2013

REPORT FOR THE 3RD QUARTER

Gigaset

THE WAY AHEAD

Key Figures

EUR million	01/01-09/30/2013	01/01-09/30/2012[1]
Consolidated revenues	264.9	310.4
Earnings before interest, taxes, depreciation and amortization (EBITDA)	11.6	2.1
Earnings before interest and taxes (EBIT)	-6.6	-16.3
Consolidated net loss	-17.7	-13.6
Free cash flow	-46.0	-37.0
Earnings per share (diluted) EUR	-0.35	-0.28

EUR million	09/30/2013	12/31/2012[1]
Total assets	247.3	302.4
Shareholders' equity	8.9	26.6
Equity ratio (%)	3.6	8.8

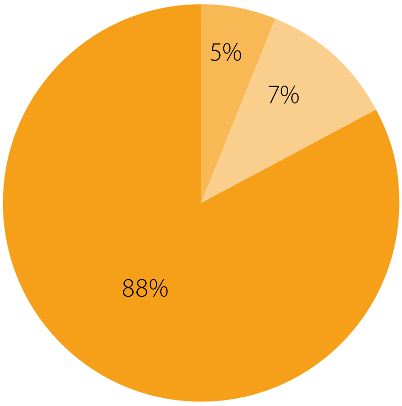
Information on the Gigaset share

The Gigaset Share	Q3 / 2013	Q3 / 2012
Closing rate in EUR (at the end of the period)	1.01	1.29
Maximum rate in EUR (in the period)	1.19	1.90
Minimum rate in EUR (in the period)	0.61	1.27
Number of shares in issue (at the end of the period)	50,014,911	50,014,911
Market capitalization in EUR Million (at the end of the period)	50,515	64,519

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of September 30, 2012"

Sales by Region

Q3 / 2013

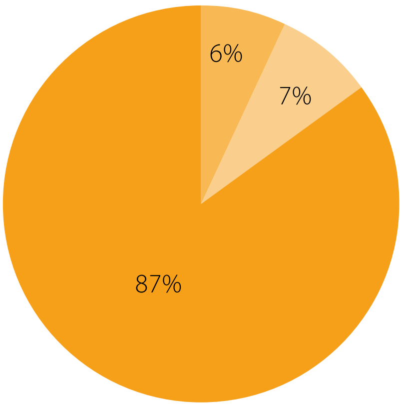


Europe

America

Asia Pacific / Middle East

Q3 / 2012



Significant events in Q3 2013

Gigaset obtains finance facility of EUR 10.4 million

On July 1, 2013, Gigaset Communications GmbH, a subsidiary of Gigaset AG, concluded a contract regarding a bridging facility of EUR 10.4 million with a consortium led by Deutsche Bank AG. The facility comprises the granting of additional cash funds of EUR 8.3 million and the approval of a cash credit line of EUR 2.1 million. The bridging facility expired at the end of October 2013 and will be used to cover the Company's greater requirement for liquidity in the summer months due to seasonal factors.

Annual shareholders' meeting elects new Supervisory Board and confirms "Gigaset 2015" strategy

Around 180 shareholders, shareholder representatives and guests gathered in the Alte Kongresshalle in Munich on August 14, 2013 for the annual shareholders' meeting of Gigaset AG. The election of the new Supervisory Board was a major element of this year's annual shareholders' meeting. The body now consists of Paolo Vittorio Di Fraia, David Hersh, Professor Michael Judis, Susanne Klöß-Braekler, Barbara Münch, and Bernhard Riedel. Ulrich Burkhardt was elected to act as a substitute member. In addition, the actions of the Executive Board and the Supervisory Board for the 2012 financial year were ratified and a separate resolution was adopted regarding an authorized capital increase with the subscription right excluded. In his speech, the Chairman of the Executive Board of Gigaset AG, Charles Fränkl, summarized the Company's performance over the last financial year and highlighted the successful and consistently applied realignment of the Company within the framework of the "Gigaset 2015" strategy. This is based on three key objectives: securing and expanding the core business, entering new growth markets and expediting solution integration.

Bernhard Riedel appointed Chairman of the Supervisory Board of Gigaset AG

Bernhard Riedel was elected to the Supervisory Board with a large majority during the annual shareholders' meeting of Gigaset AG on August 14, 2013 and appointed by the Supervisory Board to act as its Chairman during the subsequent meeting of the Supervisory Board. Mr. Riedel, who had first been elected by the Supervisory Board of Gigaset AG to act as its Chairman on March 22, 2013, was thus confirmed in office. A Munich-based lawyer, Mr. Riedel has been a member of the Supervisory Board since 2006.

Gigaset elements now available

Gigaset elements has been available in the retail stores since September 9, 2013. The intelligent, sensor-based, cloud system connects people with their homes and actively helps to improve everyday living. It can be expanded and is so easy to install that an intelligent home has finally become possible for anyone. Sensors register what is happening at home and forward this information securely to the owner's smartphone. The first step involves the safety starter kit, which permits remote security in the home. The kid consists of two intelligent DECT ULE-based sensors – the 'door' sensor and the 'motion' sensor – together with the 'base' station and an app for smartphones. Behind Gigaset elements lies an intelligent, adaptive and secure cloud that acts as an interface between home and smartphone. Further solutions in the fields of energy and care are planned for the future.

Rights issue and convertible bond with subscription rights approved

On September 27, 2013, Gigaset AG decided to increase its share capital by up to EUR 19,571,049.00 by way of a rights issue and to issue a convertible bond with a nominal amount of up to EUR 23,340,289.00. The Singapore-based investment company Goldin Fund Pte. Ltd., Singapore, has acquired any new shares and convertible bonds not taken up by the shareholders. Under the terms of a strategic cooperation agreement with the Gigaset Group, the investor also intends to tap market segments in the field of consumer electronics that have not yet been served by the Gigaset Group. With this in mind, the investor agreement includes provisions regarding further capital-raising measures by Gigaset Group companies to finance the rapid setup of this new segment for tablet computers, smartphones and other mobile communication devices. Furthermore, Goldin Fund Pte. Ltd. has simultaneously undertaken to Gigaset AG that it will submit an offer to acquire all of the shares in the Company (takeover offer).

Combined Management Report as of September 30, 2013

1. Business model

Gigaset AG is a corporate group with telecommunications operations all around the world. The Company, with its headquarters in Munich, a production center in Düsseldorf, and its main production site in Bocholt, is the leading brand in Western Europe measured on total sales with the cordless telephones it develops and manufactures based on the "Digital Enhanced Cordless Telecommunications" (DECT) standard. Measured on the number of base stations sold, Gigaset is in second place worldwide. The premium vendor has a market presence in approximately 70 countries and has around 1,400 employees in 2013.

The Gigaset Group divides its global operations into regional segments. Most of its sales revenue is generated in Europe, in particular in Germany and France. The majority of total sales are made in the Consumer Products segment and thus from the Cordless Voice telecommunications business.

The Company is represented in the Americas region by separate legal units in the United States, Brazil and Argentina. In the Asia-Pacific / Middle East region, a separate legal unit has been set up in China. Gigaset markets its products through a direct and an indirect distribution structure.

The Group covers a broad market base with its Consumer Products, Business Customers and Home Networks (Gigaset elements) segments. Gigaset is renowned for its high quality and forward looking products in the fixed-line telephony segment.

1.1 Consumer Products

Gigaset is the European market as well as technology and innovation leader in DECT telephony. DECT stands for Digital Enhanced Cordless Telecommunications and is the most successful telecommunications standard for cordless telephones in the world. Gigaset helped to shape the DECT standard in the 1990s. Since then, the Company has maintained its position as the European market and technology leader for DECT telephony. High market penetration is a key factor behind the Company's success. Gigaset enjoys a brand awareness level of over 80% in Germany. The Company's proprietary products are manufactured predominantly in the highly automated Bocholt plant, which has won several awards.

1.2 Business Customers

With the "Gigaset pro" product line (pro = professional), the Business Customers segment has created an attractive range of corded telephones, telephone systems (so called "Private Branch Exchanges" (PBX), professional DECT systems and handsets for small and medium-sized enterprises. These telephone systems distributed by the Company are based on the "Session Initiation Protocol" (SIP), a network protocol for creating, managing and terminating a communication session. The SIP is one of several possible Internet protocols for speech transmission. The constantly growing portfolio of Gigaset pro products is geared to the needs of the SME segment. The pro series provides the kind of versatility and reliability that commercial users need in their day-to-day operations. These devices are designed to be easy to install and manage. Due to the level of consultation required for commercial products, Gigaset only distributes the pro line through value-added resellers (VARs).

Gigaset has greatly expanded its product range with Gigaset pro, enabling it to tap new customer groups. The Company markets a product line which, in addition to the private customers that it has traditionally served with great success, now also includes small offices and home offices (known as the SOHO market) and the fast-growing, high-potential SME market (small and medium-sized enterprises) for professional IP telephone systems. The intention is to turn Gigaset pro into a second pillar of the Company in this growing SME market over the coming years that is to contribute a significant proportion of revenues in the future.

1.3 Home Networks

Gigaset completed a novel, modular, sensor-based "Connected Living" system for private households in Q2 2013. The commercial start was launched in Q3 2013. The Company is currently supplying the first starter kits for Gigaset elements to selected customers in order to increase demand for the new system in a controlled manner. This is the first step of a precisely orchestrated product launch. Gigaset elements enables the user to maintain a permanent connection to elements in their home via smartphone. With the help of the starter kit addressing the issue of security, the user can react immediately to unforeseen events (someone does not come home at a certain hour as usual, someone gains unauthorized entry). Additional applications on topics such as energy or help for the elderly are to follow in the coming months.

2. Market and industry environment

2.1 General economic environment

According to the Institute for the World Economy (IfW), the pace of global economic growth picked up a little in the summer months. The prospects particularly for the industrialized nations have improved, while the outlook for emerging-market countries is still subdued. Although the Chinese economy has recovered in the meantime, several other emerging-market economies have recently come under pressure from the financial markets. The emerging-market and developing countries have been especially hard hit by the likelihood that the U.S. Federal Reserve will begin to tighten its ultra-accommodative monetary policies. The U.S. economy is being weakened by deep cuts in federal government spending. Consequently, the International Monetary Fund (IMF) recently downgraded its economic forecast for the fourth time this year.

By contrast, the IMF economists upgraded their forecast for the euro zone slightly. Specifically, Euro zone GDP will contract by only 0.4% this year, instead of the previously anticipated 0.6%. The IfW estimates that the euro zone emerged from the recession in the spring of 2013. Nonetheless, the pace of economic recovery will be moderate at best, because the structural adjustments being made in the crisis-stricken countries will crimp their economies for a while longer.

After a weak first half in 2013, the German economy is expected to grow again at a faster rate in the autumn. In September, the Business Climate Index of the Leibniz Institute for Economic Research (Ifo-Institute) advanced for the fifth month in a row. According to the GfK Group (Society for Consumer Research), the consumption climate in Germany is better than it has been in the last six years. According to the latest survey, German consumers anticipate an appreciable economic upswing.

2.2 Telecommunications market

2.2.1. Consumer Products market

The contraction of the overall market for cordless phones in Europe that was already evident in previous years continued over the period from January to September 2013. In the markets observed by Gigaset, the decline totaled -14% in terms of sales revenue and -14% in terms of units sold[1].

2.2.2 Business Customers market

According to MZA (Telecoms & IT Analytics), the European telecommunications market is clearly shifting in the direction of IP telephony. Whereas the total number of fixed lines in the global PBX market declined by 4% from the prior year, with the greatest decrease occurring among companies with 100 lines or more, the number of Internet protocol (IP) connections has risen by 3% worldwide.

This growth has been driven by companies with fewer than 100 lines (small and medium-sized enterprises), which have increased their IP connections by 13%. General market growth is being fueled by the North American and Western European markets, as IP solutions become increasingly attractive to small and medium-sized enterprises[2].

Web-based telephone exchanges, which are known as "hosted PBXs," are growing in importance as well. Such solutions offer the advantage of making it unnecessary to purchase or even lease a telephone system, because the customer can obtain all required telephony services from a service provider. Gigaset is active in both these areas, serving the growing demand for Internet-based communication solutions among smaller and medium-sized enterprises.

2.2.3 Home Networks market

The market for Smart Home Systems & Services (SHSS) in Western Europe is considered to be extremely promising. The number of Smart Home households is expected to increase from 8 million at the beginning of 2013 to 40 million by the end of 2018. In 2012, it was still only 5.8 million households. This corresponds to revenue of USD 6.6 billion in 2013 and an expected revenue of USD 14.2 billion in 2018. The market research institute Strategy Analytics expects the potential for hardware sales to triple in the coming years, which represents the largest component at 60%[2].

