

Interim Report per 30.06.2003

Positive business trend in the first half of 2003:

Profit estimate per share for the year as a whole is raised from EUR 0.16 to EUR 0.20

Sales of EUR 7.6 million

[+16.4 % growth compared with the first half of 2002]

EBIT of KEUR 382

[KEUR -1.349 in the first half of 2002]

Net income of KEUR 1,332

(KEUR -742 in H1-2002)

EUR 0.11 earnings per share (EPS)

(EUR -0.06 in H1-2002)

Liquid assets upped by
EUR 2.0 million to EUR 60.3 million

(equivalent to EUR 5.03 per share)

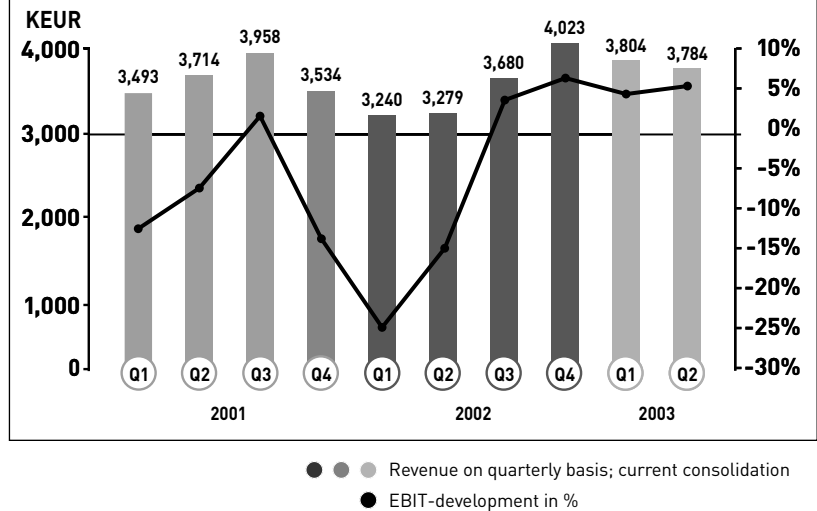
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**«To create value for Europe's leading organisations by connecting their people,
customers and systems in smarter ways using Internet-related technologies.»**

syzygy AG.

Assets in KEUR	2nd Quarter		Δ Prev. Yr.	January – June		Δ Prev. Yr.
	2003	2002		2003	2002	
Sales	3,784	3,279	15.4 %	7,588	6,519	16.4 %
EBITDA	369	-174	k. A.	712	-1,016	k. A.
EBIT	202	-335	k. A.	382	-1,349	k. A.
Net income for the period	682	-344	k. A.	1,332	-742	k. A.
EBITDA-Margin	9.8 %	-5.3 %	15.1 pp	9.4 %	-15.6 %	25.0 pp
EBIT-Margin	5.3 %	-10.2 %	15.5 pp	5.0 %	-20.7 %	25.7 pp
Earnings per share (in EUR)	0.06	-0.03	k. A.	0.11	-0.06	k. A.
Number of employees (end of June)	124	113	9.5 %	124	113	9.5 %
Revenue per employee (annual average)	122	116	5.2 %	122	116	5.2 %
Liquid funds and securities	60,331	53,449	12.9 %	60,331	53,449	12.9 %
Cash Flow from operating activities	328	-566	k. A.	1,511	-484	k. A.

EBIT- and Sales-development (2001-2003) on quarterly basis



Increase in Sales.

The company succeeded in upping its sales by 16.4 % compared with the first half of the previous year and was thus able to build upon the positive development experienced in the first quarter of 2003.

However, exchange rate fluctuations continued to have a negative effect on the sales trend. The British pound depreciated by approx. 10 % against the euro during this period, resulting in a drop in sales of some EUR 380,000 compared to the value for the same period in the previous year. If exchange rates had remained stable, this would have lead to half-year turnover of EUR 8.0 million, which would have been equivalent to a growth of 22 %.

