313**	**-72.5**
Cash and Cash Equivalents as of Jan. 1	512	944	-432	-45.8
Cash and Cash Equivalents as of Dec. 31	**393**	**512**	**-119**	**-23.2**

Cash and cash equivalents decreased year on year by k€ 119 to k€ 393. In the reporting period, the company did not distribute any dividend, while a dividend payment of k€ 708 was made in the 2009 reporting period 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.

SYNMARKET

At the end of 2010, the purchasing platform EGIS received a B2B marketplace for IT events, solutions and products, which is called SYNMARKET. The platform links the Synaxon partner businesses to each other. The platform not only facilitates the presentation of individual competencies, but also enables partners today to search for sales partners and the sale of individual solutions and products as well as the joint organization of seminars. Furthermore, the ease with which the platform is found in relevant internet search engines makes the solutions of the partner businesses prominently placed in the search engines.

BPM

Synaxon runs its buying group business via its own developed software solution BPM (Business Partner Management). BPM is specially focused on the corporate processes of Synaxon and enables us to meet the diverse requirements of our partner businesses, suppliers and manufacturers individually and cost efficiently. Consequently, BPM offers us significant advantages over standard market CRM solutions (customer relationship management).

We view our software solutions as an essential factor in positively differentiating Synaxon from buying group competitors. Our experiences from almost 20 years in the buying group business have flowed into the solutions. This is a guarantee for the fact that the software is properly designed for the needs of our buying group and thus the typical limitations that usually come with standard solutions are not relevant.

E-commerce / Online Retail

In the expansion of our E-commerce activities at www.pcspezialist.de, we are pursuing a long-term development and expansion plan. We are firmly of the opinion that the low-margin online business environment only lets providers maintain their position over the long term if they do not search for growth at any price, but rather constantly address how they can create added value for the customer. We were one of the first to introduce customer consulting and a customer approach in IT online retail. In the meantime, the large online pure players have also discovered this idea for themselves and offer shop visitors similar operations. We do not operate any independent logistics for our online goods business, but rather rely on various service providers for this. The enables us to control the online business in a very flexible way with few fixed costs for storage and logistics. In the area of the shop software, we use open source solution Magento, which we adapted to our individual requirements and wishes with our own developments and the help of specialized service providers. This individuality comes with slower development speed, but at the same time we see it as an important requirement to offer the online customer a buying experience that differs from the standard internet shop.

We observed that the large online shops are increasingly beginning to build a wide-spread presence in stationary retail. The resulting hybridization of IT retail in an online and stationary component will define the market in the near future in our opinion. While we entered the online business relatively late, we possess a head start of over 20 years on new market participants regarding experience in stationary retail. The step to stationary retail is connected with high investments. Over the medium- and long term, consequently, we also see against the backdrop of low margins only potential for success among providers that have both sufficient capital coverage and high innovation potential. To this extent, we anticipate a consolidation of the online retail business which is currently defined by a few large market participants and increasingly small providers.

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

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 the (Group) management report in accordance with Art. 289 (5) and Art. 315 (2) No. 5 HGB as introduced with the German 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.

The internal control system is primarily distinguished by the following features:

- 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 accounting department relies on standard software that is protected against unauthorized access for the preparation of the individual financial statements and the consolidated financial statements.
- There is a complete set of rules for accounting-relevant processes (e.g. payment guidelines, travel cost guidelines, etc.), which are monitored and continually updated.
- The departments and areas involved in the accounting process have employees that possess the appropriate professional qualifications.
- 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.

The main features of the risk management system at Synaxon AG are:

- 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 entered, 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) Cl. 4 and (4) HGB, Art. 289 (2) Cl. 4 to Cl. 5 and (4) HGB)

Remuneration of the Board of Directors

Synaxon AG has set up an appropriate remuneration system that is in accordance with its size and the respective areas of responsibilities for its boards.