3. Business Development

3.1 Consumer Products

Despite the difficult market environment, Gigaset succeeded in expanding market share in its core business. In terms of both units sold and sales revenue, market share increased by two percentage points compared to the previous year. The market share in terms of sales revenue enjoyed by Gigaset in Europe rose from 33% in the third quarter of 2012 to 35% in the third quarter of 2013. This indicates that Gigaset has outperformed the market for more than six quarters in a row. As a premium brand, moreover, Gigaset generated prices that were 23% higher than the average market price. The overall market remains under heavy pressure, however, contracting by around 15% in terms of units sold in the second quarter compared to the equivalent quarter last year and 17% in terms of sales revenue[1].

1) Source: data taken from surveys of the Retail Panel for cordless telephones of GfK Retail and Technology GmbH in the countries of Belgium, Germany, France, the United Kingdom, Italy, the Netherlands, Austria, Poland, Switzerland, Spain and Russia. Survey period: January – September 2013; Basis GfK Panel Market).
2) Source: data taken from surveys of the Retail Panel for cordless telephones of GfK Retail and Technology

Gigaset is continuing to review its activities outside of Europe in order to concentrate on markets with higher profitability. The exit from the loss-making cordless business in Brazil was continued on the operational side. The subsidiary responsible for the Middle East and Africa region has been sold to the local management and merged with one of Gigaset's major customers.

Gigaset achieved a turnaround in Turkey by optimizing its product portfolio. In order to market "made-in-Germany" more successfully in the future, the company is focusing more on mid-range and high-end products today. The introduction of IP telephones has opened up new markets for the company. An important element of the turnaround plan was the deliberate surrender of market shares, in order to eliminate the corresponding losses. This effort has been successful, as evidenced by a significant profit margin increase, accompanied by lower costs.

In connection with the announced new product campaign, Gigaset introduced four new models for different application areas to the market in the third quarter, thereby underscoring its pioneering role in the field of DECT cordless telephony. The well-known and successful entry-level model A400 was succeeded by the A415, which is an easy-to-use, well equipped and classically designed cordless telephone in the low-end price segment. The C430 is positioned as a mid-range all-rounder, with a large color display and numerous supplementary features, including alarm, calendar and baby-phone functions. The new E630 model can withstand even the toughest conditions. The robust quality makes it impervious to dust, shocks and water, without sacrificing attractive design.

Now that Gigaset has introduced an Android-based full-touch telephone SL930A in Germany, customers can enjoy the advantages of a smartphone together with the convenience of fixed-line telephony. The Android 4.0 interface offers easy access to the Google Play Store directly via the router. More than 975,000 apps can be downloaded from Google Play, making it possible to accommodate individual wishes and considerably expanding the potential uses of a conventional fixed-line telephone system. The SL930A is the first step in the promising direction of "cloud-friendly" products. The range of products operating on Android-based systems will be broadened further in the near future.

Through appropriate market communication activities, Gigaset has begun to lay the groundwork for the introduction of its first products in the category of adjacent products. In an Internet-based ad campaign, the company presented three baby-phone models in three different price categories. Thus, Gigaset now offers high-quality baby-phones to satisfy all needs. These stand-alone systems incorporate the company's accumulated experience and expertise in the area of integrated baby-phones. These new products were launched on the market at the start of the fourth quarter.

Early in the third quarter, the consumer portal "testsieger.de" named Gigaset the "Premium Manufacturer 2012" in the "telephones" category, based on the results of a broad-based study. To determine these "Premium Manufacturers," testsieger.de analyzes a comprehensive database containing many test reports and customer opinions of recent years. The "Premium Manufacturer" award is given only to those companies that uphold the highest quality standards and whose products earn above-average scores in the consumer testing conducted by trade publications on a regular basis. In recognition of its constant, high-quality performance in recent years, Gigaset now carries the "Premium" seal in the category of telephones.

3.2 Business Customers

The Business Customers segment became further established in the market in the third quarter with the Gigaset pro brand. Sales revenue nearly doubled compared to the equivalent quarter last year by leveraging a target-group-specific portfolio as well as targeted sales and marketing measures. Gigaset continues to attach great importance to its cooperation with sales partners, so-called value-added resellers. The partner program established in the second quarter, which supports sales partners in the marketing of telephone systems and terminal devices, was so well received that some resellers have already attained silver or even gold partner status.

In the second step of this program, Gigaset pro unveiled the bonus program in August of this year. For this purpose, a bonus shop area was added to the partner portal, where resellers can redeem their bonus points for selected Gigaset pro products. Initially rolled out in selected countries, the bonus program is the logical next step in Gigaset's premium strategy. Through this program, Gigaset pro offers its sales partners attractive bonuses, which they can redeem by means of an easy-to-use web tool.

Furthermore, Gigaset pro further developed its offering of products and services to better accommodate customers' needs in the third quarter. Business customers are increasingly demanding a local, cordless telephone system as part of a larger Microsoft Lync implementation. Therefore, Gigaset pro and AudioCodes jointly developed a solution which makes it possible to use Gigaset pro N720IP DECT multi-cell telephone systems within Microsoft Lync environments. As a leading Microsoft Lync partner, AudioCodes specializes in providing solutions for high-quality voice communication within the company. The developed solution supports a wide range of special features for business communications, including hold call, forward call, transfer call and directory search, as well as roaming and hand-over between base stations. Thanks to this solution, employees of companies using Lync installations can be reached on a cordless handset anytime and anywhere, whether in a given building or somewhere else on the company's premises.

In September, Gigaset pro introduced a new business telephone, the R630H-pro, the design of which is so robust that it can be used by companies whose employees work in tougher environments than traditional offices. The R630H is certified under the Protection Rating IP65, meaning that it is especially dust-resistant and splash-resistant, besides offering the additional advantage of being shock-resistant. This new handset offers maximum ease of use even under rough working conditions, thanks to features such as a vibration signal and/or an optical signal for incoming calls, adjustable profiles for use in different environments, color display with a graphical menu, volume regulation via side buttons, and a full duplex speakerphone. Thanks to its technical features, moreover, it can support the N720 multi-cell and the N510 single-cell, plus the PBX manager.

In a survey of resellers conducted in France, Gigaset pro was found to be the best manufacturer of SIP-based terminal devices, ahead of other very well established brands like Alcatel-Lucent and Aastra. In particular, Gigaset scored very well in the category of brand image.

3.3 Home Networks

After the Gigaset elements safety starter kit was delivered to selected customers already in July, Gigaset began to sell this new product in its extensive network of retail stores and online shops in September. The distribution rate is now being successively increased and sales are being supported by a marketing communication campaign.

The "safety starter kit" forms the basis for the diverse possibilities of Gigaset elements focusing on security. It consists of two intelligent DECT ULE-based sensors ("door" sensor and "motion" sensor) as well as the "base" station and an app for smartphones. Gigaset elements operates on the basis of an intelligent, learnable and secure cloud, as the interface between the residence and the smartphone.

Users can expand Gigaset elements on a modular basis, initially by adding new door and motion sensors, as well as a "window" sensor and a "siren" function. In the future, Gigaset plans to develop additional components and comprehensive solutions in the areas of energy, climate control and elderly care.

Because it does not fall within any existing product category, Gigaset elements has effectively created a new market. The "safety starter kit" addresses the problem associated with the sharp rise in burglaries in Germany. Gigaset elements provides an easy-to-install, affordable and therefore mass-market-capable solution to this problem.

4. The Gigaset share

At the start of the third quarter, ECB (European Central Bank) President Draghi gave his first-ever unequivocal assurance that key interest rates will be left on their current level, or even lowered further if necessary, for a longer period of time. In addition, U.S. Federal Reserve President Bernanke also re-affirmed the Fed's ultra-loose monetary stimulus program. These announcements had the effect of pushing the Dow Jones, S&P 500 and even the NASDAQ to new all-time highs. Stock markets were shaken by the poison gas attack in Syria on August 21, 2013 and many investors took profits at the end of the month. After Russia and Syria approved a plan to dismantle Syria's chemical weapon stockpiles, the situation eased in this region and the DAX, MDAX and TecDAX reached new record highs in September. However, financial markets were increasingly worried about the U.S. federal budget deficit, which caused the U.S. dollar to weaken.

Following an ad-hoc press announcement that Gigaset has obtained bridge financing, the Gigaset share took off on the first day of the third quarter, rising above its 38-day average in the next five days to reach its high for the month of EUR 0.84 on July 8, 2013. Subsequently, the share price fell below the 38-day average again, which proved to a line of resistance. In August, the Gigaset share price broke out of the 38-day average and the share price climbed back to its high for the month of EUR 0.84 after publication of the quarterly results. Subsequently, the share price retreated somewhat, before rising back to EUR 0.82 by the end of August. On the first trading day of September, the Gigaset share price shot up again, rising on the back of increasing trading volumes. The share price appreciated by around 60% on the highest trading volumes of the year to date. A retrenchment phase set in around the middle of the month, with the share price oscillating between EUR 0.95 and EUR 1.10 in the rest of the month. The announcement of the planned subscription rights issue and convertible bond triggered heavy trading and considerable volatility. Nonetheless, the Gigaset share closed the month of September with a gain of 35.9%.

5 Financial performance, cash flows and financial position

5.1 Financial performance

The Gigaset Group generated **revenue** in the amount of EUR 264.9 million (prior year: EUR 310.4 million) in the first nine months of fiscal year 2013, EUR 4.7 million of which can be attributed to discontinued operations (prior year: EUR 14.3 million). Sales revenue from continuing operations result from the core Gigaset segment and are subject to the seasonal fluctuations typical in the consumer business. The 14,7% year-on-year decline in sales revenue can be attributed mainly to the contracting market in the core consumer products business. In Europe, the decline in sales due to the decreasing market as a whole for cordless telephones was only partially compensated by the increase in market share. Overall, sales revenue in Europe fell by 9.6% to EUR 230.4 million compared to the first three quarters of 2012. The decrease in sales revenue in the Americas can be attributed in particular to the change in import regulations in Argentina, the change in distribution models in the USA and Brazil, and an increase in competition in the shrinking telecommunications market in South America. Sales revenue in the Asia-Pacific/Middle East region also declined. On the one hand, sales in the prior year included a one-time sales promotion in China, while on the other hand, the weak economy and political disturbances in the Middle East are also responsible.

The results can be broken down as follows:

Revenues in € millions	Q3 2013	Q3 2012	Change
Europe	230.4	255.0	-9.6%
America	12.4	18.8	-34.0%
Asia-Pacific / Middle East	17.4	22.3	-22,0%
Gigaset Total	260.2	296.1	-12.1%
Holding	0.0	0.0	0.0%
Other	4.7	14.3	-67.1%
Continuing operations	260.2	296.1	-12.1%
Discontinued operations	4.7	14.3	-67.1%
Total	**264.9**	**310.4**	**-14.7%**

Other own work capitalized in the amount of EUR 14.3 million (prior year: EUR 12.8 million) mainly includes costs related to the development of innovative products. Investments in the future are at a high level and were increased even further compared to the previous year.

Other operating income amounts to EUR 19.8 million and is thus EUR 6.1 million lower than in the first three quarters of 2012. The main items include income of EUR 7.2 million from the release of provisions (prior year: EUR 2.4 million) and exchange rate gains of EUR 5.7 million (prior year: EUR 5.0 million). In the prior year, this item still included income from a non-recurring, subsequent purchase price reduction of EUR 9.9 million.

The **cost of materials** for raw materials, merchandise, finished goods and purchased services was EUR 134.9 million – a decrease of EUR 28.0 million from EUR 162.9 million in the previous year. The cost of materials rate fell from 52.0% to 49.9% including changes in inventories.

Personnel expenses for wages, salaries, social security contributions and old age pensions were EUR 76.8 million and were thus down 23.7% from the EUR 100.7 million recorded for the equivalent period last year. The decline reflects the continued implementation of the restructuring program. The further reduction in personnel will be phased over the fiscal year until December 31, 2013. Nevertheless, expenses for partial retirement showed a mixed development. As a result of changes in IAS 19, EUR 3.4 million was transferred from provisions for partial retirement arrangements in comprehensive income with no impact on profit or loss, while EUR 3.1 million was added back to provisions for partial retirement and reclassified to profit or loss before September 30, 2013.

Other operating expenses in the amount of EUR 78.4 million were incurred in the reporting period (prior year: EUR 84.9 million). This includes marketing costs, general administrative expenses, exchange rate losses (EUR 8.0 million, prior year: EUR 7.0 million) as well as transport costs and advisory fees. The cost-saving measures begun in the previous year are being consistently implemented.

EBITDA as of September 30, 2013, amounted to EUR 11.6 million (prior year: EUR 2.1 million).