The ten largest customers accounted for 91 % of the overall sales of the syzygy group. Besides implementing projects with a number of new customers, the group succeeded in expanding business with its existing clientele. All in all, it was this development that secured the encouraging sales trend experienced in the first half of 2003.

Sales per employee on an annual basis amounted to some EUR 122,000 at the end of the first half of 2003, which amounts to a 5.2 % rise on the same period in the previous year (EUR 116,000).

Segment Reporting

The German division accounted for 48 % of total sales (47 % in the first half-year of the previous year), meaning that 52 % (53 % in the first half of 2002) can be ascribed to the UK division.

syzygy Deutschland GmbH

It was able to continue the positive sales trend of the first quarter of 2003, sales rising by 19.9 % to EUR 3.7 million compared to the first half of 2002. The EBIT margin on a half-yearly basis stood at 12.8 %.

Increase in Sales.

syzygy UK Ltd.

Once again, the UK subsidiary was also able to report a very encouraging development during the second quarter and thus also in the half-year under review. Sales increased by 14.3 % compared with the same period in the previous year to EUR 3.9 million. The EBIT margin on a half-yearly basis currently stands at 12.2%.

syzygy Holding

syzygy AG again succeeded in reducing costs in both the current quarter and on a half-yearly basis. In addition to

cost savings on external service providers, it was also possible to lower HR and materials costs during the half-year under review.

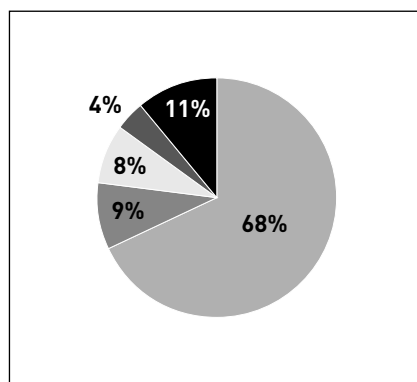
syzygy AG acts as a service company for the subsidiaries in the field of business strategy, controlling, accounting, IR&PR as well as HR.

Profit Performance.

The operating profit (EBIT) for the first half of 2003 currently stands at EUR 382,000 and is therefore well above the results for the same period last year (EUR1,349,000).

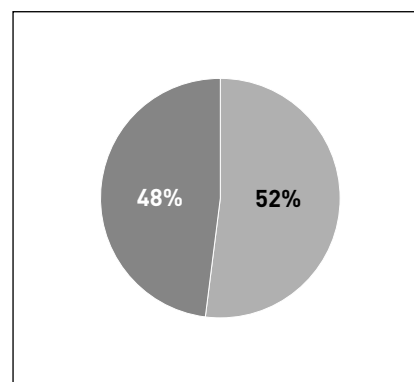
We are pleased to note that, despite the continuing price pressure, we have been able to maintain the gross margin. The main reasons for this are enhanced efficiency when it comes to handling projects and improved resource planning.

Sales allocation by vertical market H1-2003



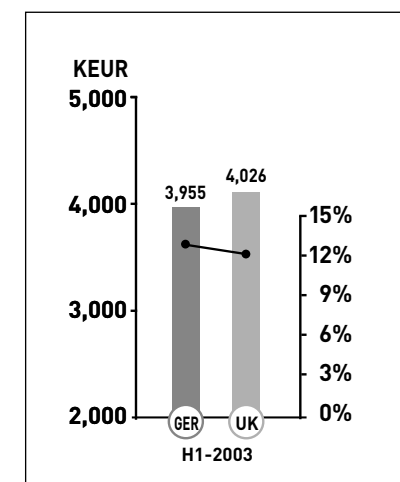
Automobile	68%
Financial services	9%
Telecommunications	8%
Retail	4%
Others	11%

Sales allocation by country H1-2003



United Kingdom	52%
Germany	48%

Sales, EBIT-margin by region



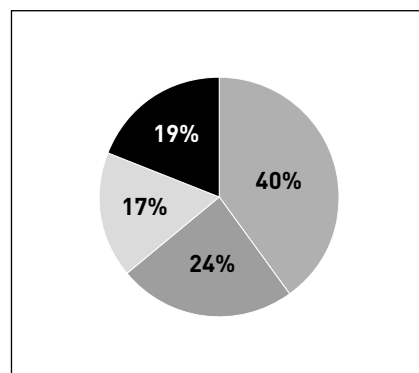
- non consolidated sales in KEUR
- EBIT-development in %

Investments.