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 current employment contracts with board members were concluded in 2010 in compliance with the requirements of the Law on the Appropriateness of Executive Remuneration dated July 31, 2009 (VorstAG).

The remuneration system is oriented on Art. 87 AktG according to which the entire remuneration of an individual board member must be in appropriate relation to his responsibilities and the position of the company. Furthermore, the total remuneration of the Board of Directors includes various components. It is divided into a fixed and a variable component. The fixed component is paid out to members of the board at the end of the month. The variable component is focused on the goal of a sustained development of the company. The variable remuneration is oriented on the parameters of the earnings before taxes (EBT) and the sales of the Synaxon Group and includes a short-term and a long-term component. The amount of the variable remuneration is determined after approval of the consolidated financial statements by the Supervisory Board. 75% of the variable remuneration for the fiscal year is due at this time and paid out to the members of the Board of Directors. The other 25% is placed in a so-called bonus bank as a long-term component. The bonus bank is a virtual account that does not bear interest and serves to ensure the sustained development of the company. The amounts placed in the bonus bank can be paid out to members of the board after the approval of the consolidated financial statements for the 2013 fiscal year. If the EBT of the Synaxon Group are negative in the 2013 fiscal year, then there will be no payout and the amount placed in the bonus bank expires without compensation.

Furthermore, the ancillary services that include remuneration in kind primarily consist of a company car, insurance for death (risk life insurance) and incapacitation as well as a directors & officers insurance. The members of the board also receive subsidies for health insurance. The directors and officers insurance includes a deductible of 10% for each individual case of damage, whereby the deductible is limited to an amount of one and a half times the fixed annual remuneration of the board member.

There are no pension promises or vested benefits for members of the Board of Directors.

The existing contracts for board members do not contain any settlement promises in the event of premature termination of the employment relationship. The same applies in the event of regular termination of the employment relationship.

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 k€	Fixed Remuneration		Remuneration in Kind		Success-Related Share		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Frank Roebers	210	210	28	28	75	37	313	275
Andreas Wenninger	175	172	24	30	75	37	274	239
Mark Schröder	150	144	22	21	75	37	247	202
Total	**535**	**526**	**74**	**79**	**225**	**111**	**834**	**716**

The success-related component in 2010 consists of the short-term components of k€ 169 owed after the approval of the financial statements (corresponds to 75% of the success-related share) and the long-term components of k€ 56 (corresponds to 25% of the success-related share). The long-term share is initially placed in a bonus bank and can only be paid out after the 2013 financial statements.

In 2010, no credit or advanced payments were made on the remuneration of the Board of the Directors. No member of the Board of Directors received services or promises from third parties for his activity as a board member.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is divided into an annual basic remuneration of k€ 10 as well as meeting funds of k€ 2. The Chairman of the Supervisory Board receives double the amount and his deputy one and a half times the amount. There are no success-oriented components.

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 2010 fiscal year is provided for each individual in the following table:

in k€	Base Remuneration		Meeting Funds		Total	
	2010	2009	2010	2009	2010	2009
Dr. Günter Lewald	20	20	28	28	48	48
Stefan Kaczmarek	15	15	21	21	36	36
Frank Bender	10	10	14	14	24	24
Total	**45**	**45**	**63**	**63**	**108**	**108**

In the 2010 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 a total of k€ 81 (2009: k€ 176) and correspond to the usual market conditions for external third parties.
Furthermore, the Group used the services of bplusd agency group for the marketing and the execution of an event for the first time in 2010. The Chairman of the Supervisory Board, Dr. Günter Lewald, is the spokesperson of this agency group. The expenses of k€ 19 correspond to the standard market conditions among third parties.

Composition of Subscribed Capital
The company has share capital of EUR 3,891,000, which is divided into 3,891,000 no-par value bearer shares. Different 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 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 treasury shares are not entitled to voting rights and dividends in accordance with Article 71B AktG. As of Dec. 31, 2010, 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%

ARF Holding GmbH, Schloß Holte-Stukenbrock, Germany, holds 75.35% of the shares in Synaxon AG (this corresponds to 2,931,734 voting rights) according to the knowledge of the Board of Directors. Thereof, 9.06 % (this corresponds to 352,500 votes), in accordance with Art. 22 (1) Clause 1 No. 1 WpHG, is to be assigned to it by Synaxon AG.