The results can be broken down as follows:

EBITDA in € millions	Q3 2013	Q3 2012	Change
Europe	17.6	6.3	179.4%
America	-2.8	-2.9	3.4%
Asia-Pacific / Middle East	0.9	1.5	-40.0%
Gigaset Total	**15.7**	**4.9**	**220.4%**
Holding	-0.9	-2.1	57.1%
Other	-3.2	-0.7	-357.1%
Continuing operations	**14.8**	**2.8**	**428.6%**
Discontinued operations	**-3.2**	**-0.7**	**-357.1%**
Total	**11.6**	**2.1**	**452.4%**

Depreciation and amortization in the current reporting period amounted EUR 20.1 million (prior year: EUR 18.3 million), resulting entirely from continuing operations. The impairment losses in the amount of EUR 1.9 million (prior year: 0.0 million) represent write-ups on assets held for sale at SM Electronic GmbH resulting from the measurement at net realizable value less costs to sell the disposal group as well as the disposal group's associated liabilities.

EBIT can be broken down as follows:

EBIT in € millions	Q3 2013	Q3 2012	Change
Europe	-2.5	-11.9	79.0%
America	-2.8	-3.0	6.7%
Asia-Pacific / Middle East	0.9	1.4	-35.7%
Gigaset Total	**-4.4**	**-13.5**	**67.4%**
Holding	-1.0	-2.1	52.4%
Other	-1.2	-0.7	-71.4%
Continuing operations	**-5.4**	**-15.6**	**65.4%**
Discontinued operations	**-1.2**	**-0.7**	**-71.4%**
Total	**-6.6**	**-16.3**	**59.5%**

Compared to the first nine months of 2012, **net financial income** decreased from EUR -1.2 million to EUR -2.4 million, driven primarily by the utilization of the syndicated loan and the charges accruing in connection with financing activities.

The **consolidated net loss for the fiscal year** after non-controlling interests amounts to EUR 17.7 million as of September 30, 2013, and can be explained mainly by the write-off of deferred taxes of EUR 8.1 million due to the postponement of the profit-and-loss transfer agreement to 2014. In the previous year, a consolidated net profit for the fiscal year after non-controlling interests was realized in the amount of EUR 13.6 million.

This results in **earnings per share** of EUR -0.35 (prior year: EUR -0.28).

5.2 Cash flow

Cash flow in € millions	Q3 2013	Q3 2012
Cash flow from operating activities	-41.2	-31.1
Cash flow from investing activities	-4.8	-5.8
Free cash flow	-46.0	-37.0
Cash flow from financing activities	8.5	6.8

As of September 30, 2013, the Gigaset Group recorded a **cash outflow from continuing operations** of EUR -41.2 million (prior year: EUR -31.1 million). The cash outflow typical for the first half of the year is characterized by the seasonal business. Net cash inflows are traditionally generated in the second half of the year during the Christmas shopping season. The year-on-year significantly higher cash outflow from continuing operations can be explained in particular by EUR 9.1 million in severance payments related to the 2012 restructuring program.

The **cash outflow from investing activities** amounts to EUR -4.8 million, which is less than the previous year's amount of EUR -5.8 million. As in the previous year, the cash outflows relate solely to investments in intangible assets and property, plant and equipment.

Thus, **free cash flow** amounted to EUR -46.0 million compared to EUR -37.0 million in the equivalent period last year.

An **increase** of EUR 8.5 million in **cash resources from financing activities** was recorded as of September 30, 2013, notably in connection with the bridging loan (prior year: increase in cash resources of EUR 6.8 million).

Please refer to the cash flow statement presented in the notes for a detailed presentation of changes in cash and cash equivalents.

The cash and cash equivalents attributable to discontinued operations amount to EUR 0.3 million (prior year amount as of September 30, 2012: EUR 0.3 million) and is presented in detail in the notes. Furthermore, cash flow includes EUR 0.9 million in exchange rate losses (prior year: loss of EUR 0.3 million).

Cash and cash equivalents amount to EUR 16.9 million as of September 30, 2013 (prior year amount as of September 30, 2012: EUR 32.3 million).

5.3 Financial position

Net assets were influenced mainly by the retrospective adjustment of amendments to the accounting standard IAS 19 "Employee Benefits". For a detailed breakdown of the individual effects, please refer to our disclosures under Note 3 "Adjustment of comparative information in the consolidated financial statements as of September 30, 2012".

The Gigaset Group's **total assets** as of September 30, 2013, amounted to around EUR 247.3 million and thus decreased by approximately 18.2% compared to December 31, 2012.

Non-current assets decreased by EUR 9.1 million to EUR 107.0 million compared to December 31, 2012. The decrease results mainly from the write-down of EUR 8.1 million of deferred taxes as a result of the postponement of the planned profit-and-loss transfer agreement to 2014. Depreciation and amortization, and disposals of property, plant and equipment, exceed investments in property, plant and equipment, meaning that property, plant and equipment has declined by EUR 2.9 million to EUR 41.2 million overall. The decrease was partially offset by investments in intangible assets.

Current assets account for 56.7% of total assets. Compared to the 2012 annual financial statements, they fell by EUR 46.0 million and now amount to EUR 140.3 million. Inventories and trade receivables are at the same level as at the start of the year. The decrease in other assets from EUR 26.4 million to EUR 17.7 million results primarily from fewer factoring receivables and should be seen in connection with the lower sales revenue. Cash and cash equivalents have decreased by EUR 37.7 million since the start of the year to EUR 16.9 million, in particular due to non-recurring effects from the disbursements of EUR 9.1 million made in connection with the 2012 restructuring program. A detailed schedule of cash and cash equivalents is presented in the cash flow statement in the notes.

The SM Electronic Group's assets are presented under the item "Assets held for sale". Please refer to the disclosures in the notes for the breakdown of this balance sheet item.

Total liabilities amount to EUR 238.4 million, 58.0% of which are current. The Group's total debt has decreased by an additional EUR 37.4 million in the current fiscal year following the significant reduction of debt in the preceding fiscal years.

The Gigaset Group's **equity** amounted to around EUR 8.9 million as of September 30, 2013, and is EUR 17.7 million lower than at the start of the year. This corresponds to an equity ratio of 3.6% compared to 8.8% as of December 31, 2012.

Non-current liabilities mainly include pension obligations, liabilities from the utilization of the syndicated loan, and deferred tax liabilities as well as non-current provisions for personnel expenses and provisions for guarantees. The EUR 2.3 million increase in non-current liabilities results mainly from the continuing development of pension provisions and the continuation of partial retirement arrangements. By contrast, the reversal of the provision for service anniversary bonuses on account of the revised plant agreement led to a reduction of EUR 2.2 million in non-current provisions.

At EUR 138.3 million, **current liabilities** are around 22.3% lower than reported in the annual financial statements as of December 31, 2012. Current provisions decreased mainly due to the utilization of the restructuring provisions in the amount of EUR 9.1 million. Current financial liabilities rose by EUR 8.5 million to EUR 8.8 million, primarily on account of the bridging loan concluded in July. Trade payables decreased seasonally from EUR 86.6 million to EUR 62.8 million. The decrease of EUR 3.9 million in other liabilities to EUR 20.7 million can be mainly attributed to lower personnel-related liabilities.

The item "Liabilities related to assets held for sale" includes the SM Electronic Group's liabilities. Please refer to the disclosures in the notes for the breakdown of this balance sheet item.

6. Report on opportunities and risks at September 30, 2013

The future business development of the Gigaset Group and its participating interests is associated with entrepreneurial opportunities and risks. The Company's risk policy consists of taking advantage of existing opportunities and limiting the associated risks with the use of appropriate instruments.

Detailed information regarding the Gigaset Group's opportunities and risks is presented in Gigaset AG's 2013 half-yearly report and its 2012 annual report. The process of the Group-wide. systematic risk management system is described in detail in Gigaset AG's 2013 half-yearly report and its 2012 annual report.

The following risk was added in the course of the capital increase and investor agreement with Goldin Fund Pte. Ltd.

If Goldin Fund Pte. Ltd., Singapore acquires more than 30% of the voting rights of Gigaset AG. the syndicated loan could be terminated or called in early in full or in part without notice by the lending banks as of April 30, 2014. Gigaset would then have to secure alternative sources of financing in order to cover its financial needs.

7. Events after the reporting date

Legal dispute with the Sommer Group's insolvency administrator settled

Gigaset AG and the insolvency administrator of Sommer Road Cargo Solutions GmbH & Co. KG have settled their legal dispute, which began in January 2013, amicably through a settlement ordered by the court on October 11, 2013. The insolvency administrator had claimed that, as the ultimate parent company of Sommer Group at the time, former ARQUES Industries AG had improperly called in a loan to Sommer in 2007, thereby violating the capital maintenance rules in effect at the time, among other things. Sommer thereby incurred a loss of at least EUR 3 million, for which Gigaset in its present form should be jointly and severally liable together with the managing director at the time and Executive Board member Dr. Vorderwülbecke. At first, the insolvency administrator had demanded EUR 3 million from Gigaset AG in an action for part of the claim and reserved the right to increase the sum. Gigaset AG disputed the merit and amount of the claims. Based on the settlement agreement, Gigaset AG undertakes to pay the insolvency administrator EUR 0.8 million. Payment is due in multiple installments by January 31, 2014. All claims against Gigaset AG related to the dispute are compensated and settled with the fulfilment of the payment obligations established in the settlement. As of September 30, 2013, Gigaset reduced the provisions recognized in the amount of EUR 1.5 million for this dispute to EUR 0.8 million.

Gigaset AG receives around EUR 42.9 million from the successfully placed capital increase and convertible bond

Under Gigaset AG's offer for subscription ended as planned on October 14, 2013, 13.0% of the subscription rights were issued to shares and 7.8% to convertible bonds. Thus, the backstop conditions agreed to in the investor agreement entered into on September 27, 2013, between Gigaset AG and Goldin Fund Pte, Ltd., Singapore, are fulfilled. Under this agreement, Goldin Fund Pte. Ltd., Singapore has purchased the 17,028,581 new shares and 21,518,313 convertible bonds that were not subscribed based on the issue of subscription rights at a subscription price of EUR 1.00 for each new share and/or convertible bond. Accordingly, both the capital increase as well as the issue of convertible bonds will be carried out at a maximum volume of 19,571,049 shares and 23,340,289 convertible bonds. Therefore, a total of EUR 42.9 million in proceeds from the issue of both capital measures will flow to the Company. With the entry of the execution of the capital increase in the commercial register, the total number of shares issued by the Company increases to 69,585,960 shares. The new shares were delivered on October 22, 2013. On this date, the new shares were also included in the existing quotation in the regulated market (Prime Standard) of the Frankfurt Stock Exchange. The convertible bonds were also delivered on October 22, 2013. The backstop conditions included in the investor agreement, which have now been fulfilled, are a requirement for a takeover bid on the part of Goldin Fund Pte. Ltd., Singapore at an acquisition price of EUR 1.00 per Gigaset share as well as for additional capital measures on the part of Gigaset Group companies.

Repayment of bridge facility amounting to EUR 10.4 million is transferred as scheduled

The bridge facility amounting to EUR 10.4 million received at the beginning of July 2013, which was used to cover the Company's greater requirement for liquidity in the summer months due to seasonal factors, was repaid to the bank consortium as planned.

8. Outlook for the Gigaset Group

8.1 Development of the industry

The market for landline telephony remains under pressure due to strong competition from mobile phones coupled with weaker economic development, especially in the emerging markets. According to the experts at MZA, the global market for landline telephony will contract by a further 11% in 2013. Within this, the market for DECT standards is predicted to decline by 10%, while a sharp decrease in the analog standard and other digital standards can be expected. The DECT standard will continue to replace the analog standard and other digital standards, meaning that it will likely achieve a 90% share of the global market by 2018. Moreover, the average prices for terminal equipment will go on falling through 2018.

Demand for hybrid IP systems already constitutes 90% of total demand in the market for corporate customer and will further increase in the next four years. Similar trends are expected in the market for IP terminals.

The market for Smart Home Systems & Services (SHSS) in Western Europe is considered to be extremely promising. The number of Smart Home households will increase from 8 million at the beginning of 2013 to over 13 million by the end of 2013 and 40 million by the end of 2018. The market research institute Strategy Analytics expects the revenue potential for hardware sales to triple over the next five years, which represents the largest component at 60%.

8.2 Expected development of revenues and earnings

In light of the continuing consolidation of its core market, Gigaset reoriented itself over the cost-savings and efficiency program implemented in 2012. In the "Gigaset 2015" strategy, the business model was expanded to include the growth segments Business Customers and Home Networks. The core business was bundled and expanded in the Consumer Products unit.