In the first half-year, investments totalled EUR 148,000 and were thus EUR 4,000 above the same period in the previous year.

During the period under review, syzygy did not invest any money on research and development.

Employees by function H1-2003



Technology	40 %
Projectmanagement	24 %
Design	17 %
Administration	19 %

Employees.

At the end of June, syzygy had 124 employees; 11 more than during the same period in the previous year. In the first quarter of 2003, the syzygy group had a total of 126 employees. Peak periods of activity were compensated with up to 20 freelancers in both national companies in order to optimise staff utilization.

At the moment, 21 employees work in the creation and information architecture division, 50 in the software development and systems integration division and 30 members of staff are responsible for project management and strategy consulting. A further 23 employees work in administration and management.

EUR 1.50 Special Dividend.

At the annual general meeting of syzygy AG held in Frankfurt on 4th June 2003, a special dividend of EUR 1.50 per share was submitted to the shareholders for approval. The special dividend was approved by 100% of the votes cast without any abstentions.

The resolutions passed by the annual general meeting have since been presented by a public notary to the responsible local court in Bad Homburg. The entries to the commercial register have not been made yet (25 July 2003).

This date of publication shall form the basis for the on-going procedure. According to the Companies Act, the legislator prescribes a 6-month waiting period prior to the payment of dividends in order to protect the interest of creditors.

It is anticipated that the special dividend of EUR 1.50 per share will be automatically paid to all entitled shareholders in February 2004. All those persons and companies being shareholders of syzygy AG prior to the date of distribution are entitled to receive a special dividend payment.

Cash Flow.

Liquid Assets.

Consistent cost management has enabled us to reduce administrative costs by 28% compared to the same period in the previous year. It is principally this and the positive sales trend that account for the significant improvement in the operating results.

The depreciations on tangible assets stood at EUR 330,000 in the first half of 2003 and were thus on a par with the figures for the same period in the previous year (EUR 333,000).

The financial income increased by some EUR 418,000 to EUR 1,650,000 compared with the same period last year. The periodic net income is therefore EUR 1,332,000.

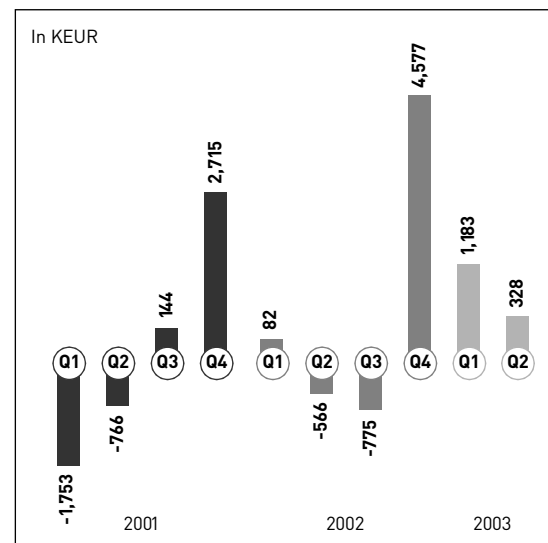
The cash flow resulting from business activities stood at EUR 1,511,000 at the end of the half-year under review. Especially the periodic profit of EUR 1,332,000, the depreciations amounting to EUR 330,000 as well as the reduction of outstanding debts by EUR 269,000 had a positive effect on the cash flow situation. However, part of the liquid funds have been swallowed up by capital gains taxes already paid amounting to EUR 193,000 and by the payment of accounts payable and accrued liabilities amounting to EUR 303,000.

During the first half of 2003, liquidity reserves were upped by more than EUR 2.0 million to EUR 60.3 million at the end of June. This corresponds to a current cash per share of EUR 5.03.