Mr. Bruno Fortmeier, Germany, holds a voting right share of 75.35% in Synaxon AG (this corresponds to 2,931,734 voting rights) according to the knowledge of the Board of Directors. Thereof, 75.35 % (this corresponds to 2,931,734 votes), in accordance with Art. 22 (1) Clause 1 No. 1 WpHG, is to be assigned to him through ARF Holding GmbH and Synaxon AG.

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

There was no authorization of the Board of Directors to purchase treasury shares pursuant to Art. 71 (1) Cl. 8 AktG.

The 2008 general meeting passed a resolution on the new authorization of the Board of Directors for the capital increase from approved capital in addition to the amendment of the articles of association.

The Board of Directors is authorized, with the approval of the Supervisory Board, to increase the share capital of the company by a total of € 1,945,500.00 (in words: one million nine hundred and forty-five thousand five hundred) by issuing new shares for cash or contributions in kind one or more times (authorized capital) and to set a new start date for the profit sharing by Jun. 11, 2013. The shareholders are to be granted a subscription right.

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 € 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),

(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 reach any significant agreements that related to the change in control that took place in 2010 due to the takeover offer by ARF Holding GmbH, nor were there fundamental agreements for possible future changes in control as a result of takeover offers.

There were also no compensation agreements between Synaxon AG and the members of the Board of Directors or employees for the takeover offer of ARF Holding GmbH, nor do these exist for possible future takeovers.

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

6 Declaration on Corporate Governance

The declaration of corporate guidance pursuant to Art. 289 a HGB includes the Declaration of Compliance pursuant to Art. 161 AktG. Disclosures on the company's management practices and the description of the approach by the Board of Directors and Supervisory Board. 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, the company is also 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 central 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.

The potential risks from the financial crisis, which were reported in the management report for the 2009 fiscal year, are no longer present in this form at the present time. Nonetheless, we continue to see financing risks for the IT retail sector. The insolvency ratio remains high in the IT market. This is due to the fact that the insurers of trade credit continue to act hesitantly with regard to the granting of credit. A decline in maximum trade credit across the spectrum as well as the significant increase in the number of bankruptcies among Synaxon partner companies could have a sustained negative impact on the earnings of the Synaxon Group.

For the Synaxon Group we do not see any direct refinancing risks in the current situation on account of its capital structure and high equity capital ratio.

7.1.2 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. EGIS links the partners of the buying group with the contractual suppliers and manufacturers. 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 logistics business, almost entirely via EGIS. Hence, in particular, this results in high demands on system availability and data security as well as keeping the data 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.

7.1.3 Risks in the Legal Area

Lawsuit by Franchisees at Dortmund County Court / Appeal at the Dusseldorf Higher Regional Court

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.

On August 19, 2010, partial rulings on the claims to information were handed down and the company was instructed in accordance with the ruling to provide information to the plaintiffs with regard to the purchasing advantages, rebates and commissions that manufacturers and suppliers granted to the company. The rulings are executable in the interim against monetary security. In the meantime, the company has appealed the rulings, and the legal dispute will not be continued at the Dusseldorf Higher Regional Court. A decision on the second step (compensation claims / payments) cannot be made before the completion of the appeal process. The date of the oral negotiations was set to Mar. 9, 2011.

7.1.4 Risks in the Personnel Area

The competition for highly qualified experts and executives in the IT industry remains high as before. Against the backdrop of the economic recovery, a lower unemployment rate and a large number of posted jobs, the situation on the labor market, particularly in the IT area, has become more intense from an employer's point of view.

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. 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.