Gigaset intends to expand into the fast growing tablet and smartphone market together with Goldin Fund Pte. Ltd., Singapore, which got on board with Gigaset AG in the fourth quarter – and thus with the entrepreneur Pan Sutong. As a result of the persistently challenging development in the core markets as well as the necessary investments to develop the new business segments. Gigaset continues to expect the following for continuing operations in the current fiscal year:

- further decreasing revenue in the core business in the high single digit to lower double digit percentage range
- operating EBITDA will be significantly higher and once again positive due to the expected positive impact of the efficiency program
- a negative free cash flow in the mid-double digit million range due to the necessary investments

The reasons for this development include:
- the retreat from unprofitable regions outside of Europe
- the cordless telephone market will continue to decline
- a weak economic environment in important target regions such as Italy and Spain
- investments in new business areas, innovative products and the further expansion of market shares.

Gigaset AG expects the investments in new business areas to have a significantly positive impact on revenues, earnings and cash flows in 2014. Therefore, the Company is basing its planning on the assumption that sales revenue will continue to grow and EBITDA will continue to improve in continuing operations over the course of 2014.

8.3 Expected changes in financial position, capital expenditures and liquidity

Gigaset finances its operations both with its own funds as well as by borrowing outside capital. The outside financing mainly comprises a syndicated credit line secured at the beginning of 2012 that can be accessed in an amount up to EUR 35.0 million, a bridge-over loan in the amount of EUR 8.3 million maturing at the end of October 2013 and an accounts receivable securitization program within the framework of factoring agreements.

Due to the seasonality of the business, cash and cash equivalents are subject to large fluctuations over the course of the year. Traditionally, petty cash in the Group is highest in the fourth quarter due to the Christmas shopping season.

In order to finance the additional growth, the Executive Board resolved to increase the Company's share capital on September 27, 2013, with the approval of the Supervisory Board in part by using EUR 19,571,049 of the authorized capital by issuing new shares while safeguarding shareholders' pre-emptive rights. The Executive Board also resolved on this date with the approval of the Supervisory Board to issue a convertible bond with a nominal value of EUR 23,340,289 while safeguarding shareholders' pre-emptive rights.

In connection with these measures, an investor agreement was also entered into on September 27, 2013, with Goldin Fund Pte. Ltd., Singapore intends to develop new market segments in the area of consumer electronics that have previously not been served by the Gigaset Group as part of a strategic collaboration with Gigaset Group. In the investor agreement, Goldin Fund Pte. Ltd., Singapore undertook to purchase new shares and convertible bonds at the respective subscription price that were not purchased by other investors as a result of the issue of subscription rights under the offer.

In connection with the subscription offer ended as planned on October 14, 2013, 13.0% of the subscription rights were exercised by the shareholders on new shares and 7.8% on convertible bonds. Goldin Fund Pte. Ltd., Singapore subsequently purchased all 17,028,581 new shares and 21,518,313 convertible bonds not acquired by the existing shareholders at EUR 1.00 per new share and/or convertible bond. Accordingly, both the capital increase as well as the issue of convertible bonds were carried out at a maximum volume of 19,571,049 shares and 23,340,289 convertible bonds. Therefore, a total of EUR 42.9 million in proceeds from the issue of both capital measures flowed to the Company in October 2013.

The cost-savings and efficiency program begun in fiscal year 2012 will be continued as planned. EUR 22.6 million in cost-savings was realized by the end of the third quarter. In total, the initiated measures have an annual volume of EUR 30 million and should take full effect in 2014.

Gigaset will continue to invest in established markets as part of its investment planning in order to secure market shares as well as to secure and expand competitive advantages. Additional significant investments will also be made in new product categories and growth segments that should permanently secure the Company's existence and competitiveness.

8.4 Overall view of the Executive Board regarding the likely development of the Group

The management continues to consistently implement the cost-savings and efficiency program announced in 2012 in the amount of approximately EUR 30 million annually as well as the reorientation of the Company announced in the new "Gigaset 2015" strategy. This includes the goal of expanding the portfolio to include products developed by Gigaset as well as its partners in order to develop new sources of revenue. The introduction of a strong, strategic investor and the collaborative development of a new business segment to sell smartphones and tablets are further important steps under this strategy and for achieving permanent growth.

Munich, November 8, 2013

The Executive Board of Gigaset AG

Charles Fränkl   Dr. Alexander Blum   Maik Brockmann

Consolidated Income Statement for the Period from January 1 - September 30, 2013

	Jan. 1 - Sep. 30, 2013		
€ (000)	Continuing operations	Discontinued operations	Total
Revenues	260,157	4,747	264,904
Change in inventories of finished and unfinished goods	2,680	0	2,680
Other internal production capitalized	14,265	0	14,265
Other operating income	18,571	1,273	19,844
Purchased goods and services	-132,269	-2,627	-134,896
Personnel expenses	-75,377	-1,425	-76,802
Other operating expenses	-73,248	-5,137	-78,385
EBITDA	**14,779**	**-3,169**	**11,610**
Depreciation and amortization	-20,120	0	-20,120
Impairment losses	0	1,935	1,935
EBIT	**-5,341**	**-1,234**	**-6,575**
Impairment on financial assets	-85	0	-85
Other interest and similar income	172	0	172
Interest and similar expenses	-2,478	-26	-2,504
Net financial expenses	**-2,391**	**-26**	**-2,417**
Result from ordinary activities	**-7,732**	**-1,260**	**-8,992**
Income taxes	-8,720	43	-8,677
Consolidated net loss for the fiscal year	**-16,452**	**-1,217**	**-17,669**
Share of consolidated net loss attributable to non-controlling interests	0	0	0
Share of consolidated net loss attributable to shareholders of Gigaset AG	-16,452	-1,217	-17,669
Earnings per share			
- Basic ernings per share in EUR	-0.33	-0.02	-0.35
- Diluted earnings per share in EUR	-0.33	-0.02	-0.35

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of September 30, 2012"

Consolidated Income Statement for the Period from January 1 - September 30, 2013

Jan. 1 - Sep. 30, 2012[1]			
Continuing operations	Discontinued operations	Total	€ (000)
296,062	14,310	310,372	Revenues
1,635	-92	1,543	Change in inventories of finished and unfinished goods
12,758	0	12,758	Other internal production capitalized
21,666	4,210	25,876	Other operating income
-154,890	-8,023	-162,913	Purchased goods and services
-98,702	-1,952	-100,654	Personnel expenses
-75,743	-9,182	-84,925	Other operating expenses
2,786	**-729**	**2,057**	**EBITDA**
-18,307	0	-18,307	Depreciation and amortization
0	0	0	Impairment losses
-15,521	**-729**	**-16,250**	**EBIT**
0	0	0	Impairment on financial assets
750	0	750	Other interest and similar income
-1,800	-174	-1,974	Interest and similar expenses
-1,050	**-174**	**-1,224**	**Net financial expenses**
-16,571	**-903**	**-17,474**	**Result from ordinary activities**
3,830	0	3,830	Income taxes
-12,741	**-903**	**-13,644**	**Consolidated net loss for the fiscal year**
0	0	0	Share of consolidated net loss attributable to non-controlling interests
-12,741	-903	-13,644	Share of consolidated net loss attributable to shareholders of Gigaset AG
			Earnings per share
-0.26	-0.02	-0.28	- Basic ernings per share in EUR
-0.26	-0.02	-0.28	- Diluted earnings per share in EUR

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of September 30, 2012"

Consolidated Income Statement for the Period from July 1 - September 30, 2013

	Jul. 1 - Sep. 30, 2013		
€ (000)	**Continuing operations**	**Discontinued operations**	**Total**
Revenues	76,621	899	77,520
Change in inventories of finished and unfinished goods	11,192	0	11,192
Other internal production capitalized	3,393	0	3,393
Other operating income	5,561	140	5,701
Purchased goods and services	-47,734	-449	-48,183
Personnel expenses	-23,100	-357	-23,457
Other operating expenses	-22,127	-1,281	-23,408
EBITDA	**3,806**	**-1,048**	**2,758**
Depreciation and amortization	-6,612	0	-6,612
Impairment losses	0	412	412
EBIT	**-2,806**	**-636**	**-3,442**
Impairment on financial assets	-29	0	-29
Other interest and similar income	54	0	54
Interest and similar expenses	-1,118	-2	-1,120
Net financial expense	**-1,093**	**-2**	**-1,095**
Result from ordinary activities	**-3,899**	**-638**	**-4,537**
Income taxes	128	0	128
Consolidated net loss for the fiscal year	**-3,771**	**-638**	**-4,409**
Share of consolidated net loss attributable to non-controlling interests	0	0	0
Share of consolidated net loss attributable to shareholders of Gigaset AG	-3,771	-638	-4,409
Earnings per share			
- Basic ernings per share in EUR	-0.08	-0.01	-0.09
- Diluted earnings per share in EUR	-0.08	-0.01	-0.09

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of September 30, 2012"

Consolidated Income Statement for the Period from July 1 - September 30, 2013

Jul. 1 - Sep. 30, 2012[1]			
Continuing operations	**Discontinued operations**	**Total**	**€ (000)**
90,401	2,723	93,124	Revenues
6,454	131	6,585	Change in inventories of finished and unfinished goods
4,089	0	4,089	Other internal production capitalized
12,300	-331	11,969	Other operating income
-52,010	-1,841	-53,851	Purchased goods and services
-45,366	-623	-45,989	Personnel expenses
-24,386	-943	-25,329	Other operating expenses
-8,518	**-884**	**-9,402**	**EBITDA**
-6,255	0	-6,255	Depreciation and amortization
0	50	50	Impairment losses
-14,773	**-834**	**-15,607**	**EBIT**
0	0	0	Impairment on financial assets
390	0	390	Other interest and similar income
-755	-44	-799	Interest and similar expenses
-365	**-44**	**-409**	**Net financial expense**
-15,138	**-878**	**-16,016**	**Result from ordinary activities**
1,835	-82	1,753	Income taxes
-13,303	**-960**	**-14,263**	**Consolidated net loss for the fiscal year**
0	0	0	Share of consolidated net loss attributable to non-controlling interests
-13,303	-960	-14,263	Share of consolidated net loss attributable to shareholders of Gigaset AG
			Earnings per share
-0.27	-0.02	-0.29	- Basic ernings per share in EUR
-0.27	-0.02	-0.29	- Diluted earnings per share in EUR

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of September 30, 2012"

Consolidated Statement of Comprehensive Income for the Period from January 1- September 30, 2013

	Jan. 1 - Sep. 30, 2013		
€ (000)	Continuing operations	Discontinued operations	Total
Consolidated net loss	-16,452	-1,217	-17,669
Items that may be reclassified subsequently to net income/loss			
Currency translation differences	-38	-4	-42
Items that will not be reclassified to net income/loss	0	0	0
Total changes recognized in other comprehensive income	-38	-4	-42
Total recognized income and expense	-16,490	-1,221	-17,711
thereof attributable to non-controlling interests	0	0	0
thereof attributable to shareholders of Gigaset AG	-16,490	-1,221	-17,711

Consolidated Statement of Comprehensive Income for the Period from July 1- September 30, 2013

	Jul. 1 - Sep. 30, 2013		
€ (000)	Continuing operations	Discontinued operations	Total
Consolidated net loss	-3,771	-638	-4,409
Items that may be reclassified subsequently to net income/loss			
Currency translation differences	40	-6	34
Items that will not be reclassified to net income/loss	0	0	0
Total changes recognized in other comprehensive income	40	-6	34
Total recognized income and expense	-3,731	-644	-4,375
thereof attributable to non-controlling interests	0	0	0
thereof attributable to shareholders of Gigaset AG	-3,731	-644	-4,375

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of September 30, 2012"

Consolidated Statement of Comprehensive Income for the Period from January 1 - September 30, 2013

Continuing operations (Jan. 1 - Sep. 30, 2012[1])	Discontinued operations (Jan. 1 - Sep. 30, 2012[1])	Total (Jan. 1 - Sep. 30, 2012[1])	€ (000)
-12,741	-903	-13,644	Consolidated net loss
			Items that may be reclassified subsequently to net income/loss
-321	0	-321	Currency translation differences
0	0	0	Items that will not be reclassified to net income/loss
-321	0	-321	Total changes recognized in other comprehensive income
-13,062	-903	-13,965	Total recognized income and expense
0	0	0	thereof attributable to non-controlling interests
-13,062	-903	-13,965	thereof attributable to shareholders of Gigaset AG

Consolidated Statement of Comprehensive Income for the Period from July 1 - September 30, 2013