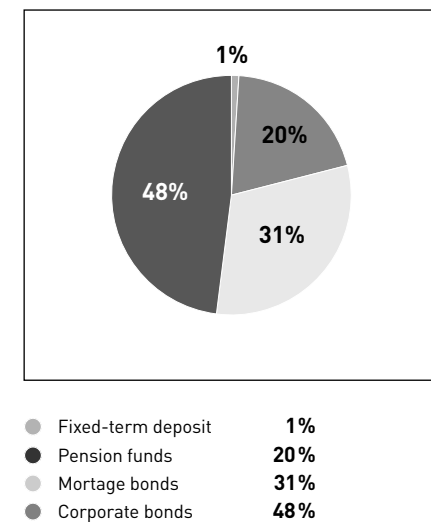
Portfolio strategy

We are currently enjoying a sustainable yield of 5%. Adhering to the principle of risk diversification, the liquid assets are currently being invested as follows: 1% in fixed term deposits, 20% in fixed-income funds, 31% in mortgage bonds and 48% in corporate bonds. The average term until the final maturity of the corporate and debenture bonds is approximately seven years.

Development of operating cash flows on quarterly basis 2001-2003



Portfolio structure of cash and marketable securities



Directors' Holdings.

The Directors' Holdings refer to stocks of shares and options held by the management and supervisory boards.

During the period under review, one member of the board purchased and sold shares. The current share holdings as on 30 June 2003 are presented in the following table:

Number of options	30.06.2003	31.12.2002
Management board:		
Marco Seiler (CEO)	782,545	797,445
Frank Wolfram (CTO)	–	–
Supervisory board:		
Michael Mädél (Chairman)	–	–
John Hunt	–	–
Adriaan Rietveld	–	–

Options.

In 2003, 147,500 new stock purchase rights were granted. The table lists all the subscription rights granted by the cut-off date on 30 June 2003.

Number of options	30.06.2003	31.12.2002
Management board:		
Marco Seiler (CEO)	35,000	35,000
Frank Wolfram (CTO)	128,000	106,000
Supervisory board:		
Michael Mädél (Chairman)	–	–
John Hunt	–	–
Adriaan Rietveld	–	–

Number of options	30.06.2003	31.12.2002
Employees syzygy AG	418,071	326,321

Outlook.

The German and UK market environments continue to be characterized by a difficult investment climate. The reasons for this remain the deep sense of insecurity in the markets and the business environment. The continuing crisis in the banking sector is a clear indicator of this fact.

Compared with the competition, however, syzygy is becoming stronger all the time. The company's outstanding financial stability is bolstering the trust of customers as well as industry experts and executives. The quality of services offered by the company is a further guarantee for the positive prospects.

In the light of developments so far, and despite the difficult market, the outlook for the third quarter is very encouraging. The company anticipates sales and profits on par with those of the second quarter. Due to the positive business development during the first half of the year as well as the encouraging outlook for the coming quarter, the company has increased the forecast profit per share for the financial year from EUR 0.16 to EUR 0.20.

Consolidated Income Statements.

	in KEUR		2nd Quarter		Δ Prev. Yr.	January – June		Δ Prev. Yr.
	2003	2002				2003	2002	
Sales	3,784	3,279			15.4 %	7,588	6,519	16.4 %
Cost of consultancy sold	-2,553	-2,036			20.4 %	-4,953	-4,173	18.7 %
Sales & Marketing	-338	-318			10.7 %	-618	-623	-0.8 %
General and administrative expenses	-846	-1,322			-37.5 %	-1,918	-2,649	-27.6 %
Other operating income/expenses, net	155	62			152.6 %	283	-424	k. A.
Operating income	202	-335			k. A.	382	-1,349	k. A.
Financial income	838	625			34.1 %	1,650	1,232	33.9 %
Income before taxes	1,040	290			258.6 %	2,032	-117	k. A.
Income taxes	-358	-26			k. A.	-700	115	k. A.
Income from continuing operations	682	264			158.3 %	1,332	-2	k. A.
Loss on discontinued operations	0	-608			k. A.	0	-740	k. A.
Net income	682	-344			k. A.	1,332	-742	k. A.
Earnings per share from continuing operations (basic in EUR)	0.06	0.02			k. A.	0.11	0.00	k. A.
Earnings per share from total operations (basic in EUR)	0.06	-0.03			k. A.	0.11	-0.06	k. A.