7.1.5 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. Overall, the market risks have fallen due to an improvement in the state of the British economy as compared to 2009. Consequently, for example, the International Monetary Fund views the British economy on the way to an improvement and welcomes the government's plan to reduce the deficit.

7.1.6 Risks on account of the Takeover Offer

As already illustrated in the joint statement by the Board of Directors and the Supervisory Board on the public obligatory offer by ARF Holding GmbH, the Synaxon Group possesses a total of just under € 3.8 million in corporate tax and commercial tax carry-forward losses as of Dec. 31, 2009.

On the consolidated balance sheet as of Dec. 31, 2009, deferred tax assets for carry-over losses of k€ 326 were capitalized, which could cease to apply in full in an extreme case on account of the statutory regulation on the deduction of losses pursuant to Art. 8c KStG.

Since the damaging investment acquisition occurred after Dec. 31, 2009, the corporate tax and commercial tax carry-over losses may also be deducted in the future, in deviation from this regulation, if they do not exceed the proportionate or total hidden reserves of Synaxon AG that were present at the time of the damaging investment acquisition (so-called silent reserve clause). In this connection, the tax consultants make reference to the fact that the newly introduced and now already amended regulation is unspecific in parts and consequently in need of interpretation. According to the information we have, the finance administration intends to adopt a position with regard to the interpretation questions and issues in doubt in an application letter. The date of publication for this letter is not currently known.

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 the issuing of the summarized management report.

8 Dependent Company Report

The Board of Directors at Synaxon AG presented a dependent company report to the Supervisory Board in accordance with Art. 312 (1) AktG. It closes with the following explanation:
"We declare pursuant to Art. 312 (3) AktG that the legal transactions and measures, subject to the reporting obligation, between ARF Holding GmbH / Mr. Bruno Fortmeier as controlling company and Synaxon AG as an independent company were not provided."

9 Post-balance Sheet Events

There were no events that must be reported.

10 Report on Prospects

General Economic Environment

After the recovery from the recession and the 3.6% growth of the German economy in 2010, leading economists anticipate a slower continuation of the recovery in 2011. For 2011, the federal government sees gross domestic product (GDP) expanding by 2.3% and a further increase of 1.8% in 2012. On the basis of the current indicators, the economic recovery in Germany continues to be strong. The business climate index at the ifo institute for economic research improved in February 2011 for the ninth time in a row. The surveyed companies continued to assess both the current business environment and the anticipated course of business as more positive than in the preceding months.

The recovery will continue to be supported by the improving condition of the labor market. The number of employees will rise by approximately 0.7% to 40.8 million people on average in 2011, according to the estimates of the federal government.

Experts see risks for the export-oriented Germany economy in particular from the slow global recovery. The crisis-related recovery process and government stimulus continue to decrease. The high debt levels of numerous countries also requires the consolidation of the private and public sector.

IT Market

The German ITC market (ITC: information technology and communication) will expand by 2% in 2011 and also continue its growth in 2012 according to the estimates of the industry association BITKOM. According to BITKOM forecasts, sales of information technology (IT hardware, software, IT services) will increase by 4.3% in Germany in 2011. The sharpest growth will be seen in hardware products. Over 80% of the companies anticipate a rise in sales in 2011 as a result of the economic recovery. Both the IT investments of the economy and the demand of private consumers will continue to increase according to the opinion of BITKOM.

Prospects for Synaxon

We will continue our strategy in 2011 and expand the online retail / central product business with our partners. After we generated sales of just under € 8.5 million in this segment in the 2010 fiscal year, we see the potential for a doubling of sales in this area in 2011 in the event of a good performance. At a minimum, the product business should grow to € 13

million. For our service business with the buying group partners, we view a rise in sales of approx. € 1 million to just under € 15 million for achievable. In total, against this backdrop, we anticipate sales in the Synaxon Group at a level of over € 30 million.
Our forecast assumes a fundamentally stable price level for IT products. Should prices fall significantly in 2011, it remains to be seen whether this can be compensated by the anticipated higher sales quantities.
We plan to expand capital expenditures in our growth areas in 2011. We would like to use the positive performance in the 2010 fiscal year to get ahead more quickly in the areas of growth. We are also ready to accept significant setbacks in earnings year on year if that means gaining medium-term advantages. Above all, the central product business will continue to have a negative impact on account of the disproportionate personnel expense in relation to the sales in the expansion phase and the high infrastructure expenses in 2011. As a result, we anticipate a negative effect on earnings of approx. € 1.1 million.