Continuing operations (Jul. 1 - Sep. 30, 2012[1])	Discontinued operations (Jul. 1 - Sep. 30, 2012[1])	Total (Jul. 1 - Sep. 30, 2012[1])	€ (000)
-13,303	-960	-14,263	Consolidated net loss
			Items that may be reclassified subsequently to net income/loss
-201	-5	-206	Currency translation differences
0	0	0	Items that will not be reclassified to net income/loss
-201	-5	-206	Total changes recognized in other comprehensive income
-13,504	-965	-14,469	Total recognized income and expense
0	0	0	thereof attributable to non-controlling interests
-13,504	-965	-14,469	thereof attributable to shareholders of Gigaset AG

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of September 30, 2012"

Consolidated Statement of Financial Position as of September 30, 2013

€ (000)	Sep. 30, 2013	Dec. 31, 2012[1]	Jan. 1, 2012[1]
ASSETS			
Non-current assets			
Intangible assets	46,108	44,226	42,431
Property, plant and equipment	41,234	44,148	45,911
Financial assets	0	0	2,334
Deferred tax assets	19,665	27,754	14,799
Total non-current assets	**107,007**	**116,128**	**105,475**
Current assets			
Inventories	34,579	33,418	35,804
Trade receivables	51,582	50,998	59,723
Other assets	17,737	26,424	27,163
Current tax assets	3,420	2,017	3,076
Cash and cash equivalents	16,948	54,651	62,262
	124,266	**167,508**	**188,028**
Assets held for sale	16,072	18,788	20,416
Total current assets	**140,338**	**186,296**	**208,444**
Total assets	**247,345**	**302,424**	**313,919**

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of September 30, 2012"

Consolidated Statement of Financial Position as of September 30, 2013

€ (000)	Sep. 30, 2013	Dec. 31, 2012[1]	Jan. 1, 2012[1]
EQUITY & LIABILITIES			
Equity			
Subscribed capital	50,015	50,015	50,015
Additional paid-in capital	87,981	87,981	87,981
Revenue reserves	68,979	68,979	22,858
Actuary effects IAS 19	-30,463	-30,463	-8,552
Accumulated other comprehensive income	-167,607	-149,896	-81,707
	8,905	**26,616**	**70,595**
Non-controlling interests	0	0	0
Total equity	**8,905**	**26,616**	**70,595**
Non-current liabilities			
Pension obligations	43,941	42,532	18,810
Provisions	10,227	9,318	7,037
Financial liabilities	32,000	32,000	0
Other liabilities	33	27	35
Deferred tax liabilities	13,947	13,967	15,958
Total non-current liabilities	**100,148**	**97,844**	**41,840**
Current liabilities			
Provisions	25,836	41,284	27,222
Financial liabilities	8,822	306	6,083
Trade payables	62,807	86,644	96,239
Tax liabilities	3,594	6,384	7,790
Other liabilities	20,626	24,558	41,568
	121,685	**159,176**	**178,902**
Liabilities related to assets held for sale	16,607	18,788	22,582
Total current liabilities	**138,292**	**177,964**	**201,484**
Total equity & liabilities	**247,345**	**302,424**	**313,919**

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of September 30, 2012"

Consolidated Statement of Changes in Equity as of September 30, 2013

	€ (000)	Subscribed capital	Additional paid-in capital	Revenue reserves
	January 1, 2012[1]	**50,015**	**87,981**	**22,858**
1	**Allocation to revenue reserves**	**0**	**0**	**46,121**
2	Transactions with owners	0	0	0
3	Total transactions with owners	0	0	0
4	**Consolidated net loss 2012**	**0**	**0**	**0**
5	Non-controlling interests	0	0	0
6	Consolidated net loss for the fiscal year after non-controlling interests	0	0	0
7	Currency translation differences	0	0	0
8	Actuarial effects IAS 19	0	0	0
9	Total changes recognized in other comprehensive income	0	0	0
10	**Total net income (6+9)**	**0**	**0**	**0**
	September 30, 2012	50,015	87,981	68,979
	January 1, 2013[1)]	50,015	87,981	68,979
1	**Allocation to revenue reserves**	**0**	**0**	**0**
2	Transactions with owners	0	0	0
3	Total transactions with owners	0	0	0
4	**Consolidated net loss 2013**	**0**	**0**	**0**
5	Non-controlling interests	0	0	0
6	Consolidated net loss for the fiscal year after non-controlling interests	0	0	0
7	Currency translation differences	0	0	0
8	Actuarial effects IAS 19	0	0	0
9	Total changes recognized in other comprehensive income	0	0	0
10	**Total net income (6+9)**	**0**	**0**	**0**
	September 30, 2013	**50,015**	**87,981**	**68,979**

1) Adjusted as a result of changes to IAS 19. For details please refer to comments in the notes under section "Adjustment of comparative information in the consolidated interim financial statements as of September 30, 2012"
2) This item will not be recycled to profit or loss in subsequent periods.

Consolidated Statement of Changes in Equity as of September 30, 2013

Actuary gains / losses IAS 19[2]	Accumulated other comprehensive income[3]	Adjusting items for non-controlling interests	Consolidated equity	€ (000)	
-8,552	**-81,707**	**0**	**70,595**	**January 1, 2012[1]**	
0	**-46,121**	**0**	**0**	**Allocation to revenue reserves**	**1**
0	0	0	0	Transactions with owners	2
0	0	0	0	Total transactions with owners	3
0	**-13,644**	**0**	**-13,644**	**Consolidated net loss 2012**	**4**
0	0	0	0	Non-controlling interests	5
0	-13,644	0	-13,644	Consolidated net loss for the fiscal year after non-controlling interests	6
0	-321	0	-321	Currency translation differences	7
0	0	0	0	Actuarial effects IAS 19	8
0	-321	0	-321	Total changes recognized in other comprehensive income	9
0	**-13,965**	**0**	**-13,965**	**Total net income (6+9)**	**10**
-8,552	-141,793	0	56,630	September 30, 2012	
-30,463	-149,896	0	26,616	January 1, 2013[1)]	
0	**0**	**0**	**0**	**Allocation to revenue reserves**	**1**
0	0	0	0	Transactions with owners	2
0	0	0	0	Total transactions with owners	3
0	**-17,669**	**0**	**-17,669**	**Consolidated net loss 2013**	**4**
0	0	0	0	Non-controlling interests	5
0	-17,669	0	-17,669	Consolidated net loss for the fiscal year after non-controlling interests	6
0	-42	0	-42	Currency translation differences	7
0	0	0	0	Actuarial effects IAS 19	8
0	-42	0	-42	Total changes recognized in other comprehensive income	9
0	**-17,711**	**0**	**-17,711**	**Total net income (6+9)**	**10**
-30,463	**-167,607**	**0**	**8,905**	**September 30, 2013**	

3) This item includes both items that will not be subsequently recycled to profit or loss as well as items that might be recycled to profit or loss in subsequent periods. The items that might be recycled to profit or loss in subsequent periods relate to differences from currency translation in the amount of EUR 971 thousand (as of 9/30/2012: EUR 1,029 thousand). EUR 4,070 thousand (as of 9/30/2012: EUR 4,070 thousand) of items that will not be recycled to profit or loss in subsequent periods relates to share-based payments and EUR -172,648 thousand (as of 9/30/2012: EUR -146,892 thousand) relates to accumulated consolidated net losses or profits in prior periods which also include the deferred taxes of the item "Actuarial effects IAS 19" in the amount of EUR 9,511 thousand (9/30/2012: EUR 2,670 thousand).

Consolidated Cash Flow Statement for the Period from January 1 - September 30, 2013

€ (000)	Jan. 1 - Sep. 30, 2013	Jan. 1 - Sep. 30, 2012[1]
Result from ordinary activities before taxes on income (EBT)	**-8,992**	**-17,474**
Depreciation of property, plant and equipment and amortization of intangible assets	20,120	18,307
Impairment losses	-1,935	0
Addition (+)/decrease (-) in pension provisions	1,409	362
Gain (-)/loss (+) from the sale of non-current assets	2	40
Gain (-)/loss (+) from deconsolidations	-14	-604
Gain (-)/loss (+) from currency translation	2,175	1,957
Other non-cash items	-14,265	-12,764
Net interest income	2,332	1,224
Interest received	38	118
Interest paid	-1,790	-832
Income taxes paid	-4,855	-3,522
Impairment on financial assets	85	0
Increase (-)/decrease (+) in inventories	-1,161	-4,555
Increase (-)/decrease (+) in trade receivables and other receivables	7,607	13,353
Increase (+)/decrease (-) in trade payables, other liabilities and other provisions	-42,465	-23,555
Increase (+)/decrease (-) in other balance sheet items	526	-3,161
Cash inflow (+)/outflow (-) from continuing operations (net cash flow)	**-41,183**	**-31,106**
Proceeds from the disposal of non-current assets	2	8
Payments for investments in non-current assets	-4,839	-5,855
Cash inflow (+)/outflow (-) from investing activities	**-4,837**	**-5,847**
Free cash flow	**-46,020**	**-36,953**

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of September 30, 2012"

Consolidated Cash Flow Statement for the Period from January 1 - September 30, 2013

€ (000)	Jan. 1 - Sep. 30, 2013	Jan. 1 - Sep. 30, 2012[1]
Cash flows from the borrowing (+)/repayment (-) of current financial liabilities	8,516	-5,235
Cash inflow from the borrowing of non-current financial liabilities	0	12,000
Cash inflow (+)/outflow (-) from financing activities	**8,516**	**6,765**
Cash and cash equivalents at the beginning of the period	52,989	59,579
Changes due to exchange rate differences	-896	-297
Cash and cash equivalents at the beginning of the period measured at the rate of exchange prevailing at the balance sheet date of the prior year	53,885	59,876
Increase (-)/decrease (+) in restricted cash	-242	396
Change in cash and cash equivalents	-37,504	-30,188
Cash and cash equivalents at the end of the period	**15,243**	**29,787**
Restricted cash	2,039	2,884
Cash and cash equivalents	**17,282**	**32,671**
Cash and cash equivalents presented under "Assets held for sale"	334	333
Cash and cash equivalents reported on the statement of financial position	**16,948**	**32,338**

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of September 30, 2012"

Notes to the interim financial statements as of September 30, 2013

1. General information regarding accounting policies

The preparation of Gigaset AG's consolidated financial statements as of September 30, 2013, and the presentation of comparative figures from the prior year was carried out in compliance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) and their interpretation by the Standard Interpretations Committee (SIC) and International Financial Reporting Standards Interpretations Committee (IFRS IC) as they apply in the EU. Accordingly, this unaudited and unreviewed Interim Financial Report as of September 30, 2013, was prepared in accordance with IAS 34. All Standards applicable as of September 30, 2013, whose application is mandatory were taken into account and provide atrue and fair view of the Gigaset Group's financial position, financial performance and cash flows.

The notes to the 2012 Consolidated financial statements apply accordingly in particular with respect to the significant accounting policies adopted. The consolidated financial statements are prepared under the premise that the Company will continue as a going concern.

In addition, the following standards and interpretations, which were amended or newly issued by the IASB, had to be applied beginning with the 2013 fiscal year:

› Amendments to IAS 19, Employee Benefits

The primary change in IAS 19 is that future unexpected fluctuations in pension commitments as well as any plan assets – so-called actuarial gains and losses – will have to be recognized directly in equity under other comprehensive income (OCI). The option previously applied by Gigaset – recognition under the corridor method – is being abolished. This is expected to lead to increasing volatility of equity. Another change in accounting treatment is that interest expense will be derived in the future based on the so-called net defined benefit liability. More comprehensive disclosures will have to be made in the notes under the amended standard than previously required.

Another significant change in IAS 19 relates to the accounting treatment of partial retirement agreements. With respect to the obligation to pay top-up amounts from partial retirement agreements, as a result of this amendment these payments can no longer be treated as termination benefits in the future. Moreover, the benefits based on the dependency of service rendered in the future and their long-term vesting period are to be recognized as other non-current employee benefits. Due to this change in classification, the expenses are no longer to be recognized in full when the company is irrevocably obligated, but instead based on their vesting period. This change had significant effects as a result of the restructuring measures in the fourth quarter of 2012.

The amendments to IAS 19 have significant effects on Gigaset's consolidated financial statements. The amendments apply for fiscal years beginning on or after January 1, 2013. Earlier adoption is permitted. The effects of the amendments are presented in detail in the notes under the point on the "Adjustment of comparative information in the consolidated financial statements as of September 30, 2012".

› Amendments to IAS 1, Presentation of Financial Statements

According to the amendments to IAS 1, the items presented under other comprehensive income are to be divided into two categories: a) Items that might be reclassified to the income statement in subsequent periods (so-called "recycling") and b) items that will not be reclassified to the income statement in subsequent periods. If these items are presented before taxes, the associated tax amounts of the two categories are to be stated (to the extent that taxes apply). The amendments apply for fiscal years beginning on or after January 1, 2013. Earlier adoption is permitted. The required additional disclosures were taken into account in the Company's financial statements.