Consolidated Balance Sheets.

Assets in KEUR	30. June		31. December	Liabilities in KEUR	30. June		31. December
	2003	2002	2002		2003	2002	2002
Current assets				Current liabilities			
Cash and cash equivalents	346	764	1,237	Accounts payable	418	432	379
Marketable securities	59,985	52,685	57,060	Accrued expenses	1,322	1,623	1,664
Accounts receivable, net	3,031	3,190	3,300	Customer advances	40	51	46
Prepaid expenses and other current assets	3,331	3,165	3,138	Tax accruals and liabilities	1,330	312	1,875
Held for disposition	0	2,827	0	Other liabilities	363	524	324
Total current assets	66,693	62,631	64,735	Total current liabilities	3,473	4,190	4,288
Non-current assets				Shareholders' equity			
Fixed assets, net	1,121	1,402	1,303	Common stock*	12,000	12,000	12,000
Other non-current assets	176	176	176	Additional paid-in capital	54,526	54,418	53,939
Total non-current assets	1,297	1,578	1,479	Accumulated other comprehensive income	1,935	27	1,265
Total assets	67,990	64,209	66,214	Retained earnings	-3,945	-6,426	-5,277
				Total shareholders' equity	64,516	60,019	61,927
				Total liabilities and shareholders' equity	67,990	64,209	66,214

* Contingent Capital KEUR 1,200 (prior year: KEUR 1,200)

Consolidated Statements of Cash Flows.

in KEUR	30. June	
	2003	2002
Income from continuing operations	1,332	-2
Non-cash stock compensation expenses	7	64
Depreciation and amortization	330	333
Changes in assets and liabilities:		
– Accounts receivable	269	-216
– Prepaid expenses and other current assets	-193	12
– Customer advances	-6	-15
– Accounts payable and accrued expenses	-303	-208
– Tax accruals and payables	36	-139
– Other current liabilities	39	-394
Cash flows from operating activities	1,511	-484
Investments in fixed assets	-148	-144
Changes in other non-current assets	0	-72
Purchases of marketable securities	-8,091	-4,680
Proceeds from sale of marketable securities	5,837	4,370
Cash flows used in investing activities	-2,402	-526
Changes in bank liabilities	0	0
Direct costs of IPO	0	0
Cash flows from financing activities	1	24
Exchange rate differences	0	153
Cash flow from discontinued operations	-891	-915
Total	1,237	1,679
Cash and cash equivalents at the beginning of the year	346	764

Statements of Changes in Shareholders' Equity.

in KEUR	No. of shares issued and outstanding	Common stock	Additional paid-in capital	Compre- hensive Income	Accum. other Comprehen- sive Income	Retained earnings	Total equity
31. December 2001	12,000	12,000	54,468		634	-5,685	61,417
Net income				408		408	408
Exchange rate differences				-195			
Sale of marketable securities				-297			
Unrealized gains on marketable securities				1,123			
Other comprehensive income				631	631		631
Comprehensive income				1,038			
Compensation expenses for the period			-146				-146
Deferred taxes			-254				-254
Reversal of direct costs of IPO			-129				-129
31. December 2002	12,000	12,000	53,939		1,265	-5,277	61,927
Net income				1,332		1,332	1,332
Exchange rate differences				0			
Sale of marketable securities				-117			
Unrealized gains on marketable securities				788			
Other comprehensive income				671	671		671
Comprehensive income				2,003			
Compensation expenses for the period			7				7
Deferred taxes			580				580
Direct costs of IPO			0				0
30. June 2003	12,000	12,000	54,526		1,935	-3,945	64,516

syzygy AG

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Upcoming Dates:

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