In the area of software development / IT, we want to hire more personnel to expand our purchasing platform EGIS, our new B2B marketplace SYNMARKET and the online shop under the brand PC-SPEZIALIST by adding a new performance module. From these measures, we anticipate an increase of approx. € 0.3 million in expenses year on year, and approx. € 0.1 million will be capitalized as development performance pursuant to IFRS criteria, according to our estimates. In total, the development performance in 2011 will be approx. € 1.1 million.

In total, we anticipate on the basis of this basic data that the operating earnings / earnings before interest and taxes of the Synaxon Group for the 2011 fiscal year will be at least € 0.6 million. With this budget, we remain within the scope of the forecast that we provided in the 2009 management report for the 2011 fiscal year. As in the previous year, we will also take advantage of opportunities in 2011 to exceed this amount. A positive impact on the company's earnings could primarily come from a positive development of the EBIT margin or the not-complete use of the target investment framework as compared to the budget.

For 2012, we anticipate an ongoing improvement in the sales of the Group, which should range between at least € 35-40 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.

The sales of Synaxon AG (individual company) will be between € 7.1 and 7.6 million in 2011, with earnings before taxes of at least € 0.5 million. In 2012, sales will lie on the same level with a slight increase in earnings.

Synaxon has a solid capital structure and a high equity ratio. These general conditions are a good and an important prerequisite for the further expansion of the product business. We also want to cover the announced capital expenditures in the operating business from our own funds in 2011. Against this backdrop, as in the previous year, the administration of the general meeting will recommend that the balance sheet profit of Synaxon AG for the 2010 fiscal year be retained in full. The general meeting will vote on the recommendation for the use of the profits on May 17, 2011.

Bielefeld, March 7, 2011

The Board of Directors

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

AUDITOR'S OPINION

We have audited the consolidated financial statements of Synaxon AG, Bielefeld, comprising consolidated balance sheet, consolidated statement of income and accumulated earn, consolidated statement of changes in equity, consolidated cash flow statement and notes, as well as the summarized group management report, which is connected to the management report, for the financial year from January 1 to December 31 2010. The declaration on corporate governance included in the summarized group management report has not been subject of our audit procedures.

The preparation of the consolidated financial statements and the summarized group management report according to IFRS, as adopted by the EU, and the complementary commercial law regulations to be applied in accordance with Article 315a Paragraph 1 German Commercial Code (HGB) is the responsibility of the Board of Directors of the company. Our responsibility is to express an opinion on the consolidated financial statements and the summarized group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland ("IDW"). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with German principles of proper accounting and in the summarized group management report are detected with reasonable assurance.

Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the consolidated financial statements and the summarized group management report are examined primarily on a test basis within the framework of the audit.

The audit includes an assessment of the annual financial statements of the companies included in the consolidated financial statements, the determination of the composition of the consolidated group, the accounting and consolidation principles used and significant estimates made by the Company's Board of Directors, as well as an assessment of the overall presentation of the consolidated financial statements and the summarized group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the results of our audit, the consolidated financial statements are in compliance with the IFRS, as adopted by the EU, and the complementary commercial regulations in accordance with Article 315a Section 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group.

The summarized management report agrees with the consolidated financial statements and provides a true and fair view of the Group and the opportunities and risks of future development.

Bielefeld, March 8, 2011

MAZARS GmbH
Wirtschaftsprüfungsgesellschaft

Dzulko Auditor	Peters 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.