› IFRS 13, Fair Value Measurement

IFRS 13 describes how fair value is to be determined and expands the existing disclosures regarding fair value. The standard does not specify the cases in which fair value is to be determined – this is based on the requirements of other IFRSs/IASs. The application of IFRS 13 for the determination of fair value is prohibited for individual standards. The new standard requires additional disclosures when fair value is determined. The new standard applies for reporting periods beginning on or after January 1, 2013. Earlier adoption is permitted. The amendments had no effect on the consolidated financial statements.

› Amendments to IFRS 7, Financial Instruments: Presentation

The revision of the application guidance for IFRS 7 clarifies some provisions regarding the offsetting of financial assets and financial liabilities in the statement of financial position. More extensive disclosures must also be made in the notes than previously required for offset amounts. The amendments apply for fiscal years beginning on or after January 1, 2013. Earlier adoption is permitted. The amendments had no effect on the consolidated financial statements.

› Amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards

A new exemption rule after severe hyperinflation was introduced, a few fixed dates for first-time adopters were removed, and simplifications with respect to the accounting treatment of government loans were added under the amendments to IFRS 1. The amendments apply for fiscal years beginning on or after January 1, 2013. Earlier adoption is permitted. The amendments had no effect on the consolidated financial statements.

› Amendments to IAS 12, Income Taxes

The amendment to IAS 12 includes a partial clarification regarding the treatment of temporary tax differences related to the application of the fair value model in IAS 40. With respect to investment property, it is often difficult to assess whether existing differences reverse over a period of continued use or as a result of a sale. Therefore, the amendment specifies that the general assumption is reversal through sale. The amended standard applies for reporting periods beginning on or after January 1, 2013. Earlier adoption is permitted. The amendments had no effect on the consolidated financial statements.

› Annual improvements to IFRSs (2009 - 2011 cycle)

The annual improvements (2009 - 2011) were adopted by the European Commission on March 28, 2013, and relate to clarifications within the following standards:

- IAS 1 Presentation of Financial Statements (clarification of disclosure requirements for comparative information if a third statement of financial position is required or prepared voluntarily).
- IAS 16 Property, Plant and Equipment (clarification regarding replacement parts and servicing equipment and their recognition as property, plant and equipment or inventories)
- IAS 32 Financial Instruments (clarification regarding the recognition of the tax effects of dividends and transaction costs from the issue or repurchase of equity instruments)
- IAS 34 Interim Financial Reporting (clarification regarding the disclosure of segment assets and liabilities in interim financial reports)
- IFRS 1 First-time Adoption of International Financial Reporting Standards (various clarifications)

The amended standards apply for reporting periods beginning on or after January 1, 2013. Earlier adoption is permitted. The amendments had no effect on the consolidated financial statements.

› IFRIC 20, Recognition of Stripping Costs in the Production Phase of a Surface Mine

The interpretation specifies rules for the recognition of stripping costs in the production phase of a surface mine and applies for fiscal years beginning on or after January 1, 2013. Earlier adoption is permitted. The amendments had no effect on the consolidated financial statements.

The following standards and interpretations already adopted, revised, or newly issued by the IASB were not yet required to be applied in fiscal year 2013:

Standards		Application requirement for Gigaset starting	Adopted by EU Commission
IFRS 10	Consolidated Financial Statements	1/1/2014[1]	Yes[1]
IFRS 11	Joint Arrangements	1/1/2014[1]	Yes[1]
IFRS 12	Disclosure of Interests in Other Entities	1/1/2014[1]	Yes[1]
IAS 27	Separate Financial Statements	1/1/2014[1]	Yes[1]
IAS 28	Investments in Associates and Joint Ventures	1/1/2014[1]	Yes[1]
IAS 32	Amendments to Offsetting Financial Assets and Financial Liabilities	1/1/2014	Yes
IAS 36	Impairment of Assets – Recoverable Amount Disclosure for Non-Financial Assets	1/1/2014	No
IAS 39	Amendments to Novation of Derivatives and Continuation fo Hedge Accounting	1/1/2014	No
IFRS 9	Financial Instruments	1/1/2015	No
IFRS 9 / IFRS 7	Amendments to Mandatory Effective Date and Transition Disclosures	1/1/2015	No
Interpretations			
IFRIC 21	Levies	1/1/2014	No

1) The original rules in the IASB's provisions specified mandatory application already starting in fiscal year 2013. However, the European Commission normalized a first-time application date for the changes for fiscal years beginning on or after January 1, 2014, in the Official Journal of the European Union L360 dated December 29, 2012.

The effects of the first-time application of the other revised or newly issued standards and interpretations cannot be reliably estimated at this time. However, the Company assumes in particular that the new standards IFRS 10, IFRS 11, and IFRS 12 will not have a significant impact.

2. Basis of consolidation

In addition to the parent company, 44 group companies were included in Gigaset's consolidated financial statements as of September 30, 2013; 18 of which domestic and 26 of which foreign companies.

Compared to December 31, 2012 there is a change in the consolidated group as of September 30, 2013 because of the sale of the subsidiary in the United Arab Emirates by a management buy-out.

As of September 30, 2013, no companies were included in the consolidated financial statements using equity method accounting.

One company with an insignificant influence on the financial position, financial performance and cash flows separately and as a whole was not consolidated. This subsidiary is recognized at amortized cost.

3. Adjustment of comparative information in the consolidated financial statements as of September 30, 2012

The amendments to IAS 19, Employee Benefits, which are applicable starting January 1, 2013, have a significant impact on the Gigaset Group's financial position, financial performance and cash flows. The new provisions of IAS 19 are to be applied retrospectively and therefore also have an impact on the amounts and disclosures of fiscal year 2012.

The primary change in IAS 19 is that future unexpected fluctuations in pension commitments as well as any plan assets – so-called actuarial gains and losses – will have to be recognized directly in equity under other comprehensive income (OCI). The option previously applied by Gigaset – recognition under the corridor method – is being abolished. This is expected to lead to increasing volatility of equity. Another change in accounting treatment is that interest expense will be derived in the future based on the so-called net defined benefit liability. More comprehensive disclosures will have to be made in the notes under the amended standard than previously required.

Actuarial gains or losses are recognized based on their amount in a separate item under equity. The item is designated as "Actuarial effects IAS 19".

Another significant change in IAS 19 relates to the accounting treatment of partial retirement agreements. With respect to the obligation to pay top-up amounts from partial retirement agreements, as a result of this amendment these payments can no longer be treated as termination benefits in the future. Moreover, the benefits based on the dependency of service rendered in the future and their long-term vesting period are to be recognized as other non-current employee benefits. Due to this change in classification, the expenses are no longer to be recognized in full when the company is irrevocably obligated, but instead based on their vesting period. This change had significant effects as a result of the restructuring measures in the fourth quarter of 2012.

The amendments to IAS 19 are to be applied retrospectively and therefore the disclosures of the prior period were to be adjusted. The adjustments related to the following components:

- Income statement for the period from January 1 - September 30, 2012
- Income statement for the period from July 1 - September 30, 2012
- Consolidated statement of financial position as of January 1, 2012
- Consolidated statement of financial position as of December 31, 2012
- Consolidated equity as of January 1, 2012
- Consolidated equity as of December 31, 2012
- Consolidated statement of cash flows for the period from January 1 to September 30, 2012

The adjusted calculation of consolidated earnings for the interim financial statements as of September 30, 2012, based on the new provisions under IAS 19 are presented below:

				Adjustment IAS 19 Change in methods
Jan. 1 – Sep. 30, 2012 in € (000)	**Continuing operations**	**Discontinued operations**	**Total**	**Continuing operations**
Revenues	296,062	14,310	310,372	0
Change in inventories of finished and unfinished goods	1,635	-92	1,543	0
Other internal production capitalized	12,758	0	12,758	0
Other operating income	21,666	4,210	25,876	0
Purchased goods and services	-154,890	-8,023	-162,913	0
Personnel expenses	-101,840	-1,952	-103,792	3,138
Other operating expenses	-75,743	-9,182	-84,925	0
EBITDA	**-352**	**-729**	**-1,081**	**3,138**
Depreciation and amortization	-18,307	0	-18,307	0
Impairment losses	0	0	0	0
EBIT	**-18,659**	**-729**	**-19,388**	**3,138**
Impairment on financial assets	0	0	0	0
Other interest and similar income	750	0	750	0
Interest and similar expenses	-1,800	-174	-1,974	0
Net financial expenses	**-1,050**	**-174**	**-1,224**	**0**
Result from ordinary activities	**-19,709**	**-903**	**-20,612**	**3,138**
Income taxes	4,810	0	4,810	-980
Consolidated net loss for the fiscal year	**-14,899**	**-903**	**-15,802**	**2,158**
Share of consolidated net loss attributable to non-controlling interests	0	0	0	0
Share of consolidated net loss attributable to shareholders of Gigaset AG	-14,899	-903	-15,802	2,158
Earnings per share				
- Basic earnings per share in EUR	-0.30	-0.02	-0.32	0.04
- Diluted earnings per share in EUR	-0.30	-0.02	-0.32	0.04

Adjustment IAS 19 Change in methods					
Discontinued operations	**Total**	**Continuing operations**	**Discontinued operations**	**Total**	**Jan. 1 – Sep. 30, 2012 in € (000)**
0	0	296,062	14,310	310,372	Revenues
0	0	1,635	-92	1,543	Change in inventories of finished and unfinished goods
0	0	12,758	0	12,758	Other internal production capitalized
0	0	21,666	4,210	25,876	Other operating income
0	0	-154,890	-8,023	-162,913	Purchased goods and services
0	3,138	-98,702	-1,952	-100,654	Personnel expenses
0	0	-75,743	-9,182	-84,925	Other operating expenses
0	**3,138**	**2,786**	**-729**	**2,057**	**EBITDA**
0	0	-18,307	0	-18,307	Depreciation and amortization
0	0	0	0	0	Impairment losses
0	**3,138**	**-15,521**	**-729**	**-16,250**	**EBIT**
0	0	0	0	0	Impairment on financial assets
0	0	750	0	750	Other interest and similar income
0	0	-1,800	-174	-1,974	Interest and similar expenses
0	**0**	**-1,050**	**-174**	**-1,224**	**Net financial expenses**
0	**3,138**	**-16,571**	**-903**	**-17,474**	**Result from ordinary activities**
	-980	3,830	0	3,830	Income taxes
0	**2,158**	**-12,741**	**-903**	**-13,644**	**Consolidated net loss for the fiscal year**
0	0	0	0	0	Share of consolidated net loss attributable to non-controlling interests
0	2,158	-12,741	-903	-13,644	Share of consolidated net loss attributable to shareholders of Gigaset AG
					Earnings per share
0.00	0.04	-0.26	-0.02	-0.28	- Basic earnings per share in EUR
0.00	0.04	-0.26	-0.02	-0.28	- Diluted earnings per share in EUR

Jul. 1 – Sep. 30, 2012 in € (000)	Continuing operations	Discontinued operations	Total	Adjustment IAS 19 Change in methods Continuing operations
Revenues	90,401	2,723	93,124	0
Change in inventories of finished and unfinished goods	6,454	131	6,585	0
Other internal production capitalized	4,089	0	4,089	0
Other operating income	12,300	-331	11,969	0
Purchased goods and services	-52,010	-1,841	-53,851	0
Personnel expenses	-47,875	-623	-48,498	2,509
Other operating expenses	-24,386	-943	-25,329	0
EBITDA	-11,027	-884	-11,911	2,509
Depreciation and amortization	-6,255	0	-6,255	0
Impairment losses	0	50	50	0
EBIT	-17,282	-834	-18,116	2,509
Impairment on financial assets	0	0	0	0
Other interest and similar income	390	0	390	0
Interest and similar expenses	-755	-44	-799	0
Net financial expense	-365	-44	-409	0
Result from ordinary activities	-17,647	-878	-18,525	2,509
Income taxes	2,619	-82	2,537	-784
Consolidated net loss for the fiscal year	**-15,028**	**-960**	**-15,988**	**1,725**
Share of consolidated net loss attributable to non-controlling interests	0	0	0	0
Share of consolidated net loss attributable to shareholders of Gigaset AG	-15,028	-960	-15,988	1,725
Earnings per share				
- Basic earnings per share in EUR	-0.30	-0.02	-0.32	0.03
- Diluted earnings per share in EUR	-0.30	-0.02	-0.32	0.03

Adjustment IAS 19 Change in methods					
Discontinued operations	**Total**	**Continuing operations**	**Discontinued operations**	**Total**	**Jul. 1 – Sep. 30, 2012 in € (000)**
0	0	90,401	2,723	93,124	Revenues
0	0	6,454	131	6,585	Change in inventories of finished and unfinished goods
0	0	4,089	0	4,089	Other internal production capitalized
0	0	12,300	-331	11,969	Other operating income
0	0	-52,010	-1,841	-53,851	Purchased goods and services
0	2,509	-45,366	-623	-45,989	Personnel expenses
0	0	-24,386	-943	-25,329	Other operating expenses
0	**2,509**	**-8,518**	**-884**	**-9,402**	**EBITDA**
0	0	-6,255	0	-6,255	Depreciation and amortization
0	0	0	50	50	Impairment losses
0	**2,509**	**-14,773**	**-834**	**-15,607**	**EBIT**
0	0	0	0	0	Impairment on financial assets
0	0	390	0	390	Other interest and similar income
0	0	-755	-44	-799	Interest and similar expenses
0	**0**	**-365**	**-44**	**-409**	**Net financial expense**
0	**2,509**	**-15,138**	**-878**	**-16,016**	**Result from ordinary activities**
0	-784	1,835	-82	1,753	Income taxes
0	**1,725**	**-13,303**	**-960**	**-14,263**	**Consolidated net loss for the fiscal year**
0	0	0	0	0	Share of consolidated net loss attributable to non-controlling interests
0	1,725	-13,303	-960	-14,263	Share of consolidated net loss attributable to shareholders of Gigaset AG
					Earnings per share
0.00	0.03	-0.27	-0.02	-0.29	- Basic earnings per share in EUR
0.00	0.03	-0.27	-0.02	-0.29	- Diluted earnings per share in EUR

The effects on the statement of financial position as of January 1, 2012, based on the amendment of IAS 19 are presented below:

€ (000)	Jan. 1, 2012	Adjustment IAS 19 Change in methods	Jan. 1, 2012
ASSETS			
Non-current assets			
Intangible assets	42,431		42,431
Property, plant and equipment	45,911		45,911
Financial assets	2,334		2,334
Deferred tax assets	12,240	2,559	14,799
Total non-current assets	102,916	2,559	105,475
Current assets			
Inventories	35,804		35,804
Trade receivables	59,723		59,723
Other assets	27,163		27,163
Current tax assets	3,076		3,076
Cash and cash equivalents	62,262		62,262
	188,028	0	188,028
Assets held for sale	20,416		20,416
Total current assets	208,444	0	208,444
Total assets	**311,360**	**2,559**	**313,919**

€ (000)	Jan. 1, 2012	Adjustment IAS 19 Change in methods	Jan. 1, 2012
EQUITY & LIABILITIES			
Equity			
Subscribed capital	50,015		50,015
Additional paid-in capital	87,981		87,981
Revenue reserves	22,858		22,858
Actuarial effects IAS 19	0	-8,552	-8,552
Accumulated other comprehensive income	-84,621	2,914	-81,707
	76,233	**-5,638**	**70,595**
Non-controlling interests	0		0
Total equity	**76,233**	**-5,638**	**70,595**
Non-current liabilities			
Pension obligations	10,258	8,552	18,810
Provisions	7,392	-355	7,037
Financial liabilities	0		0
Other liabilities	35		35
Deferred tax liabilities	15,958		15,958
Total non-current liabilities	**33,643**	**8,197**	**41,840**
Current liabilities			
Provisions	27,222		27,222
Financial liabilities	6,083		6,083
Trade payables	96,239		96,239
Tax liabilities	7,790		7,790
Other liabilities	41,568		41,568
	178,902	**0**	**178,902**
Liabilities related to assets held for sale	22,582		22,582
Total current liabilities	**201,484**	**0**	**201,484**
Total equity & liabilities	**311,360**	**2,559**	**313,919**

The effects on the statement of financial position as of December 31, 2012, based on the amendment of IAS 19 are presented below:

€ (000)	Dec. 31, 2012	Adjustment IAS 19 Change in methods	Dec. 31, 2012
ASSETS			
Non-current assets			
Intangible assets	44,226		44,226
Property, plant and equipment	44,148		44,148
Financial assets	0		0
Deferred tax assets	19,316	8,438	27,754
Total non-current assets	107,690	8,438	116,128
Current assets			
Inventories	33,418		33,418
Trade receivables	50,998		50,998
Other assets	26,424		26,424
Current tax assets	2,017		2,017
Cash and cash equivalents	54,651		54,651
	167,508	0	167,508
Assets held for sale	18,788		18,788
Total current assets	186,296	0	186,296
Total assets	**293,986**	**8,438**	**302,424**

€ (000)	Dec. 31, 2012	Adjustment IAS 19 Change in methods	Dec. 31, 2012
EQUITY & LIABILITIES			
Equity			
Subscribed capital	50,015		50,015
Additional paid-in capital	87,981		87,981
Revenue reserves	68,979		68,979
Actuarial effects IAS 19	0	-30,463	-30,463
Accumulated other comprehensive income	-161,771	11,875	-149,896
	45,204	-18,588	26,616
Non-controlling interests	0		0
Total equity	45,204	-18,588	26,616
Non-current liabilities			
Pension obligations	12,069	30,463	42,532
Provisions	12,755	-3,437	9,318
Financial liabilities	32,000		32,000
Other liabilities	27		27
Deferred tax liabilities	13,967		13,967
Total non-current liabilities	70,818	27,026	97,844
Current liabilities			
Provisions	41,284		41,284
Financial liabilities	306		306
Trade payables	86,644		86,644
Tax liabilities	6,384		6,384
Other liabilities	24,558		24,558
	159,176	0	159,176
Liabilities related to assets held for sale	18,788		18,788
Total current liabilities	177,964	0	177,964
Total equity & liabilities	**293,986**	**8,438**	**302,424**

The effects on consolidated equity as of January 1, 2012, based on the amendment of IAS 19 are presented below:

€ (000)	Jan. 1, 2012	Adjustment IAS 19 Change in methods	Jan. 1, 2012
Subscribed capital	50,015		50,015
Additional paid-in capital	87,981		87,981
Revenue reserves	22,858		22,858
Actuarial effects IAS 19	0	-8,552	-8,552
Accumulated other comprehensive income	-84,621	2,914	-81,707
Non-controlling interests	0		0
Consolidated equity	**76,233**	**-5,638**	**70,595**

The effects on consolidated equity as of December 31, 2012, based on the amendment of IAS 19 are presented below:

€ (000)	Dec. 31, 2012	Adjustment IAS 19 Change in methods	Dec. 31, 2012
Subscribed capital	50,015		50,015
Additional paid-in capital	87,981		87,981
Revenue reserves	68,979		68,979
Actuarial effects IAS 19	0	-30,463	-30,463
Accumulated other comprehensive income	-161,771	11,875	-149,896
Non-controlling interests	0		0
Consolidated equity	**45,204**	**-18,588**	**26,616**

The effects on the consolidated statement of cash flows for the period from January 1, 2012, to September 30, 2012, based on the amendment of IAS 19 are presented below:

€ (000)	Jan. 1 - Sep. 30, 2012	Adjustment IAS 19 Change in methods	Jan. 1 - Sep. 30, 2012
Result from ordinary activities before taxes on income (EBT)	-20,612	3,138	-17,474
Depreciation of property, plant and equipment and amortization of intangible assets	18,307		18,307
Impairment losses	0		0
Addition (+)/decrease (-) in pension provisions	362		362
Gain (-)/loss (+) from the sale of non-current assets	40		40
Gain (-)/loss (+) from deconsolidations	-604		-604
Gain (-)/loss (+) from currency translation	1,957		1,957
Other non-cash items	-12,764		-12,764

€ (000)	Jan. 1 - Sep. 30, 2012	Adjustment IAS 19 Change in methods	Jan. 1 - Sep. 30, 2012
Net interest income	1,224		1,224
Interest received	118		118
Interest paid	-832		-832
Income taxes paid	-3,522		-3,522
Impairment on financial assets	0		0
Increase (-)/decrease (+) in inventories	-4,555		-4,555
Increase (-)/decrease (+) in trade receivables and other receivables	13,353		13,353
Increase (+)/decrease (-) in trade payables, other liabilities and other provisions	-20,417	-3,138	-23,555
Increase (+)/decrease (-) in other balance sheet items	-3,161		-3,161
Cash inflow (+)/outflow (-) from continuing operations (net cash flow)	**-31,106**	**0**	**-31,106**
Proceeds from the disposal of non-current assets	8		8
Payments for investments in non-current assets	-5,855		-5,855
Cash inflow (+)/outflow (-) from investing activities	**-5,847**	**0**	**-5,847**
Free cash flow	**-36,953**	**0**	**-36,953**
Cash flows from the borrowing (+)/repayment (-) of current financial liabilities	-5,235		-5,235
Cash inflow from the borrowing of non-current financial liabilities	12,000		12,000
Cash inflow (+)/outflow (-) from financing activities	**6,765**	**0**	**6,765**
Cash and cash equivalents at the beginning of the period	59,579		59,579
Changes due to exchange rate differences	-297		-297
Cash and cash equivalents at the beginning of the period measured at the rate of exchange prevailing at the balance sheet date of the prior year	59,876		59,876
Increase (-)/decrease (+) in restricted cash	396		396
Change in cash and cash equivalents	-30,188		-30,188
Cash and cash equivalents at the end of the period	**29,787**	**0**	**29,787**
Restricted cash	2,884		2,884
Cash and cash equivalents	32,671	0	32,671
Cash and cash equivalents presented under "Assets held for sale"	333		333
Cash and cash equivalents reported on the statement of financial position	**32,338**	**0**	**32,338**

4. Seasonal effects

The core business of Gigaset Communications GmbH is subject to distinct seasonal fluctuations due to regularly varying consumer behavior over the course of a calendar year. The highest sales are realized during the Christmas shopping season, which is why the fourth quarter is traditionally very strong. In contrast, the first quarter serves the restocking of warehouses following the Christmas business and in our experience fluctuates around the same level as the third quarter. Sales for the Christmas season are already affecting inventory levels in the warehouses of distributors and retailers beginning in the third quarter; however, July and August count among the weak summer months with a typically low propensity to spend on the part of consumers. In light of this, the third quarter is normally weaker than the fourth. The second quarter is already characterized by seasonal consumer restraint in the early summer months of May and June; at the same time, distributors and retailers are adjusting their inventory levels to the weak summer months. Therefore, the second quarter is traditionally the weakest sales quarter of the entire fiscal year.

In addition to the traditional general seasonal fluctuations, there are country and region-specific seasonalities, such as sales promotions related to specific trade fairs (e.g. CEBIT, IFA), back-to-school activities, or the Chinese New Year.

5. Restructuring

The restructuring begun in the fourth quarter of 2012 was continued as planned. In the first 9 months of 2013, there was a cash outflow of EUR 9,138 thousand as a result of these restructuring measures.

6. Financial assets and liabitilies

The fair values of financial assets and liabilities as of September 30 essentially correspond to the carrying amounts. There were no changes in non-current financial assets and liabilities compared to December 31 of the prior year; as a result, the fair values of these items was essentially the same as their carrying amounts, as was the case at the end of the year. The carrying amounts of the current financial assets and liabilities also correspond essentially to their fair values. There were also no changes with respect to the measurement and fair value hierarchy of the financial assets and liabilities compared to the end of the year.

7. Non-current disposal groups held for sale and discontinued operations

In accordance with IFRS 5, non-current assets and disposal groups are presented separately in the statement of financial position if they can be sold in their current condition and the sale is highly probable. For classification as "held for sale", the corresponding assets are recognized at fair value less costs to sell if this is lower than their carrying amount. Directly related liabilities are presented separately under liabilities as "held for sale" according to their classification.

The Supervisory Board approved the sale of the SM Electronic Group in December 2011 and sales efforts began immediately. Since the SM Electronic Group fulfills the criteria of immediate marketability specified under IFRS 5 and its sale can be regarded as highly probable, the SM Electronic Group was classified as a disposal group as defined under IFRS 5.

The SM Electronic Group's objectives include the trading and distribution of receiver technology and accessories. The assets and liabilities of the disposal group SM Electronic ("Other" segment) can be broken down as follows as of September 30, 2013:

€ (000)	Amount prior to impairment 09/30/2013	Impairment under IFRS 5 2013	Amount after impairment 09/30/2013	Amount as of 12/31/2012
Assets				
Deferred tax assets	3,247	0	3,247	1,312
Inventories	2,346	0	2,346	3,853
Current receivables and other assets	10,145	0	10,145	12,592
Cash and cash equivalents	334	0	334	1,031
Total	**16,072**	**0**	**16,072**	**18,788**
Liabilities				
Provisions	240	0	240	400
Other liabilities	12,936	0	12,936	14,883
Deferred tax liabilities	3,431	0	3,431	3,505
Total	**16,607**	**0**	**16,607**	**18,788**

The impairment recognized as of December 31, 2012 amounted to EUR 1,935 thousand and was reduced in the first 9 months of 2013 by EUR 1,935 thousand to a total of EUR 0 thousand. The reduction of the recognized impairment is reported as a positive amount in the income statement item "Impairment losses" under discontinued operations.

The SM Electronic Group is presented under discontinued operations both in fiscal year 2013 as well as fiscal year 2012, because it represents a major business line based on total assets and/or sales revenues.

Cash flows attributable to discontinued operations can be broken down as follows:

€ (000)	01/01 - 09/30/2013	01/01 - 09/30/2012
Cash inflow (+)/outflow (-) from operating activities	-1,243	-561
Cash inflow (+)/outflow (-) from investing activities	-4	0
Cash inflow (+)/outflow (-) from financing activities	550	0
Change in cash and cash equivalents	**-697**	**-561**

8. Changes in the consolidated group

Compared to December 31, 2012 there is a change in the consolidated group as of September 30, 2013 due to the sale of the subsidiary in the United Arab Emirates by a management buy-out for a symbolic selling price. The sold assets amounts to EUR 492 thousand including EUR 0 thousand cash and cash equivalents. The liabilities amounts to EUR 494 thousand. The preliminary deconsolidation gains including consolidation effects and other expenses related to the transaction amounts to EUR 14 thousand and is disclosed in other operating income. The consolidation gain is preliminary because the sold company's financial statement as of September 30, 2013 needs to be audited by an independent auditor to ensure the compliance with the requirements of the purchase contract.

The sold assets and transfered liabilities from a group perspective are as follows:

€ (000)	09/30/2012
Assets	
Intangible assets	0
Property, plant, equipment	8
Other assets	484
Total	**492**
Liabilities	
Provisions	54
Liabilities	440
Total	**494**

9. Segment reporting

Due to the reorientation of the Gigaset Group's business model in 2010, the segment reporting was adjusted accordingly. The activities of Gigaset and the holding company are presented separately from one another. The Gigaset Group is also presented based on geographic regions as a result of the information applied in Gigaset's internal management.

Gigaset's geographic regions whose main activities lie in the area of communications technology include the following:

- "Europe"

  The geographic region "Europe" includes all operating activities of the Gigaset Group in European countries as well as its operating activities in Russia, since they are jointly managed by the European companies. Thus, this area includes the operating activities in Germany, France, the United Kingdom, Italy, the Netherlands, Austria, Poland, Russia, Sweden, Switzerland, Spain, and Turkey.

- "America"

  The geographic region "America" includes the Gigaset Group's operating activities in Canada, the USA, Brazil, and Argentina.

- "Asia-Pacific / Middle East"

  The geographic region "Asia-Pacific / Middle East" includes the operating activities in China and the United Arab Emirates.

Since all of the businesses not belonging to the core activities were or are to be discontinued or sold, the affected groups are presented in the "Other" segment.

Transfer pricing between the segments corresponds to the prices realized with third parties. The cost of administrative services is passed on via cost allocation.

As of September 30, 2013, the Other segment includes the SM Electronic Group held for sale as in the previous year.

The allocation to the individual geographic regions is made based on the country of residence of the respective legal unit. Therefore, sales revenues and earnings are allocated in the segment reporting based on the legal units according to the internal segment reporting

January 1 to September 30, 2013	Europe	Americas	Asia-Pacific/ Middle East	Gigaset Total
Revenues				
External revenues	230,378	12,346	17,433	260,157
Continuing operations	230,378	12,346	17,433	260,157
Discontinued operations	0	0	0	0
Internal revenues	0	0	0	0
Continuing operations	0	0	0	0
Discontinued operations	0	0	0	0
Total revenues	230,378	12,346	17,433	260,157
Continuing operations	230,378	12,346	17,433	260,157
Discontinued operations	0	0	0	0
Segment EBITDA	17,638	-2,774	861	15,725
Continuing operations	17,638	-2,774	861	15,725
Discontinued operations	0	0	0	0
Depreciation and amortization	-20,094	-13	-11	-20,118
Continuing operations	-20,094	-13	-11	-20,118
Discontinued operations	0	0	0	0
Impairment losses	0	0	0	0
Continuing operations	0	0	0	0
Discontinued operations	0	0	0	0
Segment EBIT	-2,456	-2,787	850	-4,393
Continuing operations	-2,456	-2,787	850	-4,393
Discontinued operations	0	0	0	0
Impairment on financial assets				
Net interest income/expenses				
Result from ordinary activities				
Income taxes				
Consolidated net loss				
Non-controlling interests				
Consolidated net loss attributable to shareholders of Gigaset AG				

Holding	Other	Eliminations	Consolidated	January 1 to September 30, 2013
				Revenues
0	4,747	0	264,904	External revenues
0	0	0	260,157	Continuing operations
0	4,747	0	4,747	*Discontinued operations*
0	48	-48	0	Internal revenues
0	0	0	0	Continuing operations
0	48	-48	0	*Discontinued operations*
0	4,795	-48	264,904	Total revenues
0	0	0	260,157	Continuing operations
0	4,795	-48	4,747	*Discontinued operations*
-946	-3,169	0	11,610	Segment EBITDA
-946	0	0	14,779	Continuing operations
0	-3,169	0	-3,169	*Discontinued operations*
-2	0	0	-20,120	Depreciation and amortization
-2	0	0	-20,120	Continuing operations
0	0	0	0	*Discontinued operations*
0	1,935	0	1,935	Impairment losses
0	0	0	0	Continuing operations
0	1,935	0	1,935	*Discontinued operations*
-948	-1,234	0	-6,575	Segment EBIT
-948	0	0	-5,341	Continuing operations
0	-1,234	0	-1,234	*Discontinued operations*
			-85	Impairment on financial assets
			-2,332	Net interest income/expenses
			-8,992	Result from ordinary activities
			-8,677	Income taxes
			-17,669	**Consolidated net loss**
			0	Non-controlling interests
			-17,669	Consolidated net loss attributable to shareholders of Gigaset AG

January 1 to September 30, 2012[1)]	Europe	Americas	Asia-Pacific/ Middle East	Gigaset Total
Revenues				
External revenues	254,974	18,760	22,282	296,016
Continuing operations	254,974	18,760	22,282	296,016
Discontinued operations	0	0	0	0
Internal revenues	5,099	0	0	5,099
Continuing operations	5,099	0	0	5,099
Discontinued operations	0	0	0	0
Total revenues	260,073	18,760	22,282	301,115
Continuing operations	260,073	18,760	22,282	301,115
Discontinued operations	0	0	0	0
Segment EBITDA	6,316	-2,978	1,515	4,853
Continuing operations	6,316	-2,978	1,515	4,853
Discontinued operations	0	0	0	0
Depreciation and amortization	-18,213	-16	-76	-18,305
Continuing operations	-18,213	-16	-76	-18,305
Discontinued operations	0	0	0	0
Impairment losses	0	0	0	0
Continuing operations	0	0	0	0
Discontinued operations	0	0	0	0
Segment EBIT	-11,897	-2,994	1,439	-13,452
Continuing operations	-11,897	-2,994	1,439	-13,452
Discontinued operations	0	0	0	0
Impairment on financial assets				
Net interest income/expenses				
Result from ordinary activities				
Income taxes				
Consolidated net loss for the fiscal year				
Non-controlling interests				
Consolidated net loss for the fiscal year attributable to shareholders of Gigaset AG				

1) Adjusted as a result of changes to IAS 19. For details please refer to comments in the notes under "Adjustment of comparative information in the consolidated interim financial statements as of September 30, 2012"

Holding	Other	Eliminations	Consolidated	January 1 to September 30, 2012[1)]
				Revenues
46	14,310	0	310,372	External revenues
46	0	0	296,062	Continuing operations
0	14,310	0	14,310	*Discontinued operations*
449	0	-5,548	0	Internal revenues
449	0	-5,548	0	Continuing operations
0	0	0	0	*Discontinued operations*
495	14,310	-5,548	310,372	Total revenues
495	0	-5,548	296,062	Continuing operations
0	14,310	0	14,310	*Discontinued operations*
-2,067	-729	0	2,057	Segment EBITDA
-2,067	0	0	2,786	Continuing operations
0	-729	0	-729	*Discontinued operations*
-2	0	0	-18,307	Depreciation and amortization
-2	0	0	-18,307	Continuing operations
0	0	0	0	*Discontinued operations*
0	0	0	0	Impairment losses
0	0	0	0	Continuing operations
0	0	0	0	*Discontinued operations*
-2,069	-729	0	-16,250	Segment EBIT
-2,069	0	0	-15,521	Continuing operations
0	-729	0	-729	*Discontinued operations*
			0	Impairment on financial assets
			-1,224	Net interest income/expenses
			-17,474	Result from ordinary activities
			3,830	Income taxes
			-13,644	**Consolidated net loss for the fiscal year**
			0	Non-controlling interests
			-13,644	Consolidated net loss for the fiscal year attributable to shareholders of Gigaset AG

10. Related party disclosures

There were no material transactions between the Group and its related parties.

1) Adjusted as a result of changes to IAS 19. For details please refer to comments in the notes under "Adjustment of comparative information in the consolidated interim financial statements as of September 30, 2012"

11. Significant events after the reporting period

Gigaset AG and the insolvency administrator of Sommer Road Cargo Solutions GmbH & Co. KG have settled their legal dispute, which began in January 2013, amicably through a settlement ordered by the court on October 11, 2013. The insolvency administrator had claimed that, as the ultimate parent company of Sommer Group at the time, former ARQUES Industries AG had improperly called in a loan to Sommer in 2007, thereby violating the capital maintenance rules in effect at the time, among other things. Sommer thereby incurred a loss of at least EUR 3 million, for which Gigaset in its present form should be jointly and severally liable together with the managing director at the time and Executive Board member Dr. Vorderwülbecke. At first, the insolvency administrator had demanded EUR 3 million from Gigaset AG in an action for part of the claim and reserved the right to increase the sum. Gigaset AG disputed the merit and amount of the claims. Based on the settlement agreement, Gigaset AG undertakes to pay the insolvency administrator EUR 0.8 million. Payment is due in multiple installments by January 31, 2014. All claims against Gigaset AG related to the dispute are compensated and settled with the fulfilment of the payment obligations established in the settlement. As of September 30, 2013, Gigaset reduced the provisions recognized in the amount of EUR 1.5 million for this dispute to EUR 0.8 million.

Under Gigaset AG's offer for subscription ended as planned on October 14, 2013, 13.0% of the subscription rights were issued to shares and 7.8% to convertible bonds. Thus, the backstop conditions agreed to in the investor agreement entered into on September 27, 2013, between Gigaset AG and Goldin Fund Pte. Ltd., Singapore, are fulfilled. Under this agreement, Goldin Fund Pte. Ltd. purchased the 17,028,581 new shares and 21,518,313 convertible bonds that were not subscribed based on the issue of subscription rights at a subscription price of EUR 1.00 for each new share and/or convertible bond. Accordingly, both the capital increase as well as the issue of convertible bonds will be carried out at a maximum volume of 19,571,049 shares and 23,340,289 convertible bonds. Therefore, a total of EUR 42.9 million in proceeds from the issue of both capital measures will flow to the Company. With the entry of the execution of the capital increase in the commercial register, the total number of shares issued by the Company increases to 69,585,960 shares. The new shares were delivered on October 22, 2013. On this date, the new shares were also included in the existing quotation in the regulated market (Prime Standard) of the Frankfurt Stock Exchange. The convertible bonds were also delivered on October 22, 2013. The backstop conditions included in the investor agreement, which have now been fulfilled, are a requirement for a takeover bid on the part of Goldin Fund Pte. Ltd. at an acquisition price of EUR 1.00 per Gigaset share as well as for additional capital measures on the part of Gigaset Group companies.

The bridge facility amounting to EUR 10.4 million received at the beginning of July 2013, which was used to cover the Company's higher requirement for liquidity in the summer months due to seasonal factors, was repaid to the bank consortium as planned.

Munich, November 8, 2013

The Executive Board of Gigaset AG

Charles Fränkl | Dr. Alexander Blum | Maik Brockmann

Financial Calendar 2014

March 26, 2014

- Audited Financial Statements for the fiscal year 2014 & Year-End press conference

May 13, 2014

- 1st quarterly report for the fiscal year 2014

June 6, 2014

- Annual General Meeting in Munich, Germany

August 7, 2014

- 2nd quarterly report for the fiscal year 2014

November 11, 2014

- 3rd quarterly report for the fiscal year 2014

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